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MACAU SUCCESS LIMITED

澳門實德有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

**VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION –
PROPOSED ACQUISITION OF THE ENTIRE ISSUED
SHARE CAPITAL OF SMART CLASS ENTERPRISES LIMITED
AND
RESUMPTION OF TRADING**

Financial adviser



THE ACQUISITION

The Company is pleased to announce that on 5 May 2008, among others, the Vendor and the Company entered into the S&P Agreement, pursuant to which, the Company has conditionally agreed to purchase, or procure the purchase of, and the Vendor has conditionally agreed to sell, the Sale Share at the Consideration which will be satisfied upon Completion by issuing 19,500,000 new Shares at an agreed issue price of HK\$1.16 per Share by the Company to the Vendor or its nominee.

* *For identification purpose only*

As at the date of this announcement, the principal asset of Smart Class is its 80% effective equity interest in the Jade Travel Group. Upon Completion, Smart Class will become a wholly-owned subsidiary of the Company and the Company will indirectly hold 80% equity interest in the Jade Travel Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owners of the remaining 20% equity interest in the Jade Travel Group are Independent Third Parties.

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. As the Vendor is beneficially wholly-owned by Mr. Yeung, who is an executive Director and a controlling Shareholder, the Vendor is a connected person of the Company under the Listing Rules. The Acquisition therefore also constitutes a connected transaction for the Company under the Listing Rules. Accordingly, Completion is subject to, among other things, approval of the S&P Agreement by the Independent Shareholders at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders regarding the S&P Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the S&P Agreement and the transactions contemplated thereunder. A circular containing, among other things, (a) further information on the Acquisition; (b) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (c) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (d) a notice of the SGM to be convened to consider, and if thought fit, to approve the entering into of the S&P Agreement, the allotment and issue of the Consideration Shares and the performance of the transactions contemplated under the S&P Agreement; and (e) other information as required by the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The votes of the Independent Shareholders at the SGM will be taken by poll. Given that the Vendor is beneficially wholly-owned by Mr. Yeung, Mr. Yeung and his associates shall abstain from voting on the proposed resolution to approve the entering into of the S&P Agreement, the allotment and issue of the Consideration Shares and the performance of the transactions contemplated under the S&P Agreement at the SGM.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 6 May 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 8 May 2008.

THE S&P AGREEMENT

Date

5 May 2008

Parties

Purchaser: The Company

Vendor: Star Spangle Corporation, an investment holding company beneficially wholly-owned by Mr. Yeung

Vendor's guarantor: Mr. Yeung

Mr. Yeung has agreed to guarantee the performance and observance of the obligations of the Vendor under the S&P Agreement.

Assets to be acquired

The Sale Share, being the entire issued share capital of Smart Class.

Consideration

The Consideration of CAD2,900,000 (equivalent to approximately HK\$22,620,000) shall be satisfied by the Company upon Completion by the allotment and issue of the 19,500,000 Consideration Shares at an agreed issue price of HK\$1.16 per Share by the Company to the Vendor or its nominee as it may direct in writing.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Company with reference to the price earning ratio of the Smart Class Group and the synergistic effect between the Group and the Smart Class Group. Given that the nature of business of the Smart Class Group is not an asset-backing business, the Directors consider that the use of price earning ratio as the basis of calculating the Consideration is a more appropriate benchmark than others.

When determining the Consideration, the Directors have, among others, taken into account the price earning ratios of YTB International, Inc., Ambassadors Group, Inc. and Travelstar, Inc. which are companies listed in US and engaged in travel agency and related business. Based on the respective closing prices of the shares of the aforesaid companies as at 30 April 2008, the historical price earning ratios are approximately 72, 13 and 15 times respectively with a simple average of approximately 33 times, which is above the price earning ratio of approximately 16 times of the Smart Class Group.

Conditions precedent

Completion shall be conditional upon, inter alia:

- (a) the passing of an ordinary resolution by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at the SGM approving the entering into of the S&P Agreement, the allotment and issue of the Consideration Shares by the Company to the Vendor or its nominee and the performance of the transactions contemplated under the S&P Agreement by the Company;
- (b) the Company notifying the Vendor in writing that it is reasonably satisfied with the due diligence review and investigation on the Smart Class Group including without limitation to its assets, liabilities, contracts, commitments, business, financial, legal and taxation aspects;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares; and

- (d) the Company having received legal opinions relating to the shareholding interests in the respective members of the Smart Class Group, the establishment and existence of the respective members of the Smart Class Group in their places of incorporation, the business of each member of the Smart Class Group, the validity of all authorizations including, but not limited to, permits, licence, consent and approval necessary for the operation of the Business and other matters as the Company may reasonably require from a qualified lawyer in each of the BVI, Canada and New York to be approved by the Company and at the sole costs and expenses of the Vendor and such legal opinions shall be in such form and substance reasonably acceptable to the Company.

The Company may in its absolute discretion at any time before Completion waive the conditions precedent (b) and (d) set out above by notice in writing to the Vendor. If any of the conditions precedent set out in the S&P Agreement has not been fulfilled or waived (as applicable) by 30 September 2008 or such other date as the Vendor and the Company may agree in writing, either the Vendor or the Company shall be entitled to rescind the S&P Agreement by giving written notice to the other.

Completion

Subject to all the conditions precedent set out in the S&P Agreement being fulfilled or waived (as applicable), Completion shall take place at or before 5:00 p.m. on the third Business Day after the fulfillment or waiver (if applicable) of all such conditions precedent, or such other date as the Vendor and the Company may agree in writing.

INFORMATION ON THE SMART CLASS GROUP

Smart Class is an investment holding company which was incorporated in the BVI with limited liability and is indirectly interested in 80% of the issued share capital of the Jade Travel Group. Upon Completion, Smart Class will become a wholly-owned subsidiary of the Company and the Company will indirectly hold 80% equity interest in the Jade Travel Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owners of the remaining 20% equity interest in the Jade Travel Group are Independent Third Parties.

The total investment cost of the Vendor in Smart Class was approximately CAD4.7 million (equivalent to approximately HK\$36.7 million). The investment was made by the Vendor in January 2003.

The Jade Travel Group has been established for over 30 years and has offices located in Vancouver, Calgary, Toronto and Montreal in Canada, and also New York in US. It is a major air travel consolidator offering travellers competitive fares to Asia and the other part of the world. The Jade Travel Group is also principally engaged in the business of tour operator offering complex travel plans and competitive tour packages to travel customers in Canada and US. It specialises in arranging private tours that are tailor-made for customers.

The Smart Class Group has an unaudited consolidated net assets value of approximately CAD284,000 (equivalent to approximately HK\$2,215,000) as at 31 December 2007. The unaudited consolidated financial results of the Smart Class Group for each of the two years ended 31 December 2007 are set out below:–

	2007	2007	2006	2006
	<i>CAD'000</i>	<i>HK\$'000</i>	<i>CAD'000</i>	<i>HK\$'000</i>
Turnover	217,521	1,696,664	225,513	1,759,001
Net profit before taxation and minority interests	351	2,738	74	577
Net profit/(loss) after taxation and minority interests	178	1,388	(36)	(281)

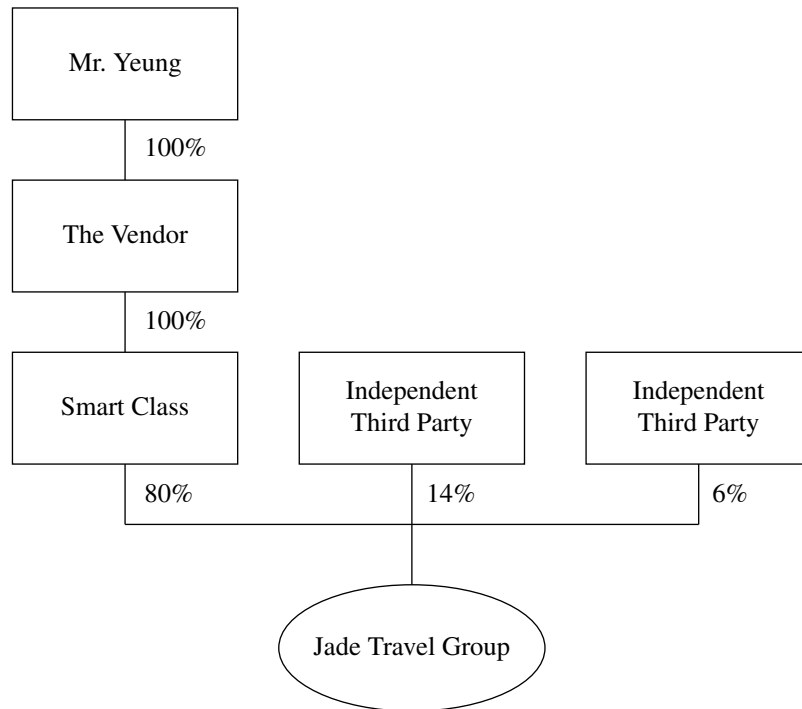
The turnaround of the Smart Class Group's results in 2007 are mainly due to the reduction in staff costs and courier expenses as a result of using electronic tickets.

As at the date of this announcement, an amount of approximately CAD2,674,000 (equivalent to approximately HK\$20,857,000) is owing by Smart Class to the Vendor which is unsecured and charged with interest at the rate of 4% per annum from the date of Completion to the date of full repayment. The amount represents funding advanced by the Vendor to finance the operations of the Smart Class Group and hence the Jade Travel Group. The aforesaid amount and all interests to be accrued thereon shall be paid by Smart Class to the Vendor upon the Vendor serving a notice of not less than 14 days on Smart Class, which notice shall only be served by the Vendor on Smart Class after the first anniversary of the date of Completion.

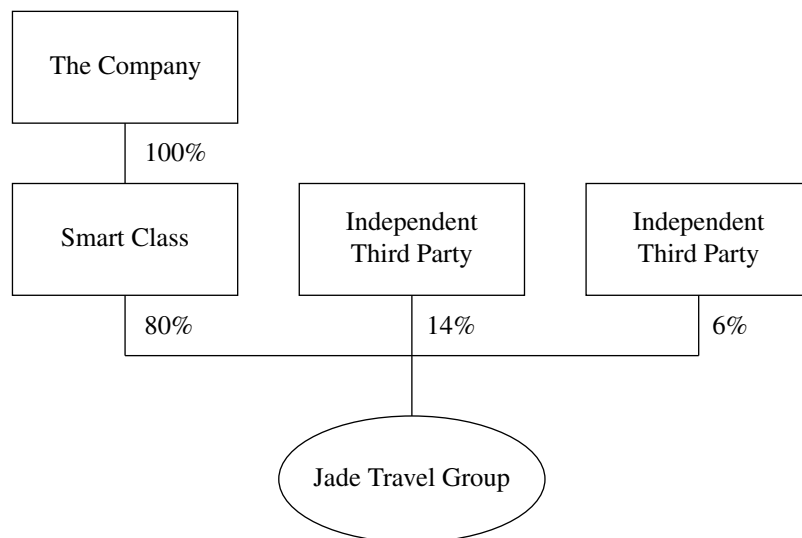
SIMPLIFIED SHAREHOLDING STRUCTURE OF THE SMART CLASS GROUP

The simplified shareholding structures of the Smart Class Group immediately before and after Completion are illustrated as follows:

Existing structure



Immediately after Completion



THE CONSIDERATION SHARES

The 19,500,000 Consideration Shares represent approximately 0.81% of the existing issued share capital of the Company and approximately 0.80% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares shall rank pari passu in all respects among themselves and with the Shares in issue on the date of such allotment and issue. Application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares to be issued.

Issue price

The issue price of HK\$1.16 per Consideration Share represents:

- (a) the closing price of HK\$1.16 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 4.5% over the average closing price of approximately HK\$1.11 per Share for the last 5 consecutive trading days up to and including the Last Trading Day as quoted on the Stock Exchange;
- (c) a premium of approximately 8.4% over the average closing price of approximately HK\$1.07 per Share for the last 30 consecutive trading days up to and including the Last Trading Day as quoted on the Stock Exchange; and
- (d) a premium of approximately 163.6% over the audited consolidated net assets value per Share of approximately HK\$0.44 as at 30 September 2007.

The Directors (including the independent non-executive Directors, who will further render their opinion upon receipt of the opinion of the independent financial adviser) consider the terms of the Acquisition, including the Consideration and the issue price for the Consideration Shares of HK\$1.16 each, which was determined with reference to the then prevailing closing prices of Shares prior to the Last Trading Day, are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the effect of the issue of the Consideration Shares on the shareholding structure of the Company assuming that there is no change in the issued share capital and the shareholding structure of the Company from the date of this announcement to immediately before Completion:

	As at the date of this announcement		Upon Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Yeung and his associates (<i>Note 1</i>)	987,841,432	40.8	1,007,341,432	41.3
Maruhan (<i>Note 2</i>)	440,000,000	18.2	440,000,000	18.0
Public Shareholders	991,622,801	41.0	991,622,801	40.7
Total	<u>2,419,464,233</u>	<u>100.0</u>	<u>2,438,964,233</u>	<u>100.0</u>

Note 1: As at the date of this announcement, 987,841,432 Shares are held by Silver Rich Macau Development Limited, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung. Upon Completion, the Consideration Shares will be held by the Vendor or its nominee.

Note 2: Maruhan is a company incorporated in Japan and principally engaged in the operation of entertainment facilities such as pachinko parlors, bowling alleys, golf driving ranges, amusement facilities, cinemas and other leisure-related business in Japan.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its principal subsidiaries are engaged in the leasing and management of cruise and other tourist-related business.

Following the more developed gaming industry in Macau, it is observed that more tourists from North America are interested in having vacations in the Asia Pacific region, including Macau. According to the February 2008 issue of the Monthly Bulletin of the Statistics and Census Service in Macau, the number of visitors of Americas increased from 219,610 in 2006 to 306,294 in 2007, representing 39% increment in 2007. The Directors consider that the Acquisition is in line with the Group's strategy to develop its travel business into a platform to bring in new high-end customers from the North America region to the Asia-Pacific region.

Currently, the Group's travel business consists of two travel agency companies, one in Hong Kong and one in Macau. Through these companies, the Group is able to offer a wide range of one-stop travel services to travellers, in particular tourists to Macau. After Completion, the Jade Travel Group becomes part of the Group's travel business and the Group's offices located in Canada, US, Hong Kong and Macau will form a new platform which offer private tours and travel plans to tourists to and from these locations such that the economies of scale and operational efficiency of the Group's travel business will be enhanced and improved respectively.

The Group dedicates its resources to promoting and developing Ponte 16 which includes casino, hotel and food and beverages facilities to become a world-class and well known holiday and entertainment resort in Asia. To broaden the customer and revenue base of Ponte 16, the Group has invited Maruhan, which has subsequently become a substantial Shareholder (as defined under the Listing Rules), to be a strategic investor of Ponte 16 in October 2007. The travel business in Japan has great potential for further development as it has been a popular tourist destination and its popularity has grown continuously over the past years. Leveraging on the extensive experience of the Group's Japanese partners in entertainment industry and business network in Japan, the Group may further explore its travel business and entertainment related business opportunities in Japan.

Coupled with the confidence in Macau's economy in particular its tourism industry, the Directors consider that the Acquisition can strengthen the Group's travel business and will enhance the business of Ponte 16, the Group's flagship integrated casino-resort project. Accordingly, the Directors consider that the Acquisition is in the interests of the Group and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

In October 2007, the Company raised net proceeds of approximately HK\$229 million by allotment and issue of 220,000,000 Shares at HK\$1.062 per Share to Maruhan for the general working capital of the Group. As at the date of this announcement, all such net proceed has been utilized for the construction and development of Ponte 16.

GENERAL

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. As the Vendor is beneficially wholly-owned by Mr. Yeung, who is an executive Director and a controlling Shareholder, the Vendor is a connected person of the Company under the Listing Rules. The Acquisition therefore also constitutes a connected transaction for the Company under the Listing Rules. Accordingly, Completion is subject to, among other things, approval of the S&P Agreement by the Independent Shareholders at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders regarding the S&P Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the S&P Agreement and the transactions contemplated thereunder. A circular containing, among other things, (a) further information on the Acquisition; (b) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (c) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (d) a notice of the SGM to be convened to consider, and if thought fit, to approve the entering into of the S&P Agreement, the allotment and issue of the Consideration Shares and the performance of the transactions contemplated under the S&P Agreement; and (e) other information as required by the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The votes of the Independent Shareholders at the SGM will be taken by poll. Given that the Vendor is beneficially wholly-owned by Mr. Yeung, Mr. Yeung and his associates shall abstain from voting on the proposed resolution to approve the entering into of the S&P Agreement, the allotment and issue of the Consideration Shares and the performance of the transactions contemplated under the S&P Agreement at the SGM.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 6 May 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 8 May 2008.

DEFINITIONS

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

- “Acquisition” : the proposed acquisition of the Sale Share by the Company or its nominee from the Vendor pursuant to the S&P Agreement
- “associate(s)” : has the meaning ascribed to it under the Listing Rules
- “Board” : the board of Directors
- “Business” : the business of air travel consolidator, travel agent, tour provider and provider of related services in Canada and US
- “Business Day” : a day (excluding Saturday and other general holidays and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon during a typhoon or on which a black rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong
- “BVI” : British Virgin Islands
- “CAD” : Canadian dollars, the lawful currency of Canada
- “Company” : Macau Success Limited (Stock Code: 00487), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange

“Completion”	:	completion of the Acquisition
“connected person(s)”	:	has the meaning ascribed to it under the Listing Rules
“Consideration”	:	CAD2,900,000 (equivalent to approximately HK\$22,620,000), being the purchase price for the Sale Share
“Consideration Shares”	:	19,500,000 new Shares to be allotted and issued by the Company to the Vendor or its nominee as fully paid at an agreed issue price of HK\$1.16 per Share upon Completion in full settlement of the Consideration
“controlling shareholder”	:	has the meaning ascribed to it under the Listing Rules
“Director(s)”	:	director(s) of the Company
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	:	an independent committee of the Board, comprising all independent non-executive Directors, established by the Board to advise the Independent Shareholders regarding the S&P Agreement and the transactions contemplated thereunder
“Independent Shareholders”	:	Shareholders other than Mr. Yeung and his associates
“Independent Third Parties”	:	persons or companies who/which are independent of the Company and its connected persons
“Jade Travel Group”	:	companies incorporated in Canada or US, owned as to 80% beneficially and indirectly by Smart Class and as to 20% by Independent Third Parties, which conduct the Business

- “Last Trading Day” : 5 May 2008, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of this announcement
- “Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange
- “MOP” : Macau Pataca, the lawful currency of Macau
- “Macau” : the Macau Special Administrative Region of the PRC
- “Maruhan” : Maruhan Corporation, a company incorporated in Japan which is principally engaged in the operation of entertainment facilities such as pachinko parlors, bowling alleys, golf driving ranges, amusement facilities, cinemas and other leisure-related business in Japan
- “Mr. Yeung” : Mr. Yeung Hoi Sing, Sonny, an executive Director and a controlling shareholder of the Company
- “PRC” : the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
- “Ponte 16” : a world-class integrated resort in Macau that will comprise a five-star hotel, casino, shopping arcade, food and beverage functions as well as recreational facilities
- “S&P Agreement” : the conditional sale and purchase agreement dated 5 May 2008 entered into between the Company as purchaser, the Vendor as vendor and Mr. Yeung as the Vendor’s guarantor in respect of the Acquisition
- “SGM” : special general meeting of the Company to be held to approve the entering into of the S&P Agreement, the allotment and issue of the Consideration Shares and the performance of the transactions contemplated under the S&P Agreement

- “Sale Share” : one ordinary share of US\$1.00 in the share capital of Smart Class, representing its entire issued share capital
- “Share(s)” : ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
- “Shareholder(s)” : holder(s) of Share(s)
- “Smart Class” : Smart Class Enterprises Limited, a company incorporated in the BVI with limited liability which is beneficially wholly-owned by the Vendor as at the date of this announcement
- “Smart Class Group” : Smart Class and its subsidiaries
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “US” : the United States of America
- “US\$” : United States dollars, the lawful currency of US
- “Vendor” : Star Spangle Corporation, a company incorporated in the BVI with limited liability which is beneficially wholly-owned by Mr. Yeung as at the date of this announcement
- “%” : per cent.

By Order of the Board of
MACAU SUCCESS LIMITED
Ma Ho Man, Hoffman
Executive Director

Hong Kong, 7 May 2008

Unless otherwise specified in this announcement, translations of CAD into HK\$ are made in this announcement, for illustration only, at the rate of CAD1.00 to HK\$7.80. No representation is made that any amounts in CAD could have been or could be converted at this rate or any other rates or at all.

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Yeung Hoi Sing, Sonny (Chairman), Mr. Lee Siu Cheung (Deputy Chairman) and Mr. Ma Ho Man, Hoffman; one non-executive Director, being Mr. Choi Kin Pui, Russelle; and three independent non-executive Directors, being Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann.