



MACAU SUCCESS LIMITED

澳門實德有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 487)

CONNECTED TRANSACTION INVOLVING DISPOSAL OF THE ENTIRE INTEREST IN FINE LORD CONSTRUCTION COMPANY LIMITED AND CHANGES OF DIRECTORSHIP

Financial adviser



The Board is pleased to announce that on 26th March, 2004, the Purchaser and Orient Prize have entered into a Disposal Agreement, pursuant to which Orient Prize agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Fine Lord at a consideration of HK\$5,800,000 which was satisfied by the release of the Promissory Note upon completion of the Disposal Agreement.

Given that the Purchaser is a director of Fine Lord, a wholly-owned subsidiary of the Company before the Disposal, the Disposal constitutes a connected transaction for the Company under the Listing Rules. As the consideration for the Disposal falls within the de-minimis threshold as stipulated in Rule 14.25(1) of the Listing Rules, the Disposal is only subject to the disclosure requirements under the Listing Rules. The relevant details of the Disposal will be included in the next published annual report and accounts of the Company pursuant to the requirements of Rule 14.25(1) of the Listing Rules.

Furthermore, the Board also wishes to announce that Mr. Choi Kin Pui, Russelle has been re-designated from independent non-executive Director as non-executive Director and Mr. Yim Kai Pung and Ms. Yeung Mo Sheung have been appointed as independent non-executive Directors with effect from 30th March, 2004.

THE DISPOSAL AGREEMENT

Date:

26th March, 2004

Parties:

Vendor: Orient Prize, a wholly-owned subsidiary of the Company

Purchaser: Mr. Chan Chung Chiu, a director of Fine Lord

Asset has been disposed of

The entire issued share capital of Fine Lord.

The consideration for the Disposal

The consideration for the Disposal amounted to HK\$5,800,000 which was satisfied by the release of the Promissory Note by the Purchaser upon completion of the Disposal Agreement.

The consideration for the Disposal was arrived at after arm's length negotiations between the Company and the Purchaser with reference to, among other factors, the audited net profit and net assets value of Fine Lord for the year ended 30th September, 2003. The valuation of the entire interest of Fine Lord represents a historical price earnings multiple of approximately 10.7 times based on the audited net profit of Fine Lord for the year ended 30th September, 2003. As considered by the Directors, the historical price earnings multiple in relation to the valuation of Fine Lord is not materially different from companies in the same industry with similar business of similar size.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

There was no condition precedent under the Disposal Agreement. The Disposal Agreement was signed and completed on 26th March, 2004.

INFORMATION ON FINE LORD

Overview

The principal activities of Fine Lord are the provision of construction and engineering works in Hong Kong.

Financial Performance

Set out below are the audited financial results of Fine Lord for the year ended 31st March, 2002, for the period from 1st April, 2002 to 30th September, 2002 and for the year ended 30th September, 2003:

	Year ended 30th September, 2003 <i>HK\$'000</i>	Period from 1st April, 2002 to 30th September, 2002 <i>HK\$'000</i>	Year ended 31st March, 2002 <i>HK\$'000</i>
Turnover	60,481	35,298	97,848
Profit before taxation	549	812	8,844
Profit after taxation	543	812	8,342
Net assets value	2,423	1,879	1,068

Contributions of Fine Lord to the Group

	The Group Year ended 30th September, 2003 <i>HK\$'000</i> A	Fine Lord Year ended 30th September, 2003 <i>HK\$'000</i> B	Contributions of Fine Lord to the Group % C=B/A
Turnover	116,838	60,481	51.8% <i>Note 1</i>
Profit after taxation	35,632	543	1.5%
Net assets value	29,267	2,423	8.3%

Note 1: After taking into account the expected annual turnover that will be contributed by the leasing of the Group's cruise ship which will be ranging from HK\$48 million to HK\$66 million as disclosed in the circular of the Company dated 24th December, 2003, the turnover attributable to Fine Lord would then only account for approximately 36.7% and 33.1% respectively of the Group's unaudited pro forma turnover for the year ended 30th September, 2003 as adjusted by the expected turnover to be generated from the leasing of the cruise ship assuming the cruise ship was owned and leased by the Group from 1st October, 2002

Based on the above, although the turnover attributable to Fine Lord accounts for approximately 51.8% of the Group's total turnover, it is considered by the Directors that the Disposal will only have immaterial impact on the Group in terms of its consolidated net profit and net assets value as a whole.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE DISPOSAL AGREEMENT

As mentioned in the Annual Report, following the implementation of a series of measures to boost the economy by the Hong Kong government, coupled with the execution of the scheme that residents in the Guangdong Province of the PRC and other cities of the PRC may apply to visit Hong Kong in their individual capacities by the government of the PRC starting from July 2003, the local tourism related industries in Hong Kong and Macau have revived significantly. Furthermore, it is expected by the Directors that the opening of Hong Kong Disneyland in 2005, the transformation of Macau into "Asia Las Vegas" after the issuance of more casino-operating licenses by the Macau government and the development of HK-Zhuhai-Macau Bridge would further boost the entertainment and tourism industries in Hong Kong and Macau.

On the other hand, although the property market has been picking up and the retail sale prices of properties have gradually increased during last few months, the Directors are of the view that the outlook of the Group's other line of business, the construction business, is not promising as the intense and cutthroat-price competitions have exerted tremendous pressure on the tender prices of the construction projects in Hong Kong. Besides, the unemployment rate in Hong Kong remains high which may have negative impact on Hong Kong property market in the long run. As the Disposal resulted in the disposal of all existing construction business of the Group and the Group will discontinue this business after completion of the Disposal Agreement, the Directors are of the view that the Disposal enables the Group to re-divert its management resources to the development of its tourism-related and cruise ship charter and operation businesses and at the same time, to capture the growth and further explore and, when opportunities arise, invest in new business with good potential in Hong Kong and Macau.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Disposal Agreement is in the interests of the Group and the Shareholders as a whole and in line with the Group's mission of enhancing the value of its investments and seeking opportunities for its synergistic growth.

FINANCIAL EFFECTS OF THE DISPOSAL

As confirmed by the Directors, the unaudited loss on the Disposal amounts to approximately HK\$83,000.

CHANGES OF DIRECTORSHIP

The Board also wishes to announce that Mr. Choi Kin Pui, Russelle has been re-designated from independent non-executive Director as non-executive Director and Mr. Yim Kai Pung and Ms. Yeung Mo Sheung have been appointed as independent non-executive Directors with effect from 30th March, 2004.

The Board would like to express their warm welcome to Mr. Yim Kai Pung and Ms. Yeung Mo Sheung for their appointments.

GENERAL

The Group is principally engaged in the leasing and operation of cruise ship and other tourism-related businesses.

Given that the Purchaser is a director of Fine Lord, a wholly-owned subsidiary of the Company before the Disposal, the Disposal constitutes a connected transaction for the Company under the Listing Rules. As the consideration for the Disposal falls within the de-minimis threshold as stipulated in Rule 14.25(1) of the Listing Rules, the Disposal is only subject to the disclosure requirements under the Listing Rules. The relevant details of the Disposal will be included in the next published annual report and accounts of the Company pursuant to the requirements of Rule 14.25(1)(A) to (D) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Annual Report"	the audited annual report of the Company for the year ended 30th September, 2003
"Board"	the board of Directors
"Company"	Macau Success Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal by Orient Prize of its entire interest in the issued share capital of Fine Lord as contemplated under the Disposal Agreement
"Disposal Agreement"	the sale and purchase agreement dated 26th March, 2004 entered into between Orient Prize and the Purchaser in respect of the sale and purchase of the entire equity interest in Fine Lord
"Fine Lord"	Fine Lord Construction Company Limited, a company incorporated in Hong Kong with limited liability which was a wholly-owned subsidiary of Orient Prize before the Disposal
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (before the amendments which have come into effect from 31st March, 2004)
"Macau"	the Macau Special Administrative Region of the PRC
"Orient Prize"	Orient Prize Holdings Inc., a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China
"Promissory Note"	the promissory note dated 25th June, 2002 (as amended by a letter dated 5th February, 2003) entered into between the Company, Orient Prize and the Purchaser. The principal amount of the promissory note is HK\$5,400,000, with interest-bearing on the principal amount at the rate of 5 % per annum from the date of issue to the date of maturity of the promissory note, i.e. 24th June, 2004, and is payable in arrears semi-annually.
"Purchaser"	Mr. Chan Chung Chiu, a director of Fine Lord who has no prior shareholding in the Company
"Share(s)"	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent.

The Board comprises:

Executive Directors:
Mr. Yeung Hoi Sing, Sonny
Mr. Chan William
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

By Order of the Board of
Macau Success Limited
Agnes N.Y. Chiu
Company Secretary

Hong Kong, 31st March, 2004