ANNUAL REPORT 2005 年報

MACAU SUCCESS LIMITED
澳門實德有限公司*

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

TURNING A NEW PAGE OF SUCCESS　開創成功新一頁

*For Identification Purpose Only 僅供識別



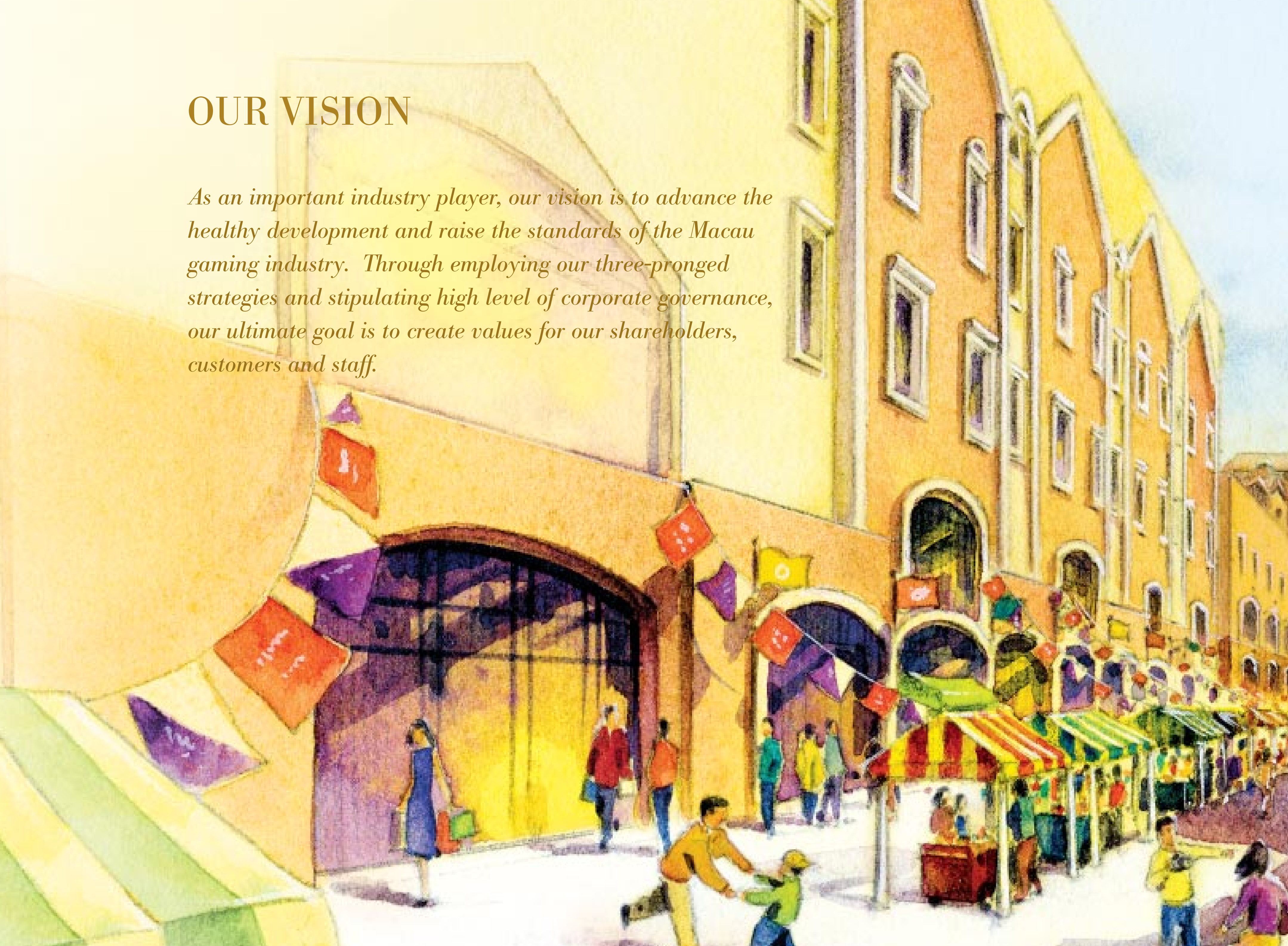


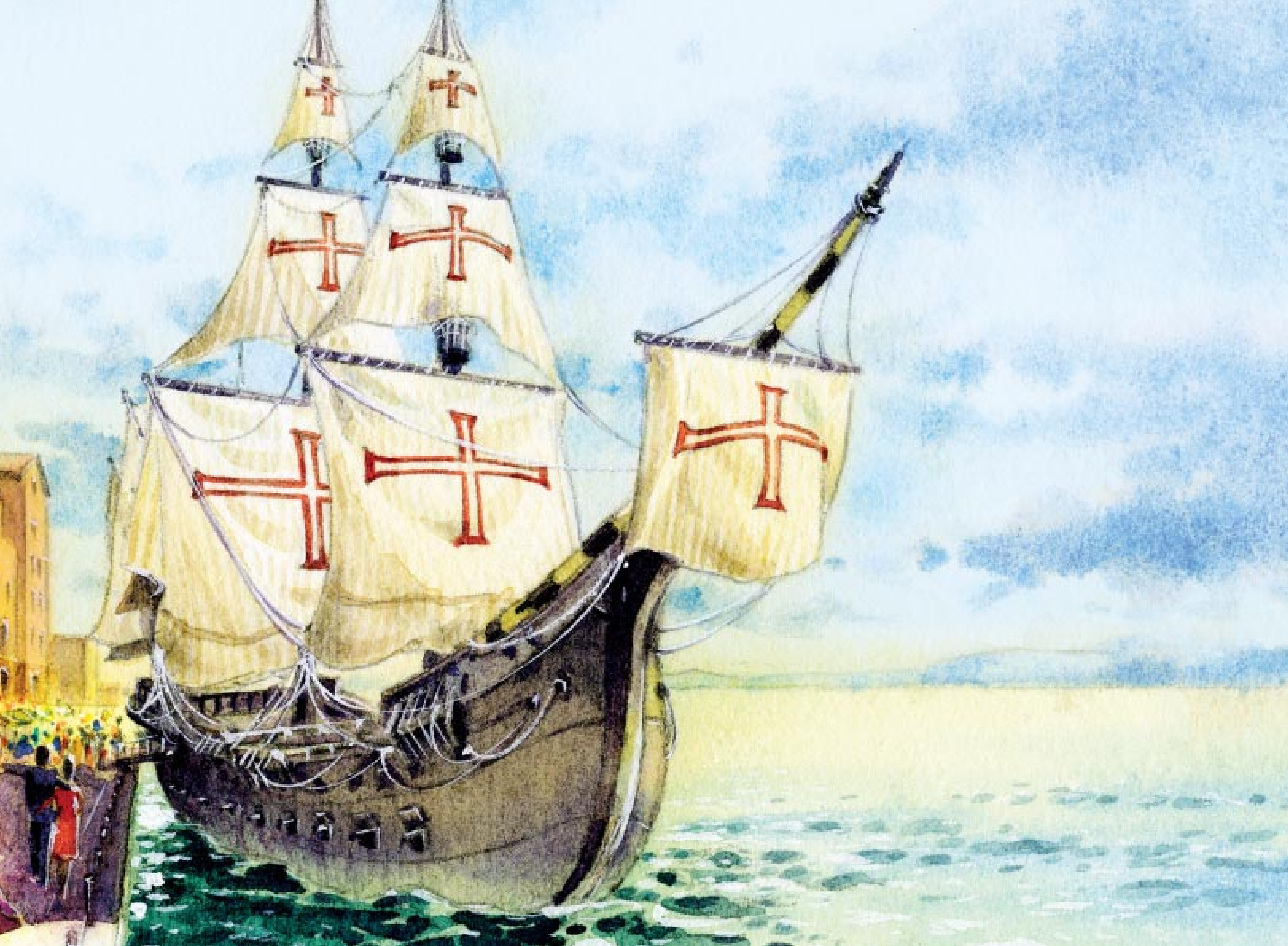
HOTEL & CASINO
Ponte 16

CONTENTS

OUR VISION

As an important industry player, our vision is to advance the healthy development and raise the standards of the Macau gaming industry. Through employing our three-pronged strategies and stipulating high level of corporate governance, our ultimate goal is to create values for our shareholders, customers and staff.





CORPORATE INFORMATION

Directors

Executive Directors

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Chan William *(Deputy Chairman)*
Mr. Lee Siu Cheung

Non-executive Director

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors

Mr. Luk Ka Yee, Patrick
Mr. Yim Kai Pung
Ms. Yeung Mo Sheung, Ann

Company Secretary

Ms. Chiu Nam Ying, Agnes

Qualified Accountant

Mr. Luk Sai Wai, Simon

Authorised Representatives

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

Audit Committee

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

Remuneration Committee

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

Auditors

Messrs. CCIF CPA Limited

Legal Advisors on Hong Kong Law

Messrs. Iu, Lai & Li, Solicitors

Legal Advisors on Bermuda Law

Messrs. Conyers Dill & Pearman

Principal Bankers

Asia Commercial Bank Limited
Fubon Bank (Hong Kong) Limited
(formerly known as International Bank of Asia Limited)
Liu Chong Hing Bank Limited
The Bank of East Asia, Limited
The Hong Kong & Shanghai Banking Corporation Limited

Principal Share Registrar And Transfer Agent In Bermuda

Butterfield Fund Services (Bermuda) Limited
65 Front Street
Hamilton
Bermuda

Branch Share Registrar And Transfer Office In Hong Kong

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office And Principal Place Of Business

Units 1002-05A, 10th Floor
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code : 0487

Website

www.macausuccess.com

FINANCIAL HIGHLIGHTS

	2005 HK$'000	2004 HK$'000	2003 HK$'000
Result			
Turnover			
Cruise leasing and management	95,382	57,753	-
Travel	5,523	3,811	-
Construction services	-	25,047	60,481
Retail	-	105,345	56,357
	100,905	191,956	116,838
Profit from operations	31,892	30,288	40,526
Profit attributable to equity holders of the Company	12,291	15,442	35,710
Balance sheet			
Total assets	712,094	137,549	83,914
Total liabilities	31,360	39,636	53,509
Net assets attributable to equity holders of the Company	680,734	97,913	30,405

CORPORATE PROFILE

Macau Success Limited ("Macau Success"/ the "Company") is a listed company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the stock code "0487". The Company is young and energetic with a focus on gaming and entertainment-related business. Macau Success presently operates cruise as well as travel services businesses.

Ponte 16

To realise our strategy to develop Macau's gaming and entertainment-related business, Macau Success has partnered with Sociedade de Jogos de Macau, S.A. ("SJM") to develop an integrated resort project in Macau - Ponte 16, in which Macau Success owns 36.75% and SJM owns 51% of the project. Ponte 16 is an integrated resort comprising a 5-star hotel, a casino (subject to the approval of Macau SAR Government), shopping arcades and a waterfront plaza featuring cultural and historical themes of the old Macau. Ponte 16 will be completed phase by phase with the casino expected to be completed and opened by the end of 2006 and the rest of the facilities by the end of 2007.

King Seiner Loan Arrangement

In March 2005, Macau Success entered into a loan agreement and an option deed through its subsidiary with King Seiner Palace Promotor De Jogos, Limitada ("King Seiner"), which operates gaming intermediaries business at King Seiner Palace VIP Hall ("King Seiner Palace") in Pharaoh Hotel, Macau. Under the loan agreement, Macau Success lent HK$50 million to King Seiner with a return of 20% interest per annum or the amount equivalent to 18% of the net profit of King Seiner, whichever is the higher. Macau Success is also given the option to acquire 20% of the enlarged share capital of King Seiner during the 57 months from the date of the option deed at a price of 20% of not more than 4 times of the profit of King Seiner. This allows Macau Success to indirectly participate in the lucrative VIP market of the Macau gaming business.

Cruise

Macau Success owns a cruise, M.V. Macau Success, which is a recognised splendor on the sea with a world-class casino and various spectacular entertainment facilities, totaling 207 passenger rooms with a maximum holding capacity of 600 passengers. The cruise operates daily from Hong Kong to the international waters.

Travel Services

With Travel Success Limited and Travel Success (Macau) Limited in Hong Kong and Macau respectively, the company is able to offer a wide-range of one-stop travel services to customers. The travel agencies provide the company with a unique platform to serve the high-end customers and attract traffic to the company's cruise and other entertainment facilities.

Macau Success has a clear vision and focused strategy to develop gaming and entertainment-related business. Altogether, our businesses create tremendous synergies and laid down a strong foundation for our continuous success.

GROUP STRUCTURE

Macau Success Limited

Hong Kong Listed Company With A Focus On Entertainment And Tourists-Related Business

Cruise Business

- M.V. Macau Success

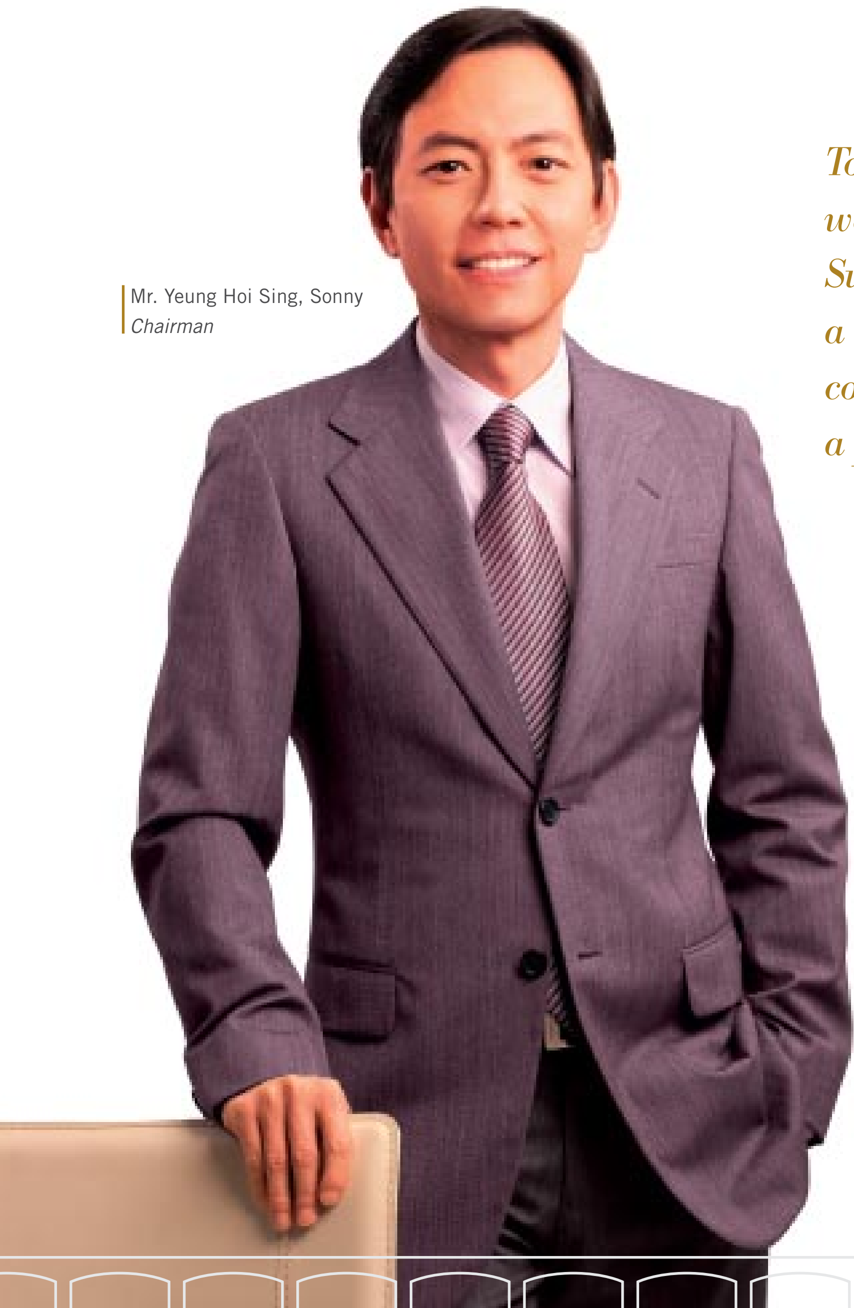
Travel Business

- Travel Success Limited
- Travel Success (Macau) Limited

Other Developing Businesses

- Ponte 16 Integrated Entertainment Resort

CHAIRMAN'S STATEMENT



Mr. Yeung Hoi Sing, Sonny
Chairman

To Our Shareholders: This past year was an important year for Macau Success Limited as we have laid down a solid foundation for preparing the company for substantial upside and a promising future

Our key project - Ponte 16 is now under aggressive development and is ready to propel the Group to a phase of strong growth upon completion in the end of 2006. Alongside our steadily growing business, Ponte 16 will position our Group well to take advantage of the booming gaming and entertainment market to deliver long-term value for our shareholders.

To realign our business and focus on the rapidly growing gaming and entertainment-related business, the Group has completed a reorganisation to streamline the Group structure in November 2004 (the "Group Reorganisation"). Following the reorganisation, our Group adopted a three-pronged strategy: firstly to develop the Macau gaming and entertainment related-business in full swing to maximise the growth potential; secondly to keep on operating the cruise business to generate steady recurring income; and thirdly, to maintain and expand the travel business to enhance services to customers and to generate traffic to our cruise and other entertainment facilities. These three business components complement each other well and are effective in generating high growth, securing solid income and creating strong synergies.

Immediately after the reorganisation, and as part of the Group's continuing initiatives to further solidify our position in the gaming and entertainment-related industry, we had strategically increased our stake in our flagship project - Ponte 16 to 36.75% in July 2005, having increased it from 10% to 24.5% in November 2004. Ponte 16 is an integrated entertainment resort comprising a 5-star hotel, a casino (subject to the approval of Macau SAR Government), shopping arcades and a waterfront plaza featuring cultural and historical themes on the old Macau. Mr. Lee Siu Cheung, executive director of Macau Success and myself, were respectively appointed as the project director and CEO of Pier 16 - Property Development Limited ("Pier 16 - Property Development"), enabling Macau Success to have a key role to play in the development.

To enhance our presence in Macau's gaming and entertainment-related business, we have, through an indirect wholly-owned subsidiary, Joyspirit Investments Limited ("Joyspirit"), entered into a loan agreement and an option deed with King Seiner on 7 March 2005 in provision of a loan facility of HK$50 million to King Seiner for the purpose of running its gaming intermediaries business at the King Seiner Palace. In return, the Group has a guaranteed and stable stream of interest revenue equal to the higher of 20% on the loan annually, or a maximum of 18% of the net profit of King Seiner. Since King Seiner Palace's grand opening on 12 September 2005, it has performed satisfactorily, returning healthy financial results. Due to the fact that King Seiner Palace had only operated for less than a month when the financial year ended; we would opt to receive the pro-rata loan interest as income this year but would expect a better sharing of King Seiner's profit for the years ahead.

Cruise Business

Our cruise business remained as the principal income contributor of the year. Not only did it contribute a stable income to the Group but also provided tremendous synergy to our core business and is a key part of our strategy to develop the gaming and entertainment-related business.

Travel Business

The Group operates two travel services companies in Hong Kong and Macau. Although small in operation and still in the red, our professional services create valuable synergies with the gaming and entertainment-related services by creating a unique platform for us to serve our high-end customers and attract traffic to its cruise and entertainment facilities.

Outlook

In the year ahead, revenues from the cruise and travel businesses are expected to be stable with a steady growth. At the same time, we expect a higher income from King Seiner, either in the form of loan interests or profit sharing, as King Seiner Palace enters into full operation, which will contribute significantly to both the top line and bottom line of the Group.

In the coming year, the construction of Ponte 16 will be in full swing. The Group has full confidence in the success of Ponte 16 due to the following unique comparative advantages: a strong partnership with SJM, substantial management experience in casino and VIP halls, strong support from Macau SAR Government, central location in Macau's historical heritage sites and proximity to Zhuhai as well as world-class design with unique historical and cultural theme. We are optimistic that upon its commencement of operation, Ponte 16 will significantly boost the Group's income and profit and offer us tremendous growth prospects.

To realise our vision of becoming a successful player in the gaming and entertainment-related industry, we will continue to explore other opportunities in the region to extend our business scale and scope. Riding on our established businesses, strong foundation and focused approach, we strongly believe that we are on the right track to reach our goal and to create value to our shareholders, customers and staff members.

Appreciation

Finally, I would like to express my appreciation to our shareholders, partners and customers for their continued support and trust towards the Group. I would also like to extend my sincere gratitude to all our dedicated employees for their contribution and hard work.

Yeung Hoi Sing, Sonny
Chairman

Hong Kong
10 January 2006

BUSINESS HIGHLIGHTS

During the year under review, the Group has successfully accomplished the following key milestones:

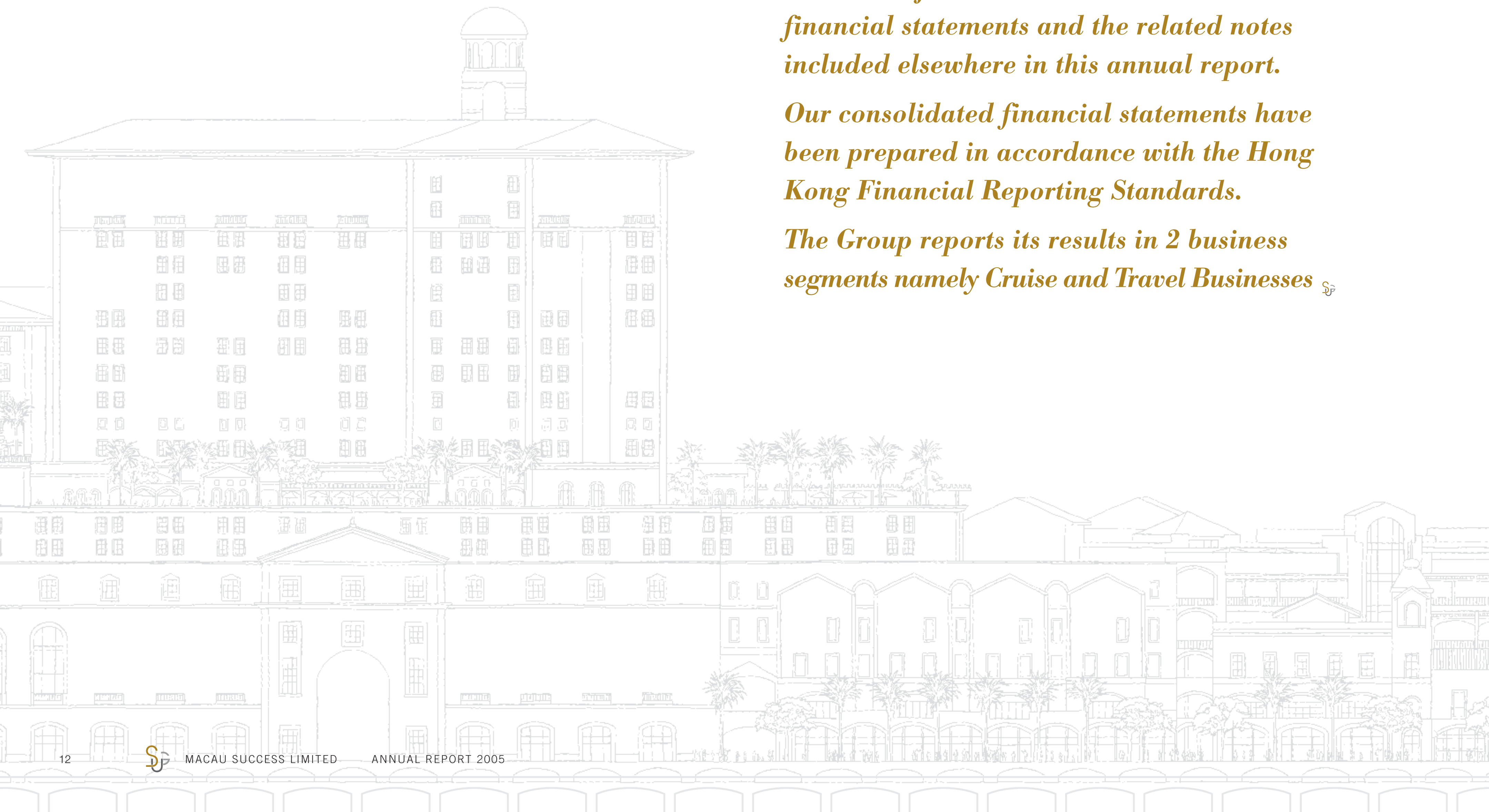
- Successfully placed 317 million new shares and raised approximately HK$370 million net proceeds via Deutsche Bank AG in November 2004
- Completed the reorganisation to streamline the Group structure in November 2004
- Acquired Travel Success (Macau) Limited in October 2004, a travel agency in Macau, to realise the Group's strategy to exploit the travel companies as a unique platform to serve the high-end customers and attract traffic to the Group's cruise and other enterainment facilities
- Increased its shareholdings in Pier 16 - Property Development from 10% to 24.5% in November 2004, affirming its commitment in the development of a mega casino resort - Ponte 16
- Further increased its shareholdings in Pier 16 - Property Development from 24.5% to 36.75% in July 2005, to further signify its determination to participate in Macau's gaming and entertainment-related industry
- Entered into a loan agreement and an option deed with King Seiner in March 2005
- Participated major gaming conferences and roadshows to increase transparency and enhance investors relations throughout the year

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this annual report.

Our consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards.

The Group reports its results in 2 business segments namely Cruise and Travel Businesses



RESULTS

The total turnover of the Group for the year ended 30 September 2005 was approximately HK$100.9 million (2004: approximately HK$192.0 million). The decrease in total turnover was mainly due to the disposal of certain non-core businesses in the construction and retail field in 2004 as part of the Group Reorganisation. Through this reorganisation, the Group is to focus on the expanding gaming and entertainment-related business in Hong Kong and Macau.

The Group's dedication and efforts proved to be successful as our core business demonstrated strong and steady growth during the year under review. Turnover from our core business was approximately HK$100.9 million, representing a 63.8% increase from that of the last year (2004: approximately HK$61.6 million).

Profit attributable to equity holders of the Company amounted to approximately HK$12.3 million, representing a decrease of 20.1% as compared to that of last year (2004: approximately HK$15.4 million). Profit after tax of last year included one-off gains, which included the waiver of loan and gains on disposal of discontinued operations amounted to approximately HK$6.3 million. Excluding these one-off gains recorded in last year, profit attributable to equity holders for this year would have been a remarkable increase of 35%. In addition, through our relentless efforts to enhance efficiencies across our operations, the Group has reported strong operating results. The Group's operating profit increased by 5.3% to approximately HK$31.9 million (2004: approximately HK$30.3 million). Operating profit margin achieved 31.6% for the year, an improvement of 100% compared to 15.8% in the last year, attributable to the effective cost optimisation measures and corporate restructuring during the year under review. After the streamlining of the operations, the Group's resources were more effectively utilised in developing the gaming and entertainment-related business.

CRUISE BUSINESS

BUSINESS REVIEW

Cruise Business

During the year under review, the cruise business remained the principal revenue contributor for the Group and continued to generate a stable income stream with steady growth. The leasing and management of the cruise, M.V. Macau Success, accounted for 94.5% of our total turnover. Turnover from the cruise business increased by 65.1% to approximately HK$95.4 million (2004: approximately HK$57.8 million), primarily due to the booking of the full year charter fee and management fee income into the accounts this year. Segment profit from cruise business was approximately HK$43.4 million (2004: approximately HK$28.2 million).

Not only did it contribute a stable income to the Group but the cruise business also provided tremendous synergy to its business and is a key part of our strategy to develop the gaming and entertainment-related business.

■ Turnover from the cruise business increased by 65.1% to approximately HK$95.4 million, primarily due to the booking of the full year charter fee and management fee income into the accounts this year.

TRAVEL BUSINESS

Travel Business

The travel business recorded a turnover of approximately HK$5.5 million during the year under review, representing an increase of 44.7% (2004: approximately HK$3.8 million), and accounted for 5.5% of the total turnover. A net loss of approximately HK$0.8 million (2004: approximately HK$0.6 million) was recorded from this business as the Group hired more high caliber employees for business development and operation which led to a rise in operating cost.

Though being a smaller piece of business within the Group, it is the Group's strategy of continuing development of travel business as a unique platform to provide professional travel services to high-end customers and attract traffic to M.V. Macau Success, the Company's flagship cruise.

- The travel business recorded a turnover of approximately HK$5.5 million during the year under review, representing an increase of 44.7%, and accounted for 5.5% of the total turnover.

OTHERS

- During the year under review, loan interest income generated from King Seiner was approximately HK$1.6 million.

Others

King Seiner Loan Arrangement

Through a loan agreement of HK$50 million and an option deed signed by an indirect wholly-owned subsidiary of the Company, Joyspirit with King Seiner on 7 March 2005, the Group is entitled to a guaranteed and stable stream of interest revenue equaling to 20% of the HK$50 million loan annually subject to an upward adjustment to a maximum of 18% of King Seiner's net profit. During the year under review, loan interest income generated from King Seiner was approximately HK$1.6 million. It is expected that King Seiner, with its full year contribution next year, will contribute significantly to the Group's profit, which will be fully reflected in the Group's next financial year. Also, under the option deed, Joyspirit has the right to exercise the option at any time during 57 months from the date of the option deed and after fulfilling certain conditions of the option deed, King Seiner shall issue 20% of its enlarged share capital to Joyspirit at a price of 20% of not more than 4 times of the profit of King Seiner. The management will keep close track on the financial performance of King Seiner and decide the right timing for exercising the option.

FINANCIAL REVIEW

Pledge of Assets

As at 30 September 2005, the Group had pledged time deposits of approximately HK$0.7 million (2004: approximately HK$0.2 million) to certain banks for issuance of several bank guarantees of approximately HK$0.7 million (2004: approximately HK$0.2 million) for operations of the Group.

Contingent Liabilities

As at 30 September 2005, the Group had no contingent liability (2004: HK$Nil).

Liquidity, Financial Resources and Gearing

As at 30 September 2005, the Group had net current assets of approximately HK$199.5 million (2004: approximately HK$28.9 million). In accordance with the new accounting standards adopted by the Group during the year, the Group had net assets of approximately HK$680.7 million (2004: approximately HK$97.9 million).

As at 30 September 2005, the Group did not have any interest bearing borrowings (2004: approximately HK$1.7 million) and had no obligations under finance leases (2004: HK$Nil).

As at 30 September 2005, there were loans from minority shareholders of approximately HK$26.2 million (2004: approximately HK$31.5 million), which is interest-free, unsecured and without fixed repayment term.

As at 30 September 2005, the Group had no bank loan (2004: HK$Nil).

Equity attributable to equity holders of the Company as at 30 September 2005 recorded a surplus of approximately HK$649.5 million (2004: approximately HK$86.2 million). Accordingly, the gearing ratio which is measured on the basis of the interest-bearing borrowings of the Group over equity attributable to equity holders of the Company was not applicable for this year (2004: approximately 1.9%).

Capital Structure

Placing of Existing Shares and Subscription of New Shares

On 10 November 2004, Silver Rich Macau Development Limited ("Silver Rich"), a substantial shareholder of the Company, entered into a placing agreement (the "Placing Agreement") and a subscription agreement (the "Subscription Agreement") with Deutsche Bank AG (the "Placing Agent") and the Company respectively. Pursuant to the Placing Agreement, the Placing Agent agreed to place, on a fully underwritten basis, 317,000,000 shares of the Company (the "Shares") to not less than six independent placees at a price of HK$1.28 per Share (the "Placing"). Pursuant to the Subscription Agreement, Silver Rich conditionally agreed to subscribe for 317,000,000 new Shares at a price of HK$1.28 per Share (the "Subscription"). The Placing and the Subscription were completed on 12 November 2004 and 23 November 2004 respectively. Upon the completion of the Placing and the Subscription, percentage of the shareholding of Silver Rich was decreased from approximately 43.20% to approximately 36.01% and percentage of the shareholding of Spring Wise Investments Limited ("Spring Wise"), another substantial shareholder of the Company, was decreased from approximately 18.51% to approximately 15.43%.

The net proceeds derived from the Subscription amounted to approximately HK$370 million would be applied as planned approximately HK$167 million for the investment and development of Ponte 16, approximately HK$111 million for other possible investment opportunities in hotel and tourists-related projects, and approximately HK$92 million for general working capital for the Group.

Material Acquisition

On 18 November 2004, World Fortune Limited ("World Fortune"), an indirect wholly-owned subsidiary of the Company, increased its shareholding in Pier 16 - Property Development to 24.5% by further acquiring of 14.5% equity interest from SJM-Investimentos Limitada ("SJM-Investimentos") (the "Acquisition I"). After the completion of Acquisition I, Pier 16 - Property Development owned as to 51%, 24.5% and 24.5% by SJM-Investimentos, World Fortune and Joy Idea Investments Limited ("Joy Idea") respectively. On 11 May 2005, World Fortune, as purchaser, entered into a sale and purchase agreement with Joy Idea, as vendor, for the sale and purchase of 12.25% equity interest in Pier 16 - Property Development (the "Acquisition II"). The Acquisition II was completed on 5 July 2005 whereupon Pier 16 - Property Development was owned as to 51%, 36.75% and 12.25% by SJM-Investimentos, World Fortune and Joy Idea respectively.

Staffing

As at 30 September 2005, the Group had approximately 320 employees. Remuneration is determined by reference to qualifications, experiences, responsibility and performance of the staff concerned. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group.

PROSPECTS

PROSPECTS

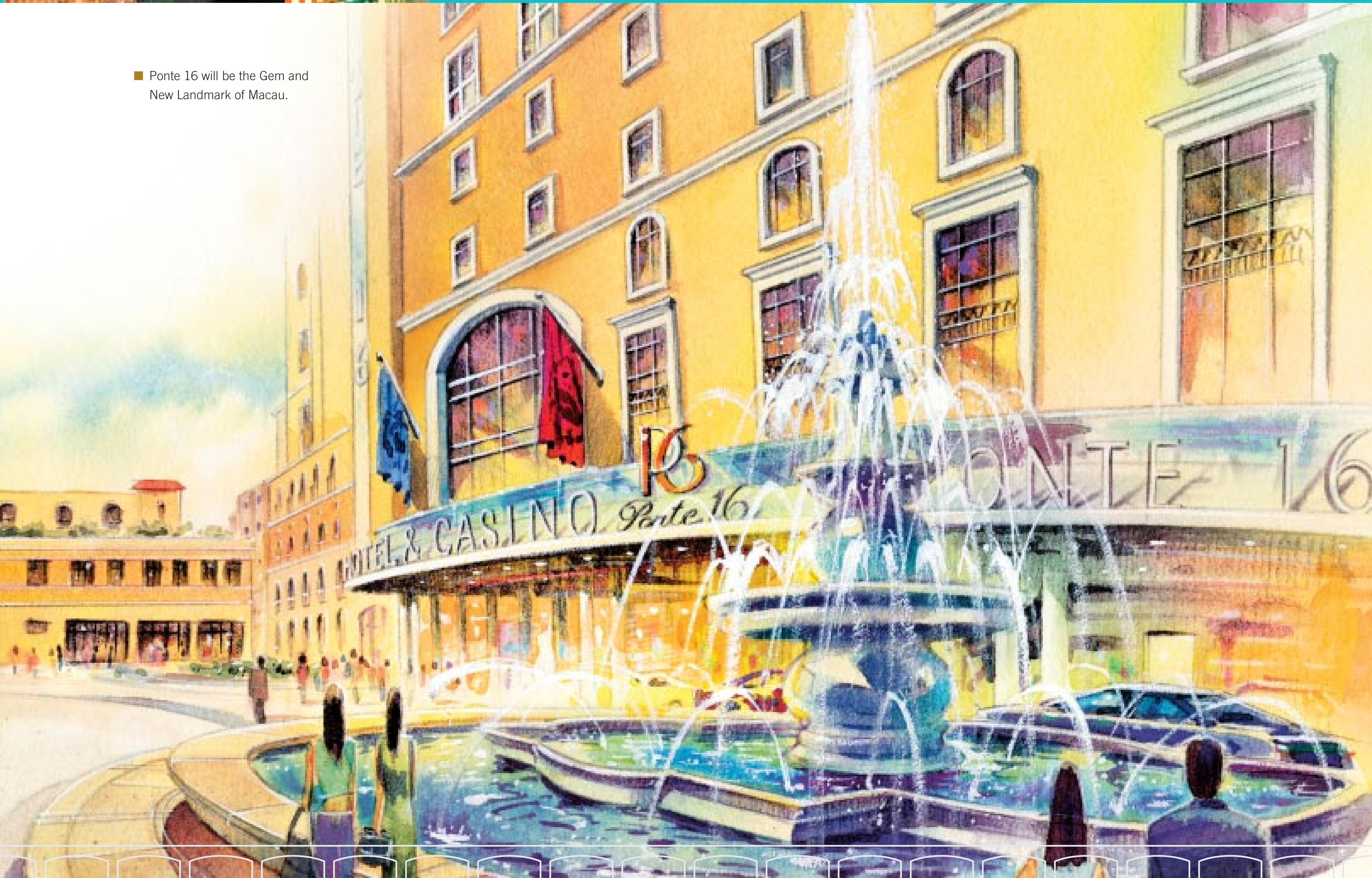
Ponte 16

As part of the Group's continuing initiatives to further solidify its position in hotel, casino and property-related businesses in Macau, the Group had strategically increased its stake in the flagship project - Ponte 16 to 36.75% in July 2005.

Ponte 16 is a multi-functional, integrated resort consisting of hotel, retail, food and beverage, recreational facilities, and casino (subject to the approval of Macau SAR Government). The development is embedded in the historical heritage of Macau with its location being a historic site - Pier 16 that has commenced operation since the beginning of the last century.

The focal point of Ponte 16 is the clock tower situated at the historic Pier 16. Pier 16 - Property Development has submitted the formal application to the Macau SAR Government for approval of increasing the gross floor area from 63,584 square metres to 120,300 square metres. The project will expand on both sides of the clock tower to include a casino (subject to the approval of Macau SAR Government), a five-star hotel and a shopping complex. On the right hand side of the clock tower will be a 17-storey high hotel tower. On the left hand side of the clock tower will be a shopping complex where tourists can find a wide array of shops, restaurants and cinemas. A promenade will be built along the waterfront location to provide a venue for outdoor performances, such as fireworks and laser display, and other leisure activities. With the expanded gross floor area, the total investment of the project will be increased to approximately HK$2.4 billion.

In October 2005, Pier 16 - Property Development has announced the preliminary design of Ponte 16, which reflects the architectural design of Macau at the turn of the 20th Century. It is to the management's belief that Ponte 16 would become a major tourist and cultural attraction in Macau. Renowned architects, The Jerde Partnership, Inc., whose works include the Bellagio in Las Vegas, Universal CityWalk in Los Angeles, Roppongi Hills in Tokyo and Langham Place in Hong Kong, will



■ Ponte 16 will be the Gem and New Landmark of Macau.

handle the overall planning and design of the project. CAA City Planning and Engineering Consultants Limited will provide consulting services in structural design and local compliance.

The project will be completed phase by phase with the casino targeting operation by the end of 2006 and the rest of facilities to be completed by the end of 2007 and the hotel will be managed by a world-class hotel management company.

Challenges and Opportunities

The Group has developed the strategies to expand the gaming and entertainment-related business in 2006 and beyond, capitalising on our shareholders' years of experience in Macau's gaming industry to maximise its growth potential. With a clear vision and business focus, the Group is poised to meet the challenges and capture the opportunities ahead.

In the first 11 months of 2005, Macau tourist arrivals reached 17 million, which have already exceeded the total tourist arrival figure in 2004, and the total gaming revenues in Macau during 2005 is around US$5.6 billion, increased by 11% compared to that of 2004. Although the growth is slower than expected, the Group is confident that growth momentum will resume from mid-2006 with the opening of numerous tourist attractions and new casino complexes.

While the tourism and gaming market is under steady growth, the Group is exposed to market risk from intense competition starting from 2007. By the end of 2007, Ponte 16 will be completed in whole. At the same time, other casino resort projects will be opened. By then, there will be around 4,000* gaming tables and 16,000* hotel rooms available in Macau.

*Figures from Deutsche Bank AG

It is expected that the market will be highly competitive and net win per table will likely drop even with an increasing number of tourists going to Macau.

In view of these challenges, the management identified four main strategies to solidify the Company's competitive advantages and achieve exponential growth for the Group in the coming years. The strategies are:

Creating A Premium Brand

The Group has established itself in the past year as one of the leading players in the gaming and entertainment-related industry, especially after the announcement of the Ponte 16 project. The Group believes that, through constant and effective marketing communications with the consumers, industry practitioners and analysts, the Macau Success brand will be identified as experienced, professional and quality which will help attract business, customers and partners.

Providing Unique Products

After the reorganisation of the Group, it now focuses on the gaming and entertainment-related industry. All services are highly synchronised to offer an one-stop solution to customers starting from travel arrangement to gaming. Despite the increasing competition, especially after the opening of other major casinos in Macau, Ponte 16 will remain as one of the most unique entertainment complexes in Macau due to its historic architectural design, superb location and the vast variety of services it provides. The management strongly believes that Ponte 16 will be the new gem of Macau and a new focal point in the old Macau after its full completion in 2007.

Satisfying Customers' Needs

Mainland Chinese visitors will continue to be the most important group of visitors to Macau both in terms of the total visitor number and average spending. The Group and the management have numerous years of experience in servicing Mainland Chinese and possess a thorough understanding of their needs and behavior, and are well-positioned to offer them services best tailored to their preferences. This will allow us to attract a high flow of high-spending customers to Ponte 16 and will help us receive steady income in the coming years.

Leveraging Strong People's Network

The management possesses many years of experience in the Macau market and has established a strong local network that will help propel the Group to a rapid growth path in the coming years. The management has very good working relationship with the Macau SAR Government, industry practitioners and other market players, vital to the success of the Group in the local market.

In conclusion, the management is confident that the Group is on the right track of establishing itself as one of the successful players in the Macau's gaming and entertainment-related industry, capable of creating long-term values to our shareholders. There are challenges ahead but the Group possesses all the necessary qualities to overcome them and stay ahead of the competition, capitalising on the many opportunities Macau has to offer in gaming and entertainment and more.

REPORT OF DIRECTORS

The Directors present their annual report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 September 2005.

1. GROUP REORGANISATION

Macau Success (Hong Kong) Limited (formerly known as Macau Success Limited) ("MSHK") the former holding company of the Group which was formerly listed on the Stock Exchange put forward a group reorganisation (the "Group Reorganisation"), pursuant to which, a scheme of arrangement dated 27 August 2004 had been sanctioned by the Court of First Instance of the High Court, Hong Kong on 29 October 2004 and became effective on 8 November 2004.

Upon the completion of the Group Reorganisation, the Company became the holding company of the Group. MSHK was then delisted from the Stock Exchange on 8 November 2004, and the Company was listed on the Stock Exchange on 9 November 2004 in its place by way of introduction.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the leasing and management of the 55% owned cruise and other tourists-related businesses.

3. RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 35.

The directors do not recommend the payment of any dividends in respect of the year ended 30 September 2005.

4. SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in note 7 to the financial statements.

5. FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on page 81.

6. SHARE CAPITAL

Details of the Company's share capital are set out in note 30 to the financial statements.

7. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 38 of this report and other details of the reserves of the Group are set out in note 32 to the financial statements.

8. PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

9. SUBSIDIARY COMPANIES

As at 30 September 2005, particulars of the Company's subsidiary companies are set out in note 19 to the financial statements.

10. DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Chan William *(Deputy Chairman)*
Mr. Lee Siu Cheung

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

In accordance with bye-law no. 87 of the Bye-laws, Mr. Lee Siu Cheung and Mr. Choi Kin Pui, Russelle will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

11. DIRECTORS' SERVICE CONTRACTS

The non-executive Director and independent non-executive Directors were appointed for a period of one year commencing on their respective appointment dates and subject to retirement by rotation according to the Bye-laws.

Save as disclosed above, none of the directors has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

12. DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in "Connected Transaction" below, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

13. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2005, 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")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:–

Name	Long position/ Short position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Yeung Hoi Sing, Sonny *(Note 1)*	Long position	Corporate interest	775,488,802	40.72
Mr. Chan William *(Note 2)*	Long position	Corporate interest	332,352,630	17.45

Notes:

1. Mr. Yeung Hoi Sing, Sonny is deemed to have corporate interest in 775,488,802 Shares by virtue of the interest of the Shares held by Silver Rich, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny.

2. Mr. Chan William is deemed to have corporate interest in 332,352,630 Shares by virtue of his interest in the issued share capital of Spring Wise.

Save as disclosed above, as at 30 September 2005, none of the Directors or chief executive, or their associates, had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

14. SHARE OPTIONS SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme are set out in note 31 to the financial statements.

15. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2005, so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO: –

Name	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Silver Rich	Long position	Corporate interest	775,488,802	40.72
Spring Wise	Long position	Corporate interest	332,352,630	17.45
Mr. Chan Hon Keung *(Note 1)*	Long position	Corporate interest	332,352,630	17.45
Penta Investment Advisers Ltd *(Note 2)*	Long position	Corporate interest	135,444,000	7.11
Zwaanstra John *(Note 2)*	Long position	Corporate interest	135,444,000	7.11
Moore Michael William *(Note 2)*	Long position	Corporate interest	135,444,000	7.11

Note:

(1) Mr. Chan Hon Keung is deemed to have corporate interest in 332,352,630 Shares by virtue of his interest in the issued share capital of Spring Wise.

(2) Mr. Zwaanstra John and Mr. Moore Michael William are deemed to have corporate interest in 135,444,000 Shares by virtue of their interests in the issued share capital of Penta Investment Advisers Ltd.

Save as disclosed above, as at 30 September 2005, so far as was known to the Directors, no other person had, or was deemed or taken to have an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

16. CONNECTED TRANSACTION

A loan agreement (the "Loan Agreement") and an option deed (the "Option Deed") both dated 7 March 2005 have been entered into between King Seiner (the "Borrower"), as borrower, and Joyspirit (the "Lender"), an indirect wholly-owned subsidiary of the Company, as lender, whereby the Lender will provide a loan facility of HK$50 million to the Borrower and the Borrower agreed to grant an option to the Lender upon the terms and conditions contained therein.

The Borrower was owned as to 56% by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), 24% by Mr. Chan Hon Keung ("Mr. Chan") and 20% by an independent third party. Both of Mr. Yeung, an executive director of the Company, and Mr. Chan were substantial shareholders of the Company under the definition of the Listing Rules. Therefore, the entering into the Loan Agreement and the Option Deed constituted connected transactions for the Company, details of which has been published in an announcement and a circular of the Company dated 10 March 2005 and 7 April 2005 respectively according to the disclosure requirements under the Listing Rules.

17. CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 September 2005.

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

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries of the listed securities of the Company.

19. MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the continuing operations of the Group accounted for 95.7% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 94.5% and the five largest suppliers of the continuing operations of the Group accounted for 56.7% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 27.6%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the above five largest customers or five largest suppliers, except that Mr. Yeung Hoi Sing, Sonny, executive Director, and Mr. Chan Hon Keung, substantial shareholder of the Company, are two of the Group's five largest customers total accounted for approximately 0.4% of total turnover of the continuing operations of the Group.

20. CHARITABLE CONTRIBUTIONS

During the year, no charitable contributions (2004: Nil) were made by the Group.

21. POST BALANCE SHEET EVENTS

During the year, there is no significant event after the balance sheet date.

22. PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

23. SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

24. CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on page 83 to 86 of this report.

25. AUDITORS

On 23 May 2003, Messrs. John K. H. Lo & Co. tendered their resignation as auditors of the Company and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company to fill the vacancy created by the resignation of Messrs. John K. H. Lo & Co.

On 17 September 2003, Messrs. Deloitte Touche Tohmatsu tendered their resignation as auditors of the Company and Messrs. CCIF CPA Limited were appointed as auditors of the Company to fill the vacancy left by the resignation of Messrs. Deloitte Touche Tohmatsu.

A resolution to re-appoint the retiring auditors, Messrs. CCIF CPA Limited, will be put at the forthcoming AGM.

On behalf of the board of
Macau Success Limited
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 10 January 2006

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yeung Hoi Sing, Sonny, aged 51, joined the Group in 2003 as executive director and chairman. He is responsible for the overall corporate planning and business development of the Group. Mr. Yeung has been the member of the Chinese People's Political Consultative Conference, the PRC since 1993 and has over 22 years of experience in finance industry in Hong Kong. Prior to joining the Group, Mr. Yeung held managerial roles in several financial service sectors such as leveraged foreign exchange trading; and securities and futures brokerage. He is presently the sole beneficial owner of Young Champion Securities Limited, which is a licensed corporation under the SFO and is also a participant of the Stock Exchange, principally engaged in the provision of securities brokerage services. Mr. Yeung also has certain private investments in travel agency businesses in the US and Canada and property development businesses in Hong Kong and Canada.

Mr. Chan William, aged 31, joined the Group in 2003 as executive director and has been the deputy chairman since June 2004. Mr. Chan is responsible for overseeing of the business operations of the Group. He obtained a Diploma in Legal Studies in June 1995 from The University of Hong Kong and a Master degree of Business Administration in March 2002 from The University of La Verne in the US. Mr. Chan was a director of Tung Wah Group of Hospitals (2003/2004), the Current Advisor of Yan Chai Hospital 36th Term Board of Directors, the Divisional Senior Vice President of Hong Kong St. John Ambulance Brigade Headquarters Command, a member of Sheung Wan and Sai Ying Pun Area Committee (2004/2006) and a member of Hong Kong Chiu Chow Chamber of Commerce. Before joining the Group, he was an accounts manager of Young Champion Securities Limited from 2001 to July 2003.

Mr. Lee Siu Cheung, aged 41, joined the Group in 2003 as executive director. Mr. Lee is responsible for overseeing of the property and project development of the Group. He is a member of Hong Kong Institute of Architects and an Authorised Person (List of Architects). Mr. Lee has over 17 years of experience in the architectural industry and has worked for a number of architects companies in Hong Kong. Before joining the Group, he was a consultant of a real estate project management company responsible for project management.

NON-EXECUTIVE DIRECTOR

Mr. Choi Kin Pui, Russelle, aged 51, joined the Group in 2003 as independent non-executive director and has been re-designated as non-executive Director in March 2004. Mr. Choi graduated from St. Pius X High School in 1976. He has over 12 years of management experience in the telecommunication industry in Hong Kong and the US. Mr. Choi established Elephant Talk Limited in 1994, a wholly-owned subsidiary of Elephant Talk Communications Inc. ("ETCI"), a company incorporated in the US with limited liability and engages in the provision of telecommunications services in Hong Kong and in the US. Mr. Choi is responsible for the planning of overall strategy of ETCI, and is appointed as president and chief executive officer of ETCI. He also serves as chairman of ET Network Services Limited, a company incorporated in Hong Kong with limited liability and engages in the provision of internet access and outsourcing services in the PRC and Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luk Ka Yee, Patrick, aged 44, joined the Group in 2003 as independent non-executive director. Mr. Luk obtained his Law Degree in England in 1986. Throughout his tenure of career, Mr. Luk has been appointed to serve in various senior management positions which involved in corporate/legal and property development as well as property management aspects. He is at present being the consultant to Pacific Rich Management and Consultants Limited, a company providing property and facilities management in Hong Kong.

Mr. Yim Kai Pung, aged 40, joined the Group in 2004 as independent non-executive director. Mr. Yim holds a Bachelor degree of Accountancy with honours from City University of Hong Kong in 1993 and is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 16 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC. Mr. Yim is presently a sole proprietor of David Yim & Co., Certified Public Accountants. He is currently an independent non-executive director of Magician Industries (Holdings) Limited.

Ms. Yeung Mo Sheung, Ann, aged 41, joined the Group in 2004 as independent non-executive director. Ms. Yeung holds a Bachelor degree of Retail Marketing with honours in United Kingdom and a Diploma in Marketing from The Chartered Institute of Marketing. She pursued her further study on legal course and has been awarded a Diploma in Legal Practice in United Kingdom in 1998 and is presently a solicitor of Messrs. Fung & Fung, Solicitors, a legal firm in Hong Kong. Ms. Yeung is currently a non-executive director of Zhong Hau International Holdings Limited.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes, aged 32, joined the Group in 2003 as company secretary and oversees all legal matters of the Group. She is a qualified solicitor and holds a Master degree of Laws from The University of Sheffield, United Kingdom in 1997. Before joining the Group, Ms. Chiu was a practicing solicitor in a local law firm and possessed solid experience in banking and finance as well as property related matters.

QUALIFIED ACCOUNTANT

Mr. Luk Sai Wai, Simon, aged 42, joined the Group in 2003 as financial controller. He is responsible for finance and accounting matters of the Group. Mr. Luk holds a Bachelor degree of Business Administration from Hong Kong Baptist University and a Master degree of Business Administration from University of Strathclyde, United Kingdom. He is also a fellow member of The Association of Chartered Certified Accountants of the United Kingdom and an associate member of Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Luk was the financial controller of the financial services stem of a listed group in Hong Kong and the group financial controller of another listed group in Hong Kong. He has extensive experience in auditing, trading, manufacturing and financial industries.

REPORT OF AUDITORS

CCIF CPA LIMITED
37/F Hennessy Centre
500 Hennessy Road
Causeway Bay Hong Kong

AUDITORS' REPORT TO THE SHAREHOLDERS OF

MACAU SUCCESS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the financial statements on pages 35 to 80 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 10 January 2006

Chan Wai Dune, Charles
Practising Certificate Number P00712

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 SEPTEMBER 2005

		Continuing operations		Discontinued operations		Consolidated	
	Notes	**2005 HK$'000**	2004 HK$'000 (Restated)	**2005 HK$'000**	2004 HK$'000 (Restated)	**2005 HK$'000**	2004 HK$'000 (Restated)
Turnover	8	**100,905**	61,564	–	130,392	**100,905**	191,956
Cost of sales		**(6,520)**	(4,541)	–	(63,548)	**(6,520)**	(68,089)
Gross profit		**94,385**	57,023	–	66,844	**94,385**	123,867
Other revenue	8	**5,859**	4,219	–	440	**5,859**	4,659
		100,244	61,242	–	67,284	**100,244**	128,526
Selling expenses		–	–	–	(55,315)	–	(55,315)
Administrative expenses		**(68,352)**	(41,067)	–	(7,995)	**(68,352)**	(49,062)
Other operating expenses, net		–	(211)	–	–	–	(211)
Gain on disposal of subsidiaries		–	10	–	–	–	10
Waiver of other loan	9	–	4,036	–	–	–	4,036
Gain on disposal of discontinued operations	10	–	–	–	2,304	–	2,304
Profit from operations	12	**31,892**	24,010	–	6,278	**31,892**	30,288
Share of results of associates		**(12)**	–	–	–	**(12)**	–
Finance costs	13	**(97)**	(299)	–	(23)	**(97)**	(322)
Profit before taxation		**31,783**	23,711	–	6,255	**31,783**	29,966
Taxation	14	–	–	–	(642)	–	(642)
Profit for the year		**31,783**	23,711	–	5,613	**31,783**	29,324
Attributable to:							
Equity holders of the Company		**12,291**	11,040	–	4,402	**12,291**	15,442
Minority interests		**19,492**	12,671	–	1,211	**19,492**	13,882
		31,783	23,711	–	5,613	**31,783**	29,324
Earnings per share	16						
– Basic						**HK0.66 cents**	HK0.98 cents
– Diluted						**N/A**	N/A

The notes on pages 41 to 80 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

30 SEPTEMBER 2005

	Notes	2005 HK$'000	2004 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	17	**90,247**	95,980
Goodwill	18	**1,313**	1,069
Available-for-sale investment	20	**25,239**	–
Investment securities	21	**–**	3,471
Interest in associates	22	**339,042**	–
Loan receivable	23	**51,562**	–
		507,403	100,520
CURRENT ASSETS			
Inventory	24	**1,181**	1,214
Trade receivables	25	**1,624**	1,502
Deposits, prepayment and other receivables		**11,213**	2,987
Pledged bank deposits		**708**	200
Cash and bank balances		**189,965**	31,126
		204,691	37,029
CURRENT LIABILITIES			
Trade payables	26	**156**	136
Other payables and accruals		**4,996**	6,312
Other borrowings	27	**–**	1,652
		5,152	8,100
NET CURRENT ASSETS		**199,539**	28,929
TOTAL ASSETS LESS CURRENT LIABILITIES		**706,942**	129,449
NON-CURRENT LIABILITIES			
Loans from minority shareholders	28	**26,208**	31,536
NET ASSETS		**680,734**	97,913
CAPITAL AND RESERVES			
Issued capital	30	**19,045**	15,875
Reserves	32	**630,454**	70,295
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**649,499**	86,170
Minority interests	32	**31,235**	11,743
TOTAL EQUITY		**680,734**	97,913

Approved and authorised for issue by the board of directors on 10 January 2006

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Chan William
Director

The notes on pages 41 to 80 form an integral part of these financial statements.

BALANCE SHEET

30 SEPTEMBER 2005

	Notes	2005 HK$'000	2004 HK$'000
NON-CURRENT ASSETS			
Interest in subsidiaries	19	**300,110**	–
CURRENT ASSETS			
Deposits, prepayment and other receivables		**195**	428
Cash and bank balances		**150,230**	–
		150,425	428
CURRENT LIABILITIES			
Other payables and accruals		**601**	–
Amount due to a shareholder		**–**	443
		601	443
NET CURRENT ASSETS/(LIABILITIES)		**149,824**	(15)
NET ASSETS/(LIABILITIES)		**449,934**	(15)
CAPITAL AND RESERVES			
Issued capital	30	**19,045**	–
Reserves	32	**430,889**	(15)
		449,934	(15)

Approved and authorised for issue by the board of directors on 10 January 2006

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Chan William
Director

The notes on pages 41 to 80 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2005

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 October 2003									
– as previously reported	14,903	374,500	–	976	–	(361,112)	29,267	1,118	30,385
– effect on adoption of revised SSAP 12	–	–	–	–	–	20	20	–	20
– as restated	14,903	374,500	–	976	–	(361,092)	29,287	1,118	30,405
Placing of new shares	972	41,067	–	–	–	–	42,039	–	42,039
Cancellation of the shares of MSHK	(15,875)	–	–	–	–	–	(15,875)	–	(15,875)
Shares issued to shareholders of MSHK as consideration for cancellation of shares of MSHK	15,875	–	–	–	–	–	15,875	–	15,875
Share issuance costs	–	(598)	–	–	–	–	(598)	–	(598)
Acquisition of a subsidiary	–	–	–	–	–	–	–	(928)	(928)
Disposal of subsidiaries	–	–	–	–	–	–	–	(2,329)	(2,329)
Transfer pursuant to the Group Reorganisation	–	(414,969)	54,450	–	–	360,519	–	–	–
Net profit for the year	–	–	–	–	–	15,442	15,442	13,882	29,324
At 30 September 2004	15,875	–	54,450	976	–	14,869	86,170	11,743	97,913
At 1 October 2004	15,875	–	54,450	976	–	14,869	86,170	11,743	97,913
Placing of new shares	3,170	402,590	–	–	–	–	405,760	–	405,760
Share issuance costs	–	(39,670)	–	–	–	–	(39,670)	–	(39,670)
Net profit for the year	–	–	–	–	–	12,291	12,291	19,492	31,783
Redomicile costs	–	–	(2,117)	–	–	–	(2,117)	–	(2,117)
Surplus on revaluation – associates	–	–	–	–	187,065	–	187,065	–	187,065
At 30 September 2005	19,045	362,920	52,333	976	187,065	27,160	649,499	31,235	680,734

The notes on pages 41 to 80 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2005

	Notes	2005 HK$'000	2004 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**31,783**	29,966
Adjustments for:			
Interest income		**(4,420)**	(178)
Interest expenses		**97**	322
Depreciation		**6,474**	5,348
Amortisation of goodwill		**–**	211
Provision for other receivables		**–**	335
Waiver of other loan		**–**	(4,036)
Gain on disposal of subsidiaries and discontinued operations		**–**	(2,314)
Share of results of associates		**12**	–
Dividend from available-for-sale investment		**(1,133)**	–
Written back of amortisation of goodwill		**(66)**	–
Waiver of promissory note		**–**	(119)
Written back of provision for litigation		**–**	(2,075)
Written off of trade and other payables		**–**	(1,766)
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL		**32,747**	25,694
Decrease/(increase) in inventory		**33**	(5,389)
(Increase)/decrease in trade receivables		**(122)**	17,998
Increase in deposits, prepayment and other receivables		**(8,226)**	(12,919)
Decrease in amount due from customers for contract work		**–**	3
Increase/(decrease) in trade payables		**20**	(16,173)
(Decrease)/increase in other payables and accruals		**(1,316)**	7,302
Decrease in amount due to customers for contract work		**–**	(7,637)
CASH GENERATED FROM OPERATIONS		**23,136**	8,879
Tax paid		**–**	(14)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**23,136**	8,865
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		**(741)**	(96,550)
Acquisition of associates		**(100,681)**	–
Acquisition of available-for-sale investment		**(25,239)**	–
Acquisition of investment securities		**–**	(971)
Loans to associates		**(47,837)**	–
Loan to investee company		**–**	(2,500)
Loan receivable		**(50,000)**	–
Acquisition of a subsidiary, net of cash acquired	33	**(178)**	2,313
Increase in pledged bank deposits		**(508)**	(200)
Disposal of subsidiaries	34	**–**	160
Interest income		**2,858**	178
Dividend from available-for-sale investments		**1,133**	–
NET CASH USED IN INVESTING ACTIVITIES		**(221,193)**	(97,570)

	2005 HK$'000	2004 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**405,760**	42,039
Cost on issue of new shares	**(39,670)**	(598)
Redomicile costs	**(2,117)**	–
Repayment of bank loans	**–**	(150)
Loans (repayments to) / from minority shareholders	**(5,328)**	31,536
Capital elements of finance lease payments	**–**	(32)
Repayment of other borrowings	**(1,652)**	–
Interest paid on bank loans and other borrowings	**(97)**	(322)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**356,896**	72,473
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**158,839**	(16,232)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**31,126**	47,358
CASH AND CASH EQUIVALENTS AT END OF YEAR	**189,965**	31,126
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**189,965**	31,126

The notes on pages 41 to 80 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

Macau Success (Hong Kong) Limited ("MSHK"), the former holding company of the Group which was previously listed on the Stock Exchange, put forward a group reorganisation plan (the "Group Reorganisation"). Pursuant to the Group Reorganisation, a scheme of arrangement dated 27 August 2004, which was sanctioned by the Court of First Instance of the High Court, Hong Kong on 29 October 2004 and became effective on 8 November 2004, the following events took place:

i) simultaneous with each other:

- the entire issued share capital of MSHK was reduced by cancelling and extinguishing all the 1,587,464,233 shares in issue (the "Scheme Shares");
- MSHK applied part of the credit arising as a result of the capital reduction to pay up in full at par the 10,000,000 new shares allotted and issued, credited as fully paid, to the Company such that MSHK became a wholly-owned subsidiary of the Company and transferred the remaining credit to the distributable reserve account of MSHK;
- the authorised share capital of MSHK was reduced to HK$100,000 divided into 10,000,000 shares held by the Company;

ii) the share premium account of MSHK was reduced, cancelled and applied to set off against the accumulated losses of MSHK and the remaining credit thereof was transferred to the distributable reserve account; and

iii) the shareholders of the 1,587,464,233 shares of MSHK received one share of the Company for every one share of MSHK in consideration for the cancellation of their Scheme Shares.

Upon the completion of the Group Reorganisation, the Company became the holding company of MSHK and its subsidiaries. MSHK was then delisted from the Stock Exchange on 8 November 2004, and the Company was listed on the Stock Exchange on 9 November 2004 in its place by way of introduction.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION (Continued)

The Group Reorganisation involved companies under common control, and for accounting purposes, the Company and its acquired subsidiaries are regarded and accounted for as a continuing group. Accordingly, the consolidated financial statements have been prepared using the merger basis of accounting as if the Company had always been the holding company of the Group. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented or since their dates of incorporation if these are shorter periods, rather than from the subsequent date of acquisition of the subsidiaries. The consolidated results and cash flows of the Group for the years ended 30 September 2004 and 2005 include the results and cash flows of the Company and its subsidiaries with effect from 1 October 2003 or since their respective dates of incorporation, where these are shorter periods. The comparative consolidated balance sheet as at 30 September 2004 was prepared as if that the Group had been in existence at that date.

In the opinion of the directors, the consolidated financial statements prepared on this basis present more fairly the comparative results, cash flows and financial position of the Group as a whole.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which also include all Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and The Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. They have been prepared under the historical cost convention, except for the revaluation of an associate's property at fair value.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Board of Directors has determined the accounting policies to be adopted, in the preparation of the Group's annual financial statements for the year ended 30 September 2005, on the basis of HKFRSs currently in issue. A summary of the significant accounting policies adopted by the Group is set out below.

a) *Early adoption of HKFRSs*

The following new and revised HKFRSs are relevant to the Group's financial statements and are adopted for the first time for the preparation of the current year's financial statements. In accordance with the relevant requirements under these HKFRSs where permitted, comparative amounts of the financial statements for the year ended 30 September 2004 have been restated.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) *Early adoption of HKFRSs (Continued)*

HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-Current Assets Held for Sale and Discontinued Operations
HKAS-Int 12	Scope of HKAS-Int 12 Consolidation – Special Purpose Entities
HKAS-Int 15	Operating Leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

The adoption of the above HKFRSs has the following impacts on the Group's accounting policies:

– HKAS 1 affects certain presentation and disclosure of the financial statements;

– HKAS 8, 27 and 33 affect certain disclosure of the financial statements;

– HKASs 2, 7, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 28, 32, 37, 38, 39, 40, HKFRS 2, 5, HKAS-Int 12, HKAS-Int 15 and HKAS-Int 21 do not have any significant change in the Group's accounting policies; and

– the impact of the early adoption of other HKFRSs is set out in note 4.

b) *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 September.

The results of the subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) *Basis of consolidation (Continued)*

Minority interests represent the interests of outside shareholders in the operating results and net assets of the Company's subsidiaries and are presented separately in the consolidated income statements and within the equity in the consolidated balance sheet from the results/equity attributable to equity holders of the Company.

c) *Subsidiaries*

A subsidiary is a company in which the Group or the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Subsidiaries are considered to be controlled if the Group or the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a subsidiary is consolidated into the consolidated financial statements, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement as they arise.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

d) *Associates*

An associate is a company, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of its associates are included in the consolidated income statement and consolidated reserves respectively. The Group's interest in the associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) *Associates (Continued)*

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated income statement.

e) *Goodwill*

Positive goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's share of fair value of the identifiable assets and liabilities acquired on acquisitions of subsidiaries and associates.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associates.

Negative goodwill arising on acquisitions of controlled subsidiaries and associates represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is recognised immediately in the consolidated income statement as it arises.

f) *Revenue recognition*

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following basis:

i) cruise leasing income is recognised on an accrual basis in accordance with the terms of the leasing agreement.

ii) cruise management fee income and revenue from travel agent services is recognised when the management fee services and trade agent services are rendered.

iii) revenue from construction contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where a profitable outcome can be prudently foreseen and is measured by reference to the production of costs incurred for work performed to the balance sheet date as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when identified.

iv) interest income on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

g) *Trade receivables*

Provision is made against trade receivables to the extent that they are considered to be doubtful. Trade receivables in the balance sheet are stated net of such provision.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset. Overhauling expenses to extend the useful lives of old assets are, therefore, capitalised and depreciated over the period of the extended useful lives.

Depreciation is provided to write off the cost of each asset over its estimated useful life on a straight-line basis at the following annual rates:

Leasehold land and buildings	Over lease terms
Leasehold improvements	Over lease terms
Cruise	5%
Plant and machinery	20%
Furniture, fittings and office equipment	20% – $33^1/_3$%
Motor vehicles	30% – $33^1/_3$%

The gain or loss arising from the disposal or retirement of the asset is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognised in the income statement.

i) *Impairment of assets*

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) *Impairment of assets (Continued)*

ii) Reversal of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment losses made against goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

j) *Investment and other financial assets*

Financial assets in the scope of HKAS 39 are classified into four categories including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

i) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other three categories under the scope of HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) *Investment and other financial assets (Continued)*

i) Available-for-sale investments *(Continued)*

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"). Where the loss event has an impact on the estimated future cash flows that can be reliably estimated, they are stated at cost less any accumulated impairment losses. If an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the income statement. If the fair value of an available-for-sale debt investment increases in the subsequent period, and the increase can be objectively related to an event occurring after the loss was recognised in the income statement, the impairment loss should be reversed and recognised in the income statement. However, in case of equity investments, impairment cannot be reversed through the income statement.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

k) *Inventories*

Stocks are valued at the lower of cost and net realisable value. Cost include cost of purchase of materials computed using the first-in, first-out formula. Net realisable value is determined by reference to the sale proceeds of items sold in the ordinary course of business after the balance sheet date less the estimated costs of completion and the estimated costs necessary to make the sale.

l) *Cash equivalents*

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were generally within three months of maturity when acquired. For the purpose of the consolidated cash flow statement, cash equivalents also include bank overdrafts and advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) *Income tax*

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with interests in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary difference associated with interests in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) *Related parties*

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

o) *Foreign currencies*

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are initially recorded using the functional currency rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statements. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are not Hong Kong dollars. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company (i.e., Hong Kong dollars) at the exchange rates ruling at the balance sheet date and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign entity is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries that arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) *Employee benefits*

i) Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employee's basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in independently administrated funds. The Group's employer contributions vest fully with the employees when contributed to the Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Scheme.

ii) Share-based compensation

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) *Investment securities*

Investment securities are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expenses in the income statement. The impairment loss is written back to income statement when the circumstances and events that led to the write-down or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

r) *Construction contracts*

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the total cost of work certified to date to the estimated total contract cost for each contract. Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

s) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

t) *Segment reporting*

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) *Segment reporting (Continued)*

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group's enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

u) *Operating lease charges*

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

4. CHANGES IN ACCOUNTING POLICIES

a) *Amortisation of positive and negative goodwill (HKFRS 3 Business Combinations and HKAS 36 Impairment of Assets)*

In prior years:

– positive or negative goodwill which arose prior to 1 January 2001 was taken directly to reserves at the time it arose, and was not recognised in the income statement until disposal or impairment of the acquired business;

– positive goodwill which arose on or after 1 January 2001 was amortised on a straight line basis over its useful life of 10 years and was subject to impairment testing when there were indications of impairment; and

– negative goodwill which arose on or after 1 January 2001 was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognised in the income statement as those expected losses were incurred.

With effect from 1 October 2004 in accordance with HKFRS 3 and HKAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

4. CHANGES IN ACCOUNTING POLICIES (Continued)

a) *Amortisation of positive and negative goodwill (HKFRS 3 Business Combinations and HKAS 36 Impairment of Assets) (Continued)*

Also with effect from 1 October 2004 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the income statement as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as at 1 October 2004 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the year ended 30 September 2005.

Also in accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserves (i.e goodwill which arose before 1 January 2001) will not be recognised in the income statement on disposal or impairment of the acquired business, or under any other circumstances.

b) *Minority interest (HKAS 1 Presentation of Financial Statements and HKAS 27 Consolidated and Separate Financial Statements)*

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 October 2004, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between the minority interests and the equity holders of the Company.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative year has been restated accordingly.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) *Property, plant and equipment and depreciation*

The Group assesses annually whether property, plant and equipment have any indication of impairment. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

b) *Impairment of assets*

The Group tests annually whether assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined on the value-in-use calculation. These calculations require use of estimate.

6. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to the following risks:

a) *Interest rate risk*

As the Group has no significant interest bearing liabilities, the Group's exposure to market risk for changes in interest rates relates primarily to the cash and bank balances and short term time deposits. Floating-rate interest income is charged to the income statement as incurred.

b) *Foreign currency risk*

Most of the Group's monetary assets and liabilities are denominated in Hong Kong Dollars, and the Group conducted its business transactions principally in Hong Kong Dollars. The exchange rate risk of the Group is not significant.

c) *Credit risk*

The Group has no significant concentrations of credit risk and trade debtors are managed in accordance with the credit policies.

d) *Liquidity risk*

The Group's objective is to maintain a balance between the continuity of funding and the flexibility through the use of bank overdrafts and bank loans.

7. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and management separately, according to the nature of their operations and the products and services provided. Each of the Group's business segment represents a strategic business unit that offers:

a) cruise leasing and management business;

b) travel business;

c) construction services (discontinued); and

d) retail business (discontinued).

7. SEGMENT INFORMATION (Continued)

a) *Business segments*

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

Group

	For the year ended 30 September 2005		
	Continuing operations		
	Cruise leasing and management HK$'000	Travel HK$'000	Consolidated HK$'000
Revenue			
Turnover	95,382	5,523	100,905
Other revenue	12	42	54
Total revenue	95,394	5,565	100,959
Results			
Segment results	43,413	(789)	42,624
Unallocated corporate income			5,805
Unallocated corporate expenses			(16,537)
Profit from operations			31,892
Share of results of associates			(12)
Finance costs			(97)
Profit before taxation			31,783
Taxation			–
Profit for the year			31,783
Minority interests			(19,492)
Profit attributable to equity holders of the Company			12,291

	For the year ended 30 September 2005		
	Continuing operations		
	Cruise leasing and management HK$'000	Travel HK$'000	Consolidated HK$'000
Balance Sheet			
Assets			
Segment assets	131,909	924	132,833
Unallocated assets			579,261
Consolidated total assets			712,094
Liabilities			
Segment liabilities	28,901	208	29,109
Unallocated liabilities			2,251
Consolidated total liabilities			31,360

	For the year ended 30 September 2005			
	Continuing operations			
	Cruise leasing and management HK$'000	Travel HK$'000	Unallocated HK$'000	Consolidated HK$'000
Other information				
Depreciation	5,781	21	672	6,474
Capital expenditure	397	6	338	741

7. SEGMENT INFORMATION (Continued)

a) *Business segments (Continued)*

Group (Continued)

	For the year ended 30 September 2004 (Restated)						
	Continuing operations			Discontinued operations			
	Cruise leasing and management HK$'000	Travel HK$'000	Subtotal HK$'000	Construction services HK$'000	Retail HK$'000	Subtotal HK$'000	Consolidated HK$'000
Revenue							
Turnover	57,753	3,811	61,564	25,047	105,345	130,392	191,956
Other revenue	3	2	5	7	433	440	445
Total revenue	57,756	3,813	61,569	25,054	105,778	130,832	192,401
Results							
Segment results	28,158	(605)	27,553	85	6,194	6,279	33,832
Unallocated corporate income							4,214
Unallocated corporate expenses							(7,547)
Amortisation of goodwill							(211)
Profit from operations							30,288
Finance costs							(322)
Profit before taxation							29,966
Taxation							(642)
Profit for the year							29,324
Minority interests							(13,882)
Profit attributable to equity holders of the Company							15,442
Balance sheet							
Assets							
Segment assets	100,469	1,007	101,476	–	–	–	101,476
Unallocated assets			36,073				36,073
Consolidated total assets			137,549				137,549
Liabilities							
Segment liabilities	35,825	138	35,963	–	–	–	35,963
Unallocated liabilities			3,673				3,673
Consolidated total liabilities			39,636				39,636

7. SEGMENT INFORMATION (Continued)

a) *Business segments (Continued)*

Group (Continued)

	For the year ended 30 September 2004 (Restated)							
	Continuing operations				Discontinued operations			
	Cruise leasing and management HK$'000	Travel HK$'000	Unallocated HK$'000	Subtotal HK$'000	Construction services HK$'000	Retail HK$'000	Subtotal HK$'000	Consolidated HK$'000
Other information								
Depreciation	4,088	14	605	4,707	198	443	641	5,348
Amortisation of goodwill	66	–	–	66	–	145	145	211
Capital expenditure	96,062	99	303	96,464	86	–	86	96,550

b) *Geographical segments*

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's geographical segments.

	For the year ended 30 September 2005			
	Continuing operations			
	South China Sea, other than in Hong Kong HK$'000	Hong Kong HK$'000	Macau HK$'000	Consolidated HK$'000
Segment revenue:				
Turnover	95,382	5,523	–	100,905
Segment results	43,413	(732)	(57)	42,624
Segment assets	184,491	188,044	339,559	712,094
Capital expenditure	397	344	–	741

7. SEGMENT INFORMATION (Continued)

b) *Geographical segments (Continued)*

	For the year ended 30 September 2004 (Restated)					
	Continuing operations				Discontinued operations	
	South China Sea, other than in Hong Kong HK$'000	Hong Kong HK$'000	Macau HK$'000	Subtotal HK$'000	Hong Kong HK$'000	Consolidated HK$'000
Segment revenue:						
Turnover	57,753	3,811	–	61,564	130,392	191,956
Segment results	28,158	(605)	–	27,553	6,279	33,832
Segment assets	100,469	33,609	3,471	137,549	–	137,549
Capital expenditure	96,062	402	–	96,464	86	96,550

8. TURNOVER AND OTHER REVENUE

The analysis of the Group's turnover and other revenue are as follows:

	Continuing operations		Discontinued operations		Consolidated	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Turnover						
Cruise leasing and management fee income	**95,382**	57,753	**–**	–	**95,382**	57,753
Travel agent service fee income	**5,523**	3,811	**–**	–	**5,523**	3,811
Construction, equipment rental and services income	**–**	–	**–**	25,047	**–**	25,047
Retail business	**–**	–	**–**	105,345	**–**	105,345
	100,905	61,564	**–**	130,392	**100,905**	191,956
Other revenue						
Commission income	**34**	1	**–**	–	**34**	1
Dividend from available-for- sale investment	**1,133**	–	**–**	–	**1,133**	–
Forfeiture of dividends	**–**	87	**–**	–	**–**	87
Interest income	**4,420**	171	**–**	7	**4,420**	178
Rental income	**–**	–	**–**	82	**–**	82
Waiver of promissory note	**–**	119	**–**	–	**–**	119
Written back of amortisation of goodwill	**66**	–	**–**	–	**66**	–
Written back of provision for litigation	**–**	2,075	**–**	–	**–**	2,075
Written off of trade and other payables	**–**	1,766	**–**	–	**–**	1,766
Others	**206**	–	**–**	351	**206**	351
	5,859	4,219	**–**	440	**5,859**	4,659

9. WAIVER OF OTHER LOAN

On 29 June 2004, MSHK entered into a deed of assignment with a creditor whereas the creditor agreed to accept as full settlement of the outstanding loan approximately HK$5,736,000 by accepting payment of HK$1,700,000 by the Group. As a result, the Group recorded a gain on waiver of the loan approximately HK$4,036,000.

10. GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS

On 12 March 2004, Orient Prize Holding Inc. ("Orient Prize"), a wholly-owned subsidiary, entered into an agreement to dispose of a 60% owned subsidiary, namely Marcello (Tax Free) International Department Store Corporation Limited ("Marcello") for a consideration of HK$8,200,000 (the "Marcello Disposal"). The consideration of HK$3,350,000 was settled in cash by the purchaser. The Group directed the purchaser to pay on behalf of the Group the balance of consideration of HK$4,850,000 to a promissory note holder as full and final settlement of the outstanding promissory note of approximately HK$4,896,000. The Marcello Disposal was completed on 29 June 2004.

On 26 March 2004, Orient Prize entered into another agreement to dispose of a wholly-owned subsidiary, namely Fine Lord Construction Company Limited ("Fine Lord") to Mr. Chan Chung Chiu, a director of Fine Lord, for a consideration of HK$5,800,000 (the "Fine Lord Disposal"). The consideration was settled by way of Mr. Chan Chung Chiu releasing a promissory note executed by Orient Prize and MSHK dated 25 June 2002 in favour of Mr. Chan Chung Chiu with outstanding principal and interest of approximately HK$5,873,000. The Fine Lord Disposal was completed on 26 March 2004. The Fine Lord Disposal constituted a connected transaction, the details of which were set out in the announcement issued by MSHK on 31 March 2004.

The sales, results, cash flows and net assets of Fine Lord and Marcello were as follows:

	Marcello *(Note)* Nine months ended 30 June 2004 HK$'000	**Fine Lord** *(Note)* Period ended 26 March 2004 HK$'000
Turnover	105,345	25,047
Cost of sales	(40,225)	(23,322)
Gross profit	65,120	1,725
Other revenue	432	7
Selling and distribution expenses	(55,315)	–
Administrative expenses	(6,563)	(1,432)
Profit from operations	3,674	300
Finance costs	(3)	(20)
Profit before taxation	3,671	280
Taxation	(642)	–
Profit after taxation	3,029	280
Minority interests	(1,211)	1
Net profit	1,818	281
Net operating cash inflow/(outflow)	(4,027)	698
Net investing cash outflow	–	(61)
Net financing cash inflow/(outflow)	2,057	(1)
Total net cash inflow/(outflow)	(1,970)	636

Note: Not audited by CCIF CPA Limited

10. GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS (Continued)

	Marcello *(Note)* At 30 June 2004 HK$'000	**Fine Lord** *(Note)* At 26 March 2004 HK$'000
Non-current assets	542	3,615
Current assets	13,489	12,434
Total assets	14,031	16,049
Total liabilities	(8,207)	(13,351)
Net assets	5,824	2,698
Net assets sold	(3,494)	(2,698)
Goodwill	(2,171)	(3,317)
	(5,665)	(6,015)
Disposal consideration	8,200	5,800
Disposal expenses	(16)	–
Gain/(loss) on disposal of discontinued operations	2,519	(215)
The net cash inflow on disposal is determined as follows:		
Cash proceeds from disposals	3,350	–
Less: Cash and bank balances disposed of with the subsidiaries	(474)	(5,006)
Bank overdraft disposed of with the subsidiaries	2,206	100
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	5,082	(4,906)

Note: Not audited by CCIF CPA Limited

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

a) *Directors' remuneration*

Directors' remuneration is disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and Section 161 of the Companies Ordinance as follows:

	2005 HK$'000	2004 HK$'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	1,176	749
Retirement benefit scheme contributions	24	22
	1,200	771

The remuneration of individual director is set out below:

Name	Fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000
Executive Directors								
Yeung Hoi Sing, Sonny	–	–	–	–	–	–	–	–
Chan William	–	–	328	269	12	11	340	280
Lee Siu Cheung	–	–	528	278	12	11	540	289
Non-executive Director								
Choi Kin Pui, Russelle	–	–	80	61	–	–	80	61
Independent Non-executive Directors								
Luk Ka Yee, Patrick	–	–	80	61	–	–	80	61
Yeung Mo Sheung, Ann	–	–	80	40	–	–	80	40
Yim Kai Pung	–	–	80	40	–	–	80	40
	–	–	1,176	749	24	22	1,200	771

The remuneration of the directors falls within the following band:

	Number of directors	
	2005	2004
HK$Nil – HK$1,000,000	7	7

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

b) *Five highest paid employees*

The five highest paid employees during the year included one director (2004: one), details of whose remuneration are set out in note 11 (a).

The details of the remaining four (2004: four) individual are disclosed as follows:

	2005 HK$'000	2004 HK$'000
Salaries, allowances and benefits in kind	**2,036**	1,437
Retirement benefit scheme contributions	**42**	79
	2,078	1,516

The remuneration falls within the following band:

	Number of individuals	
	2005	2004
HK$Nil – HK$1,000,000	**4**	4

12. PROFIT FROM OPERATIONS

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

	Continuing operations		Discontinued operations		Consolidated	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Amortisation of goodwill	**–**	66	**–**	145	**–**	211
Auditors' remuneration	**518**	436	**–**	42	**518**	478
Depreciation:						
Owned fixed assets	**6,474**	4,707	**–**	641	**6,474**	5,348
Operating lease rentals:						
Land and buildings	**1,385**	813	**–**	850	**1,385**	1,663
Plant and machinery	**12**	–	**–**	53	**12**	53
Provision for other receivables	**–**	–	**–**	335	**–**	335
Exchange gain	**(15)**	(208)	**–**	–	**(15)**	(208)
Staff costs (including contribution of retirement scheme of HK$408,000) (2004: HK$339,000)	**27,384**	16,321	**–**	2,429	**27,384**	18,750

13. FINANCE COSTS

	Group 2005 HK$'000	Group 2004 HK$'000
Interest expenses on:		
Other borrowings wholly repayable within five years	**97**	299
Finance leases	**–**	3
Bank loans and overdraft wholly repayable within five years	**–**	20
	97	322

14. TAXATION

The amount of taxation charged to the consolidated income statement represents:

	Group 2005 HK$'000	Group 2004 HK$'000
Hong Kong Profits Tax		
– Charge for the year	**–**	681
Deferred taxation relating to the origination and reversal of temporary differences	**–**	(39)
	–	642

A reconciliation between tax expense and accounting profit at applicable tax rates is as follows:

	2005 HK$'000	2004 HK$'000
Profit before tax	**31,783**	29,966
Share of results of associates	**12**	–
Profit before tax attributable to the Company and its subsidiaries	**31,795**	29,966
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	**5,564**	5,244
Tax effect of non-deductible items	**965**	1,908
Tax effect of non-taxable revenue	**(8,702)**	(7,638)
Tax effect of unrecognised tax losses	**2,348**	1,513
Unrecognised temporary differences	**137**	(341)
Tax effect on utilisation of previously unrecognised tax losses	**(312)**	(44)
Tax charge	**–**	642

Hong Kong profits tax has been provided for at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the relevant jurisdictions in which the subsidiaries operate.

15. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit for the year attributable to equity holders of the Company for the year ended 30 September 2005 dealt with in the financial statements of the Company was approximately HK$67,984,000 (2004: loss of approximately HK$15,000).

16. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of approximately HK$12,291,000 (2004: HK$15,442,000) and on the weighted average number of 1,869,724,000 (2004: 1,575,214,000) ordinary shares in issue during the year.

There was no dilution effect on the basic earnings per share for the year ended 30 September 2005 and 30 September 2004 respectively as there were no dilutive instruments outstanding during both years.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Cruise HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture fittings and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 October 2003	2,327	–	1,991	1,207	1,795	664	7,984
Acquisition of a subsidiary	–	–	472	829	1,296	–	2,597
Additions	–	93,600	145	1,279	1,296	230	96,550
Disposal of subsidiaries	(2,327)	–	(413)	(1,294)	(1,571)	(664)	(6,269)
At 30 September 2004 and 1 October 2004	–	93,600	2,195	2,021	2,816	230	100,862
Additions	–	–	98	3	640	–	741
At 30 September 2005	–	93,600	2,293	2,024	3,456	230	101,603
Accumulated depreciation							
At 1 October 2003	60	–	98	457	771	252	1,638
Acquisition of a subsidiary	–	–	10	25	45	–	80
Charge for the year	26	3,510	600	373	693	146	5,348
Disposal of subsidiaries	(86)	–	(14)	(574)	(1,157)	(353)	(2,184)
At 30 September 2004 and 1 October 2004	–	3,510	694	281	352	45	4,882
Charge for the year	–	4,680	672	404	642	76	6,474
At 30 September 2005	–	8,190	1,366	685	994	121	11,356
Net book value							
At 30 September 2005	–	85,410	927	1,339	2,462	109	90,247
At 30 September 2004	–	90,090	1,501	1,740	2,464	185	95,980

18. GOODWILL

	Group
	HK$'000
Cost	
At 1 October 2003	7,041
Acquisition of a subsidiary	1,135
Disposal of subsidiaries	(7,041)
At 30 September 2004 and 1 October 2004	1,135
Acquisition of a subsidiary	178
At 30 September 2005	1,313
Accumulated amortisation	
At 1 October 2003	1,408
Charge for the year	211
Disposal of subsidiaries	(1,553)
At 30 September 2004 and 1 October 2004	66
Written back of amortisation	(66)
At 30 September 2005	–
Net book value	
At 30 September 2005	1,313
At 30 September 2004	1,069

19. INTEREST IN SUBSIDIARIES

	Company	
	2005	2004
	HK$'000	HK$'000
Unlisted shares, at cost	**15,874**	–
Amounts due from subsidiaries	**284,236**	–
	300,110	–

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

19. INTEREST IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name of company	Attributable interest to the Company Direct %	Attributable interest to the Company Indirect %	Place of incorporation/ operations	Nominal value of issued share capital	Principal activities
Macau Success (Hong Kong) Limited	100	–	Hong Kong	HK$100,000	Investment holding
New Shepherd Assets Limited	100	–	British Virgin Islands	US$1	Investment holding
Access Success Developments Limited	–	100	British Virgin Islands	US$1	Investment holding
Ace Horizon Limited	–	100	British Virgin Islands	US$1	Investment holding
Capture Success Limited*	–	55	British Virgin Islands/ South China Sea, other than in Hong Kong	US$100	Cruise leasing
Golden Sun Profits Limited	–	100	British Virgin Islands	US$1	Investment holding
Hover Management Limited*	–	55	Hong Kong/ South China Sea, other than in Hong Kong	HK$100	Provision of cruise management services
Joyspirit Investments Limited	–	100	British Virgin Islands	US$1	Investment holding
Macau Success Management Services Limited	–	100	Hong Kong	HK$100	Provision of administration services
Precise Innovation Limited	–	100	British Virgin Islands	US$1	Investment holding
Top Region Assets Limited	–	100	British Virgin Islands	US$1	Investment holding
Travel Success Limited	–	100	Hong Kong	HK$500,000	Travel agency
Travel Success (Macau) Limited	–	100	Macau	MOP1,500,000	Travel agency
World Fortune Limited	–	100	Hong Kong	HK$100	Investment holding

* *Not audited by CCIF CPA Limited*

20. AVAILABLE-FOR-SALE INVESTMENT

	Group 2005 HK$'000	2004 HK$'000
Unlisted shares, at cost	**25,239**	–

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

21. INVESTMENT SECURITIES

	Group 2005 HK$'000	2004 HK$'000
Unlisted shares, at cost	**–**	971
Due from the investee company	**–**	2,500
	–	3,471

The amount due from investee company was unsecured, interest free, and had no fixed terms of repayment.

On 13 January 2004, World Fortune Limited ("World Fortune"), a wholly-owned subsidiary, subscribed 10% shares of Pier 16 – Property Development Limited ("Pier 16 – Property Development"), a company incorporated in Macau, for a consideration of MOP1,000,000 (equivalent to approximately HK$971,000).

On 18 November 2004 and 5 July 2005, World Fortune further acquired 14.5% and 12.25% issued share capital of Pier 16 – Property Development for a consideration of MOP1,450,000 (equivalent to approximately HK$1,408,000) and HK$98,000,000 respectively. The interest in Pier 16 – Property Development increased to 36.75% and was classified as an associate of the Group during the year under review.

22. INTEREST IN ASSOCIATES

	Group 2005 HK$'000	2004 HK$'000
Share of net assets	**284,124**	–
Goodwill	**4,581**	–
Amounts due from associates	**50,337**	–
	339,042	–

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

22. INTEREST IN ASSOCIATES (Continued)

Particulars of the associates as at 30 September 2005 are as follows:

Name of company	Attributable interest to the Group Direct %	Attributable interest to the Group Indirect %	Place of incorporation and operations	Nominal value of issued share capital	Principal activities
Pier 16 – Property Development Limited	–	36.75	Macau	MOP10,000,000	Investment, development and operation of an integrated hotel resort project "Ponte 16"
Pier 16 – Management Limited	–	36.75	Macau	MOP25,000	Provision of management services for development of an integrated hotel resort project "Ponte 16"

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

	2005 HK$'000	2004 HK$'000
Assets	**926,420**	–
Liabilities	**153,238**	–
Revenues	**327**	–
Profits	**2**	–

23. LOAN RECEIVABLE

	Group 2005 HK$'000	Group 2004 HK$'000
Loan receivable	**51,562**	–

The loan receivable is due from King Seiner Palace Promotor De Jogos, Limitada (the "Borrower"), which is owned by the related parties Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), Mr. Chan Hon Keung ("Mr. Chan") and an independent third party. The loan is secured by the guarantee from Mr. Yeung and Mr. Chan and repayable in full on or before 5 August 2010. The interest payable on the loan was the higher of (i) 20% per annum; and (ii) the amount equivalent to 18% of the net profit of the Borrower before all interest payments on the loan for the latest financial year of the Borrower as shown in the audited financial statements of the Borrower.

24. INVENTORY

	Group	
	2005 HK$'000	2004 HK$'000
Fuel oil	**1,181**	1,214

There is no inventory stated at net realisable value.

25. TRADE RECEIVABLES

The Group normally allows a credit period of 30 days (2004: 30 days). An analysis of trade receivables is as follows:

	Group	
	2005 HK$'000	2004 HK$'000
Current to 30 days	**1,584**	1,454
31 to 60 days	**11**	45
61 to 90 days	**13**	2
Over 90 days	**16**	1
	1,624	1,502

26. TRADE PAYABLES

An aged analysis of trade payables is as follows:

	Group	
	2005 HK$'000	2004 HK$'000
Current to 30 days	**137**	136
31 – 60 days	**5**	–
61 – 90 days	**–**	–
Over 90 days	**14**	–
	156	136

27. OTHER BORROWINGS

	Group	
	2005 HK$'000	2004 HK$'000
Other loan		
Repayable within one year	**–**	1,652

The other loan was unsecured, bearing interest at 2% per annum and was fully settled during the year under review.

28. LOANS FROM MINORITY SHAREHOLDERS

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

29. DEFERRED TAX ASSETS/LIABILITIES

(a) *Recognised deferred tax (assets)/liabilities*

The movements of deferred tax (assets)/liabilities during the year are as follows:

	Group	
	Accelerated depreciation	
	2005 HK$'000	2004 HK$'000
At 1 October	**–**	(32)
Charged to the income statement	**–**	(39)
Disposal of a subsidiary	**–**	71
At 30 September	**–**	–

(b) *Unrecognised deferred tax assets*

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 30 September 2005, the Group had tax losses of approximately HK$60 million (2004: HK$46 million) that are available to carry forward indefinitely for offsetting against future taxable profits.

30. ISSUED CAPITAL

	Notes	2005 Number of shares '000	2005 Nominal value HK$'000	2004 Number of shares '000	2004 Nominal value HK$'000
Authorised:					
At 1 October		**10,000**	**100**	–	–
Authorised shares on incorporation	(a)	**–**	**–**	10,000	100
Increased on authorised shares	(b)	**159,990,000**	**1,599,900**	159,990,000	1,599,900
At 30 September		**160,000,000**	**1,600,000**	160,000,000	1,600,000
Issued and fully paid:					
At 1 October		**–**	**–**	1,490,264	14,903
Shares placement		**–**	**–**	97,200	972
Cancellation of the shares of MSHK	(c)(e)	**–**	**–**	(1,587,464)	(15,875)
Shares issued to shareholders of MSHK as consideration for cancellation of shares of MSHK	(c)(e)	**1,587,464**	**15,875**	1,587,464	15,875
Shares placement	(d)	**317,000**	**3,170**	–	–
At 30 September		**1,904,464**	**19,045**	1,587,464	15,875

The change in the authorised and issued share capital of the Company which took place during the period from 27 May 2004 (date of incorporation) to 30 September 2005 was as follows:

(a) On incorporation, the authorised share capital of the Company was HK$100,000 divided into 10,000,000 shares of HK$0.01 each, all of which were issued and allotted nil paid on 18 June 2004.

(b) On 8 November 2004, the authorised share capital of the Company was increased from HK$100,000 to HK$1,600,000,000 by the creation of a further 159,990,000,000 shares of HK$0.01 each, ranking pari passu with the existing share capital of the Company.

(c) On 8 November 2004, as part of the Group Reorganisation, the Company issued an aggregate of 1,577,464,233 shares of HK$0.01 each, credited as fully paid and transfer of 10,000,000 shares of HK$0.01 each, also credited as fully-paid by MSHK to the shareholders of MSHK in consideration for the cancellation of the shares of MSHK.

(d) On 10 November 2004, the Company entered into a top-up subscription agreement (the "Subscription Agreement") with its major shareholder. Pursuant to the Subscription Agreement, the major shareholder agreed to subscribe 317,000,000 new shares of the Company of HK$0.01 each at HK$1.28 per share. On 23 November 2004, the Company issued and allotted 317,000,000 new shares for a total consideration of HK$405,760,000 before expenses to the major shareholder.

30. ISSUED CAPITAL (Continued)

(e) For the purpose of preparing the financial statements of the Group as described in note 2 to the financial statements, an aggregate of 1,587,464,233 shares of HK$0.01 each issued to the shareholders of MSHK in consideration for the cancellation of the shares of MSHK pursuant to the Group Reorganisation were included in the comparative figures as if the current group structure has been in existence since that date.

31. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors and other employees of the Group. The Option Scheme became effective on 8 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Under the Option Scheme, the directors of the Company are authorised at their absolute discretion, to invite any employee, executive or officer of any member of the Group or any entity in which the Group holds any equity interest (including the executive and non-executive directors) and any vendor, supplier, consultant, agent, adviser or customer who is eligible to participate in the Option Scheme, to take up options to subscribe for shares in the Company.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent. of the total number of shares in issue as at the date of adoption of the Option Scheme.

The Company may seek approval of the shareholders in general meeting for refreshing the 10 per cent. limit under the Option Scheme save that the total number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company under the limit as "refreshed" shall not exceed 10 per cent. of the total number of shares in issue as at the date of approval of the limit. Options previously granted under the Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the other scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

Notwithstanding aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the total number of shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1 per cent. of the total number of shares in issue.

The exercise price in respect of any particular option shall be such price as determined by the board in its absolute discretion at the time of the making of the offer but in any case the exercise price 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 offer date; (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 offer date; and (iii) the nominal value of a share.

31. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options must be accepted not later than 28 days after the date of the offer, upon payment of a considerations of HK$1 by the grantee. The exercise period of the share options granted is determined by the board of directors, save that such period shall not be more than a period of ten years from the date upon which the share options are granted or deemed to be granted and accepted.

As at the balance sheet date, no share options have been granted under the Option Scheme since its adoption.

32. RESERVES

Group

	Attributable to equity holders of the Company							
	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 October 2003								
– as previously reported	374,500	–	976	–	(361,112)	14,364	1,118	15,482
– effect on adoption of revised SSAP 12	–	–	–	–	20	20	–	20
– as restated	374,500	–	976	–	(361,092)	14,384	1,118	15,502
Placing of new shares	41,067	–	–	–	–	41,067	–	41,067
Share issuance costs	(598)	–	–	–	–	(598)	–	(598)
Acquisition of a subsidiary	–	–	–	–	–	–	(928)	(928)
Disposal of subsidiaries	–	–	–	–	–	–	(2,329)	(2,329)
Transfer pursuant to the Group Reorganisation	(414,969)	54,450	–	–	360,519	–	–	–
Net profit for the year	–	–	–	–	15,442	15,442	13,882	29,324
At 30 September 2004	–	54,450	976	–	14,869	70,295	11,743	82,038
At 1 October 2004	–	54,450	976	–	14,869	70,295	11,743	82,038
Placing of new shares	402,590	–	–	–	–	402,590	–	402,590
Share issuance costs	(39,670)	–	–	–	–	(39,670)	–	(39,670)
Net profit for the year	–	–	–	–	12,291	12,291	19,492	31,783
Redomicile costs	–	(2,117)	–	–	–	(2,117)	–	(2,117)
Surplus on revaluation – associates	–	–	–	187,065	–	187,065	–	187,065
At 30 September 2005	362,920	52,333	976	187,065	27,160	630,454	31,235	661,689
Reserves retained by:								
Company and subsidiaries	–	54,450	976	–	14,869	70,295	11,743	82,038
Associates	–	–	–	–	–	–	–	–
At 30 September 2004	–	54,450	976	–	14,869	70,295	11,743	82,038
Company and subsidiaries	362,920	52,333	976	–	27,172	443,401	31,235	474,636
Associates	–	–	–	187,065	(12)	187,053	–	187,053
At 30 September 2005	362,920	52,333	976	187,065	27,160	630,454	31,235	661,689

32. RESERVES (Continued)

Company

	Share premium HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 27 May 2004 (date of incorporation)	–	–	–
Net loss for the period	–	(15)	(15)
At 30 September 2004	–	(15)	(15)
At 1 October 2004	–	(15)	(15)
Placing of new shares	402,590	–	402,590
Share issuance costs	(39,670)	–	(39,670)
Net profit for the year	–	67,984	67,984
At 30 September 2005	362,920	67,969	430,889

33. ACQUISITION OF A SUBSIDIARY

	2005 HK$'000	2004 HK$'000
Fair value of identifiable assets/(liabilities) acquired:		
Fixed assets	–	2,517
Inventory	–	554
Debtors, deposits and prepayments	–	1,075
Amount due from shareholders	1,081	–
Cash and bank balances	377	2,775
Creditors and accrued charges	–	(8,522)
Bank overdraft	–	(462)
	1,458	(2,063)
Minority interest	–	928
	1,458	(1,135)
Goodwill	178	1,135
Total consideration	1,636	–
Satisfied by:		
Cash consideration	555	–
Assumption of debts	1,081	–
	1,636	–
Cash flow on acquisition, net of cash acquired:		
Cash and bank balances acquired	377	2,313
Cash consideration	(555)	–
	(178)	2,313

34. DISPOSAL OF SUBSIDIARIES

	2005 HK$'000	2004 HK$'000
Net assets/(liabilities) disposed of:		
Fixed assets	–	4,085
Deferred tax assets	–	71
Inventory and work in progress	–	8,526
Debtors, deposits and prepayments	–	11,917
Cash and bank balances	–	5,480
Goodwill	–	5,488
Creditors and accruals	–	(17,440)
Bank overdraft	–	(2,306)
Bank loan	–	(850)
Minority interests	–	(2,329)
Tax payable	–	(972)
	–	11,670
Cost in relation to the disposals	–	16
	–	11,686
Gain on disposal of subsidiaries	–	2,314
	–	14,000
Satisfied by:		
Partial settlement of promissory note payable	–	10,650
Cash consideration	–	3,350
	–	14,000
Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:		
Cash and bank balances disposed of with the subsidiaries	–	(5,480)
Bank overdraft disposed of with the subsidiaries	–	2,306
Cash consideration received	–	3,350
Cost on disposal of subsidiaries	–	(16)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	160

The subsidiaries disposed of contributed approximately HK$130,392,000 to the Group's turnover and approximately HK$4,983,000 to the Group's profit for the year ended 30 September 2004.

35. BUSINESS COMBINATIONS

On 26 December 2004, the Group acquired 100% equity interest of Travel Success (Macau) Limited ("TSML") for a total consideration of approximately HK$1,636,000. TSML incurred net loss of approximately HK$57,000 and did not contribute any revenue to the Group for the period since the date of acquisition.

Details of net assets acquired and goodwill are as follows:

	2005 HK$'000
Purchase consideration:	
Cash	555
Assumption of debts	1,081
Fair value of total purchase consideration	1,636
Fair value of net assets acquired	1,458
Excess of the cost of acquisition over the fair value of net assets acquired	178

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK$'000	Acquiree's carrying amount HK$'000
Net assets acquired:		
Amounts due from shareholders	1,081	1,081
Cash and bank balances	377	377
	1,458	1,458

36. COMMITMENTS

(a) *Capital commitments*

	Group		Company	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Contracted but not provided for	**1,021**	–	**–**	–
Authorised but not contracted for	**–**	180	**–**	–
	1,021	180	**–**	–

(b) *Operating lease commitments*

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

	Group		Company	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Within one year	**972**	925	**–**	–
In the second to fifth years, inclusive	**58**	831	**–**	–
	1,030	1,756	**–**	–

37. RELATED PARTY TRANSACTIONS

(a) On 7 March 2005, Joyspirit Investments Limited, a wholly-owned subsidiary, as lender (the "Lender") entered into a loan agreement (the "Loan Agreement") with King Seiner Palace Promotor De Jogos, Limitada (the "Borrower"), a company incorporated in Macau with limited liability and is owned as to 56% by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), 24% by Mr. Chan Hon Keung ("Mr. Chan") and 20% by an independent third party, as borrower. As at 1 April 2005, Mr. Yeung, an executive director of the Company, is beneficially interested in approximately 37.94% of the issued share capital of the Company and Mr. Chan is beneficially interested in approximately 16.26% of the issued share capital of the Company.

Pursuant to the Loan Agreement, the Lender provide a facility of HK$50 million to the Borrower (the "Loan Facility") which was used as general working capital of Borrower for the purpose of running its gaming intermediaries business at King Seiner Palace in Macau. The interest payable on the loan is the higher of (i) 20% per annum; and (ii) the amount equivalent to 18% of the net profit of the Borrower before all interest payments on the loan for the latest financial year of the Borrower as shown in the audited financial statement of the Borrower.

In consideration of the Lender agreeing to grant the Loan Facility to the Borrower, Mr. Yeung and Mr. Chan executed a guarantee in favour of the Lender as security for the Loan Facility whereby they jointly and severally guarantee, unconditionally and irrevocably, the due and punctual payment by the Borrower of the secured indebtedness and/or any part thereof which became due from time to time and the due and punctual performance and observance by the Borrower of all its obligations contained in the Loan Agreement.

In addition, pursuant to an option deed dated 7 March 2005 entered into between the Borrower and the Lender (the "Option Deed"), the Borrower agreed to grant the option to the Lender which is exercisable at an option price calculated at price not exceeding 4 times of the profits at the time of the exercise of the option multiple by 20% at any time during 57 months from the date of the Option Deed. Upon exercise of the option, the Lender shall be entitled to 20% of the enlarged share capital of the Borrower as at the date of the completion of allotment and issue of shares under the option.

In the opinion of the directors, these transactions were conducted in the normal course of business of the Group and after arm's length negotiation between the Borrower and the Lender. Details of these major and connected transactions are set out in the Company's circular dated 7 April 2005.

During the year, the loan interest of approximately HK$1,562,000 was received/ receivable from the Borrower.

(b) On 26 March 2004, Orient Prize Holdings Inc., a wholly-owned subsidiary, entered into an agreement to dispose of Fine Lord Construction Company Limited ("Fine Lord"), a wholly-owned subsidiary, at a consideration of HK$5,800,000. The purchaser, Mr. Chan Chung Chiu, is a director of Fine Lord. The transaction constituted a connected transaction. The consideration was arrived at after arm's length negotiations between the Group and Mr. Chan Chung Chiu. The consideration was satisfied by the release of a promissory note with outstanding amount of approximately HK$5,873,000. Details of this connected transaction were set out in the Company's circular dated 31 March 2004.

37. RELATED PARTY TRANSACTIONS (Continued)

(c) Apart from the above, the Group also had the following transactions with the related parties during the year:

	Notes	2005 HK$'000	2004 HK$'000
Travel service income received and receivable from			
– Associates	(i)(ii)	**168**	–
– Key management personnel	(ii)	**241**	237
– Closely family members of key management personnel	(ii)	**470**	360
		879	597
Trade receivables from travel service as at the balance sheet date			
– Associates		**102**	–
– Key management personnel		**10**	–
– Closely family members of key management personnel		**10**	–
		122	–

(i) The Company directors, Mr. Yeung Hoi Sing, Sonny and Mr. Lee Siu Cheung, are the directors of the associates.

(ii) The travel agent service income was charged according to prices and conditions similar to those offered to other customers.

38. PLEDGED OF ASSETS

As at 30 September 2005, the Group pledged the time deposits approximately of HK$0.7 million (2004: HK$0.2 million) to certain banks for issuance of several bank guarantees approximately of HK$0.7 million (2004: HK$0.2 million) for operations of the Group.

39. COMPARATIVE AMOUNTS

As further explained in notes 3 and 4 to the financial statements, due to the early adoption of HKFRSs during the year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial periods, as extracted from the audited financial statements and adjusted as appropriate, is set out below.

RESULTS

	Year ended 30 September				Period ended 30 September
	2005 HK$'000	2004 HK$'000 (Restated)	2003 HK$'000 (Restated)	2002 HK$'000 (Restated)	2001 HK$'000 (Restated)
Turnover:					
Continuing operations	**100,905**	61,564	–	35,992	6,396
Discontinued operations	**–**	130,392	116,838	266,271	435,431
	100,905	191,956	116,838	302,263	441,827
Profit/(loss) before taxation	**31,783**	29,966	35,884	(115,715)	(326,004)
Taxation	**–**	(642)	(167)	133	(3,548)
Profit/(loss) for the year	**31,783**	29,324	35,717	(115,582)	(329,552)
Attributable to:					
Equity holders of the Company	**12,291**	15,442	35,710	(115,407)	(329,251)
Minority interests	**19,492**	13,882	7	(175)	(301)
	31,783	29,324	35,717	(115,582)	(329,552)
Earnings/(loss) per share					
– Basic	**HK0.66 cents**	HK0.98 cents	HK9.0 cents	HK(77.4) cents	HK(31.7) cents
– Diluted	**N/A**	N/A	N/A	N/A	N/A

ASSETS AND LIABILITIES

	30 September				
	2005	2004	2003	2002	2001
	HK$'000	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000
Total assets	**712,094**	137,549	83,914	72,668	371,933
Total liabilities	**(31,360)**	(39,636)	(53,509)	(166,611)	(327,590)
Minority interests	**(31,235)**	(11,743)	(1,118)	(1,261)	–
Net assets/(liabilities) attributable to equity holders of the Company	**649,499**	86,170	29,287	(95,204)	44,343

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied throughout the year ended 30 September 2005 with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules, which was in force prior to 1 January 2005.

With effective on 1 January 2005, the Stock Exchange issued a new Code on Corporate Governance Practices (the "CG Code") which has replaced the Code of Best Practice and was in force for the reporting financial year commencing after 1 January 2005. The Company has reviewed the CG Code and has adopted the same as its own code of corporate governance practices. The Company has also complied with most of the code provisions under the CG Code except for the deviations mentioned below:–

Code Provision A4.2 stipulated that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and all directors should be subject to retirement by rotation at least once every three years. According to the Bye-laws of the Company (the "Bye-laws"), any director appointed by the Board to fill a casual vacancy shall hold office only until the next following annual general meeting and one-third of the Directors for the time being shall retire by rotation each year, the chairman of the Board shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. To align the Bye-laws with the latest amendments to the CG Code, the Company will propose to amend the Bye-laws in the forthcoming general meeting.

Code Provision C.2 stipulated that the Board should review the effectiveness of the system of internal control and report in this Corporate Governance Report. The Board noted the changes and will apply them to the Company in order to ensure the strictly compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Code of Conduct") regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to Listing Rules during the year under review.

Having made specific enquiry with all directors, each of whom has confirmed that he/she has complied with the required standard set out in the Code of Conduct and the Model Code for the year ended 30 September 2005.

BOARD OF DIRECTORS

Composition

The Board, headed by Mr. Yeung Hoi Sing, Sonny, is responsible for supervision of the management of the business and affairs, approval of strategic plans and reviewing of financial performance.

The Board is made up of seven Directors including three executive Directors, a non-executive Director and three independent non-executive Directors (the "INEDs"). The Directors are, collectively and individually, aware of their responsibilities to the shareholders. The Directors' biographical information is set out on pages 32 to 33 under the heading "Biographical Details of Directors and Senior Management".

The Board members for the year ended 30 September 2005 were:–

Executive Directors

Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Chan William *(Deputy Chairman)*
Mr. Lee Siu Cheung

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

Role and Function

The positions of the Chairman of the Board and the Chief Executive Officer (i.e. the Deputy Chairman) are held separately by two individuals to ensure their respective independence, accountability and responsibility. The Chairman is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company. The Deputy Chairman is responsible for managing the Group's business and overall operations. The day-to-day running of the Company is delegated to the management with divisional heads responsible for different aspects of the business.

To the best knowledge of the Company, there is no financial, business and family relationship among members of the Board and between the Chairman and the Deputy Chairman. All of them are free to exercise their independent judgment.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three INEDs, of whom Mr. Yim Kai Pung is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. He has over 16 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC.

The Company has received, from each of the INEDs, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

All non-executive Director and INEDs have entered into service contracts with the Company for a term of one year. None of the INEDs has entered into any service contracts with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Board conducts at least four regular Board meetings a year at approximately quarterly intervals in addition to other Board meetings that are required for significant and important issues, and for statutory purposes. Appropriate and sufficient information is provided to Board members in a timely manner to keep them abreast of the Group's latest developments and thus can assist them in discharging their duties.

BOARD COMMITTEES

The Board has established Board Committees, namely Audit Committee and Remuneration Committee to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities.

AUDIT COMMITTEE

Composition

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee consists of the non-executive Director and all INEDs.

The Audit Committee members for the year ended 30 September 2005 were:–

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

Role and Function

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

For the year ended 30 September 2005, the Audit Committee met twice during the year, in particular, to review and discuss (1) the auditing and financial reporting matters; (2) the appointment of external auditors; and (3) the establishment of internal control system with external auditors. The Audit Committee has also reviewed the interim results and the audited financial statements. Each member of the Audit Committee has unrestricted access to the Auditors and all senior staff of the Group.

REMUNERATION COMMITTEE

Composition

The Company formulated written terms of reference for the Remuneration Committee in accordance with the requirements of the Stock Exchange. The Remuneration Committee consists of the Deputy Chairman, the non-executive Director and all INEDs with Mr. Chan William, acts as the Chairman of the Remuneration Committee.

The Remuneration Committee members for the year ended 30 September 2005 were:–

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

Role and Function

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive Directors and senior management. It takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management. The Remuneration Committee meets at least once a year. The first Remuneration Committee meeting was held on 10 January 2006.

ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

The following table shows the attendance of Directors at meetings of the Board and the Audit Committee during the year:–

	Number of meeting attended/ Number of meeting held	
Directors	**Board**	**Audit Committee**
Executive Directors		
Mr. Yeung Hoi Sing, Sonny	2/5	N/A
Mr. Chan William	5/5	N/A
Mr. Lee Siu Cheung	5/5	N/A
Non-executive Director		
Mr. Choi Kin Pui, Russelle	3/5	1/2
Independent Non-executive Directors		
Mr. Luk Ka Yee, Patrick	4/6*	2/2
Mr. Yim Kai Pung	6/6*	2/2
Ms. Yeung Mo Sheung, Ann	6/6*	2/2
Number of meeting held during the year	**6***	**2**

* *Including one Independent Board Meeting*

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external auditors of the Company, Messrs. CCIF CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Report of Auditors on page 34.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the year ended 30 September 2005, the external auditors of the Group provided the following services to the Group:–

	2005 HK$'000
Audit services	**518**
Taxation advisory services	**25**
Other advisory services	**242**
	785