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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this document or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Macau Success Limited, you should at once hand this document, the accompanying Annual Report and form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**MACAU SUCCESS LIMITED**

**澳門實德有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 487)**

**GENERAL MANDATES  
FOR ISSUE OF NEW SHARES OF THE COMPANY  
AND  
REPURCHASE OF ITS OWN SHARES**

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A notice convening an annual general meeting (the "AGM") of Macau Success Limited to be held at Units 1002-05A, 10/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 16 February 2005 at 4:00 p.m. is contained in the annual report of the Company for the year ended 30 September 2004 (the "Annual Report"). Whether or not you are able to attend the AGM in person, please complete and return the form of proxy accompanying the Annual Report in accordance with the instructions printed thereof and to the branch share registrar of the Company, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting should you so wish.

19 January 2005

\* For identification purpose only

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## LETTER FROM THE BOARD

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### MACAU SUCCESS LIMITED

澳門實德有限公司\*

*(Incorporated in Bermuda with limited liability)*

*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

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal place of business  
in Hong Kong:*

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

19 January 2005

*To the Shareholders*

Dear Sir or Madam,

## GENERAL MANDATES FOR ISSUE OF NEW SHARES OF THE COMPANY AND REPURCHASE OF ITS OWN SHARES

### INTRODUCTION

At the AGM to be held at Units 1002-05A, 10/F., West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Wednesday, 16 February 2005 at 4:00 p.m., the notice of which is contained in the Annual Report, ordinary resolutions shall be proposed:

- (a) to grant a repurchase mandate to the directors of the Company (the “Directors”) to enable them to exercise the powers of the Company to repurchase shares of HK\$0.01 each in the capital of the Company (the “Shares”) which are fully paid up with an aggregate amount not exceeding 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of such resolution (the “Repurchase Mandate”); and

\* For identification purpose only

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## LETTER FROM THE BOARD

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- (b) to grant a general and unconditional mandate to the Directors to enable them to exercise the power of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20 per cent. of the aggregate nominal share capital of the Company in issue as at the date of passing of such resolution (the “Share Issue Mandate”).

This document sets out the explanatory statement in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) necessary to enable shareholders of the Company (the “Shareholders”) to make an informed decision on whether to vote for or against the relevant resolutions.

### **REPURCHASE MANDATE**

The existing general mandate to repurchase Shares granted to the Directors at the extraordinary general meeting held on 27 September 2004 will expire upon the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed in respect of granting the Repurchase Mandate to the Directors.

The Repurchase Mandate will, if granted, remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of Bermuda or by the bye-laws of the Company (the “Bye-laws”); and (iii) its revocation or variation by an ordinary resolution of the Shareholders in general meeting.

An explanatory statement, required under the Listing Rules, providing the requisite information regarding the Repurchase Mandate is set out in the Appendix hereto.

### **SHARE ISSUE MANDATE**

The existing general mandate to issue Shares granted to the Directors at the extraordinary general meeting held on 27 September 2004 will expire upon the conclusion of the AGM.

At the AGM, an ordinary resolution will be proposed to grant the Share Issue Mandate to the Directors in order to increase the flexibility for raising capital to facilitate expansion plan of the Company as the Directors consider appropriate.

The Share Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within the next annual general meeting of the Company is required by an applicable laws of Bermuda or by the Bye-laws; and (iii) its revocation or variation by an ordinary resolution of the shareholders in general meeting.

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## LETTER FROM THE BOARD

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In addition, if the Repurchase Mandate is granted, an ordinary resolution will be proposed at the AGM providing that any Shares repurchased under the Repurchase Mandate (up to maximum of 10 per cent. of the issued shares as at the date of the granting of the Share Issue Mandate) will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate.

### ANNUAL GENERAL MEETING

Notice of the AGM is contained in the Annual Report which is being sent with this document. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy accompanying the Annual Report and return it to the branch share registrar of the Company, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, in accordance with the instruction printed thereon not less than 48 hours before the time fixed for holding the AGM. The return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

Pursuant to bye-law no. 66 of the Bye-laws, resolutions to be proposed at any general meeting will be put to the vote of the Members on a show of hands. It is further provided in bye-law no. 66 of the Bye-laws that a poll may be demanded before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll, by:

- (a) the chairman of such meeting; or
- (b) at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors believe that the ordinary resolutions for the Repurchase Mandate and the Share Issue Mandate are in the best interest of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the ordinary resolutions numbers 4(A) to 4(C) to be proposed at the AGM.

Yours faithfully  
For and on behalf of  
**Macau Success Limited**  
**Yeung Hoi Sing, Sonny**  
*Chairman*

*This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the Shareholders for their consideration of the Repurchase Mandate.*

## **1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions. The Company is empowered by its memorandum of association and the Bye-laws to repurchase its own securities.

## **2. SHARE CAPITAL**

As at 13 January 2005, being the latest practicable date prior to the printing of this document (the "Latest Practicable Date"), the issued share capital of the Company comprised 1,904,464,233 Shares. Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company, the Company would be allowed under the Repurchase Mandate to repurchase up to a limit of 190,446,423 Shares.

## **3. REASONS FOR REPURCHASES**

The Directors believe that it may be to the benefit of the Company and its Shareholders for the Company to repurchase its Shares in certain circumstances. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to enhance the net assets and/or earnings per Share. Therefore, the Directors are seeking the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate.

## **4. FUNDING OF REPURCHASES**

Repurchases must be funded out of funds which are legally available for the purpose in accordance with the Company's constitution documents and Bermuda law, being capital paid up on the purchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account. It is envisaged that the funds required for any repurchase would be derived from such sources.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. No material adverse impact on the working capital requirements or gearing levels of the Company as compared with the position disclosed in its most recent published audited financial statements for the year ended 30 September 2004 is anticipated in the event that the Repurchase Mandate is exercised in full.

**5. CONNECTED PARTIES**

No connected persons (as defined in the Listing Rules) of the Company have notified the Company of a present intentions to sell Shares to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Repurchase Mandate is approved by Shareholders.

**6. SHARE PRICE**

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	<b>per Share</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2004</b>		
January	0.690	0.530
February	0.820	0.540
March	0.780	0.590
April	0.630	0.570
May	0.660	0.485
June	0.620	0.550
July	0.600	0.500
August	0.570	0.520
September	0.680	0.495
October	0.970	0.610
November	1.910	1.320
December	1,790	1,290

**7. SHARE REPURCHASE MADE BY THE COMPANY**

No purchases have been made by the Company of its Shares in the six months prior to the date of this document.

**8. UNDERTAKING**

None of the Directors, to the best of their knowledge, having made all reasonable enquiries, nor any of their associates (as defined in the Listing Rules) has any present intention, in the event that the general mandate is approved by the Shareholders, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda, the memorandum of association of the Company and the Bye-laws.

## 9. HONG KONG CODES ON TAKEOVERS AND MERGERS AND SHARE REPURCHASES

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code of Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder or group of shareholders acting in concert, depending on the level of increase of shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, and according to the register kept by the Company pursuant to Part XV of the Securities and Futures Ordinance (Cap. 571), the substantial shareholders of the Company as follows:

	Number of Shares	Percentage of shareholding
Silver Rich Macau Development Limited ( <i>Note 1</i> )	685,790,802	36.01%
Spring Wise Investments Ltd.	293,910,630	15.43%
Mr. Chan Hon Keung ( <i>Note 2</i> )	293,910,630	15.43%

*Note:*

1. Silver Rich Macau Development Limited is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny, an executive Director.
2. Mr. Chan Hon Keung is deemed to have corporate interest in 293,910,630 Shares by virtue of his interest in the issued share capital of Spring Wise Investments Ltd.

Except disclosed aforesaid, to the best of the knowledge and belief of the Company, no other person, together with his/her associates, was beneficially interested in the Shares representing 10 per cent. or more of the issued share capital of the Company.

The Directors are not aware of any shareholder or a group of shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code as a result of the Directors exercising the power to repurchase Shares pursuant to the Repurchase Mandate. Accordingly, the Directors are not aware of any consequences which would arise under the Takeover Code as a consequence of any repurchases made pursuant to the Share Repurchase Mandate.



In the event that the Directors exercise in full the power to repurchase shares which is proposed to be granted pursuant to the Ordinary Resolution 4(A), then (if the present shareholdings otherwise remained the same) the attributable shareholding of (1) Silver Rich Macau Development Limited and parties acting in concert with it would be increased from approximately 36.01 per cent. to approximately 40.01 per cent. of the issued share capital of the Company; and (2) Spring Wise Investments Ltd. and parties acting in concert with it would be increased from approximately 15.43 per cent. to approximately 17.15 per cent. of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.