ANNUAL REPORT 2006 年報

MACAU SUCCESS LIMITED
澳門實德有限公司*

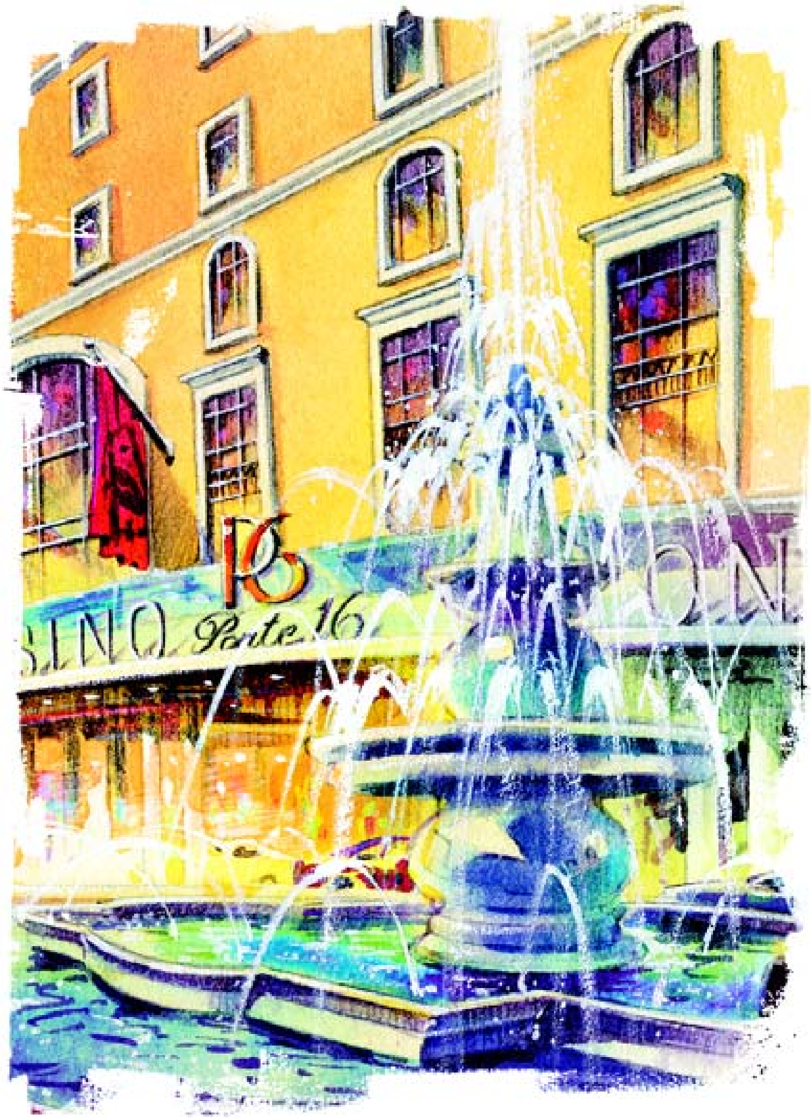
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號：0487

* For Identification Purpose Only 僅供識別

CONTENTS

OUR VISION



To help develop and raise the standards of the Macau gaming and entertainment-related industry; create value for our shareholders, customers and staff; and enhance a high-level of corporate governance.

CORPORATE INFORMATION

DIRECTORS

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

EXECUTIVE COMMITTEE
Mr. Yeung Hoi Sing, Sonny *(Chairman)*
Mr. Lee Siu Cheung

AUDITORS
Messrs. CCIF CPA Limited

LEGAL ADVISORS ON HONG KONG LAW
Messrs. lu, Lai & Li, Solicitors

LEGAL ADVISORS ON BERMUDA LAW
Messrs. Conyers Dill & Pearman

PRINCIPAL BANKERS
Chong Hing Bank Limited (formerly known as Liu Chong Hing Bank Limited)
Dah Sing Bank Limited
Fubon Bank (Hong Kong) Limited
Public Bank (Hong Kong) Limited (formerly known as Asia Commercial Bank Limited)
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA
Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08
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

	2006 **HK$'000**	2005 HK$'000	2004 HK$'000
Result			
Turnover			
Cruise leasing and management	**95,717**	95,382	57,753
Travel	**7,813**	5,523	3,811
Construction services	**–**	–	25,047
Retail	**–**	–	105,345
	103,530	100,905	191,956
Profit from operations	**48,917**	31,892	30,288
Profit attributable to equity shareholders of the Company	**28,380**	12,291	15,442
Balance sheet			
Total assets	**978,395**	712,094	137,549
Total liabilities	**11,475**	31,360	39,636
Net assets	**966,920**	680,734	97,913

Macau Success Limited ("Macau Success"/the "Company") is a listed company whose shares are traded on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the stock code "0487". The Company operates cruise ship, and travel service businesses.

PONTE 16

To realise our vision, Macau Success has partnered with Sociedade de Jogos de Macau, S.A. ("SJM") to develop Ponte 16, a world-class integrated resort project in Macau in which Macau Success will increase its stake from 36.75% to 49% upon completion of the further acquisition of a 12.25% from Joy Idea Investments Limited ("Joy Idea") and SJM owns 51%. Ponte 16 will incorporate a 5-star hotel, a casino (subject to the approval of the Macau SAR Government), shopping arcades and a waterfront plaza featuring cultural and historical themes of old Macau. Ponte 16 will be completed phase-by-phase with the casino expected to be completed and opened by June 2007 and the rest of the facilities by March 2008.

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 a gaming intermediaries business at the King Seiner Palace VIP Hall ("King Seiner Palace") in the 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 higher. Macau Success was 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% or 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. Macau Success terminated the loan agreement with King Seiner on 29 September 2006. The termination of the loan will not affect the Group's strategy, as the Group is determined to concentrate on the development of Ponte 16.

CRUISE

Macau Success owns M.V. Macau Success, a luxury cruise ship with a world-class casino and various spectacular entertainment facilities. The cruise has 224 passenger rooms with a maximum holding capacity of over 500 passengers, and operates daily from Hong Kong to various locations in international water.

TRAVEL SERVICES

Macau Success owns and operates Travel Success Limited and Travel Success (Macau) Limited in Hong Kong and Macau respectively. Through these business, 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 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 its gaming, entertainment and tourist-related businesses. The businesses create tremendous synergies and set a strong foundation for the Company's continued success.

Macau Success Limited

Hong Kong Listed Company With A Focus On Gaming, Entertainment And Tourist-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

To Our Shareholders: In 2006, our flagship development project, Ponte 16, saw a number of major milestones. This world-class integrated resort, comprising a five-star hotel, a casino (subject to the approval of the Macau SAR Government) and an ambitious entertainment complex, is well on the way to becoming one of the most sophisticated and attractive landmarks in Macau's booming leisure industry.

To Our Shareholders:

In 2006, our flagship casino hotel development project – Ponte 16 saw a number of major milestones. This world-class integrated resort, comprising a five-star hotel, a casino (subject to the approval of the Macau SAR Government) and an ambitious entertainment complex, is well on the way to becoming one of the most sophisticated and attractive landmarks in Macau's booming leisure industry. During the year, we broadened our shareholder base and strengthened our capital structure, gaining an important new investor in Joy Idea. Through these developments, I believe that we have built a strong platform for the future of Macau Success.

Since its reorganisation in 2005, Macau Success has employed a three-pronged strategy based on gaming, cruise and the travel business. We executed against strategy in 2006, obtaining substantial revenues from our cruise business and reducing losses in our two travel agencies, which focus on high-end travelers and will play a crucial role when Ponte 16 has its soft opening in mid 2007.

I am particularly proud of the fast pace of developments with Ponte 16. Construction is now in full swing and we are targeting in mid 2007 to launch the first phase, including casino (subject to the approval of the Macau SAR Government). The rest of the facilities will be completed by March of 2008.

In February 2006, our joint venture, Pier 16 – Property Development Limited, ("Pier 16 – Property Development") appointed AAPC Hong Kong Limited, a hotel management company, to manage the hotel facilities of Ponte 16 under Accor's deluxe brand Sofitel. The hotel will be named "Sofitel Macau @ Ponte 16" and feature restaurants, a health club and facilities for meeting, incentive, conference and exhibition customers. In April 2006, the Macau SAR Government approved our proposal to double the gross floor area to 126,500 square metres, which enabled us to develop a European Riviera theme. During the year, Mr. Lee Siu Cheung, executive director of Macau Success was promoted as Deputy CEO of Pier 16 – Property Development, and the two of us have been given overall responsibility for construction, design and launch of the hotel. Given the increasingly fierce competition in the Macau gaming industry, each of the major casino operators will need to develop a distinct identity. We believe that with the added floor space and Riviera theme, we will be able to differentiate ourselves and significantly increase the value of this business.

In April 2006, we improved our financial base through a private share placement and a major new investment by Joy Idea. I believe that Joy Idea's involvement will be crucial for our long-term success in Macau. Two days after we announced the change in our shareholder structure, we were able to celebrate the successful private placement at net proceeds of HK$252 million in new shares, representing 10.98% of the enlarged share capital after the subscription. The funds was allocated to working capital. In addition to reflect a decision to concentrate on the development of Ponte 16, we terminated our loan agreement with King Seiner.

2006 was an eventful year for Macau, which saw the opening of significant new casino investments as well as the expansion of China's Individual Visit Scheme to include more mainland cities. Both annual visitor arrivals and gross gaming revenues reached the recorded highest. In September 2006, Macau's gaming revenues surpassed those of Las Vegas, making it the world's premier gaming destination. We responded to these exciting developments by increasing our stake in Ponte 16 to 49%, in order to deepen our commitment to Macau's gaming and entertainment sectors and lay a foundation in this vast market in the years to come.

2006 OPERATIONAL HIGHLIGHTS

Cruise Business

The cruise business was the principal revenue earner in 2006, providing stable income as well as significant synergy with our core business. The cruise business will play a key role as we develop our gaming, entertainment and tourist-related businesses. During the year, we upgraded our cruise interiors to improve the environment for customers.

Travel Business

The Group operates two travel companies in Hong Kong and Macau. As a result of cost optimisation, we were able to reduce losses in this business segment. Travel services create a platform for us to serve high-end customers and attract traffic to our cruise business and to Ponte 16.

Outlook

Over the coming year, the Macau economy is expected to remain robust with high employment.

As more hotel-casinos open and more Chinese cities are included in the Individual Visitor Scheme, Chinese visitors will continue to be the major source of growth both for gaming revenues and tourist arrivals. We plan to capture the growth momentum by focusing on Ponte 16. We believe that Ponte 16 will drive a major new revenue stream and add significant value to shareholders as well as other stakeholders including management, employees, and customers. Macau Success has a unique comparative advantage in Ponte 16, based on our partnership with SJM, our own very substantial management experience in casino and VIP halls, strong support from Macau SAR Government, our central location in Macau's historical district, our proximity to Zhuhai, and a world-class design with a unique historical and cultural theme. Upon completion of Ponte 16, we will leverage on our brand and competitive advantage to capture a major share of the emerging market, while stabilising growth and profits.

In the coming year, revenues from the cruise and travel business are expected to be stable. The Group will continue to maintain the strategy of developing Macau gaming and entertainment-related businesses in order to maximise growth potential; and to generate traffic to our cruise and other entertainment facilities, including Ponte 16.

We will continue to explore other opportunities on the fast growing island of Macau and beyond to increase the scale of our business and expand its scope. Based on our established businesses, strong foundation and focused approach, we believe that we are on the right track.

Appreciation

Finally, I would like to express my sincere appreciation to our investors, strategic partners and customers for their unfailing support and confidence. I would also like to extend my sincere gratitude to our dedicated employees for their many contributions and dedication.

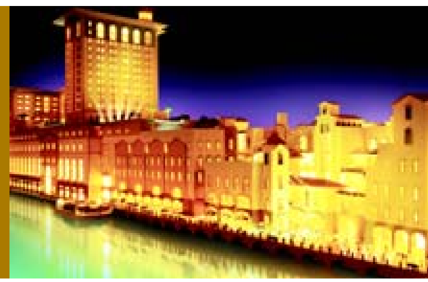
Yeung Hoi Sing, Sonny
Chairman

Hong Kong
18 January 2007

BUSINESS HIGHLIGHTS


DURING THE YEAR UNDER REVIEW, THE GROUP SUCCESSFULLY ACCOMPLISHED THE FOLLOWING KEY MILESTONES:

- Appointed AAPC Hong Kong Limited to manage the hotel facilities of Ponte 16 under Accor's deluxe brand "Sofitel"
- Announced to double the floor area of Ponte 16 to 126,500 square metres
- Strengthened capital structure by welcoming Joy Idea as a significant new investor
- Announced a private share placement at net proceed of HK$252 million in new shares
- Terminated loan agreement and option deed with King Seiner in September 2006 to concentrate on the development of Ponte 16
- Continued to increase transparency and enhance corporate governance throughout the year



The Group's core business demonstrated strong and steady growth during the year under review. In addition, through efforts to enhance efficiencies, the Group posted strong operating results.

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: Cruise and Travel

RESULTS

Total turnover of the Group for the year ended 30 September 2006 has increased 2.6% to approximately HK$103.5 million from approximately HK$100.9 million in 2005.

The Group's core business demonstrated strong and steady growth during the year under review. Profit attributable to equity shareholders of the Group amounted to approximately HK$28.4 million, representing an increase of 130.9% compared to approximately HK$12.3 million in 2005. In addition, through efforts to enhance efficiency, the Group posted strong operating results. Operating profit increased by 53.3% to approximately HK$48.9 million from approximately HK$31.9 million in 2005. The operating profit margin reached 47.2% for the year, which compares to 31.6% in 2005. The increase was primarily attributable to effective cost cutting and effective utilisation of resources to develop the Group's gaming and entertainment-related businesses.

DIVIDEND

An interim dividend of HK0.15 cents per share was paid during the year (2005: HK$Nil). The directors of the Company (the "Director(s)") do not recommend the payment of a final dividend for the year ended 30 September 2006 (2005: HK$Nil).

CRUSIE BUSINESS

During the year under review, the cruise business remained the major component of the Group's total revenue. It generated a stable income and continued to grow steadily.

BUSINESS REVIEW

Cruise Business

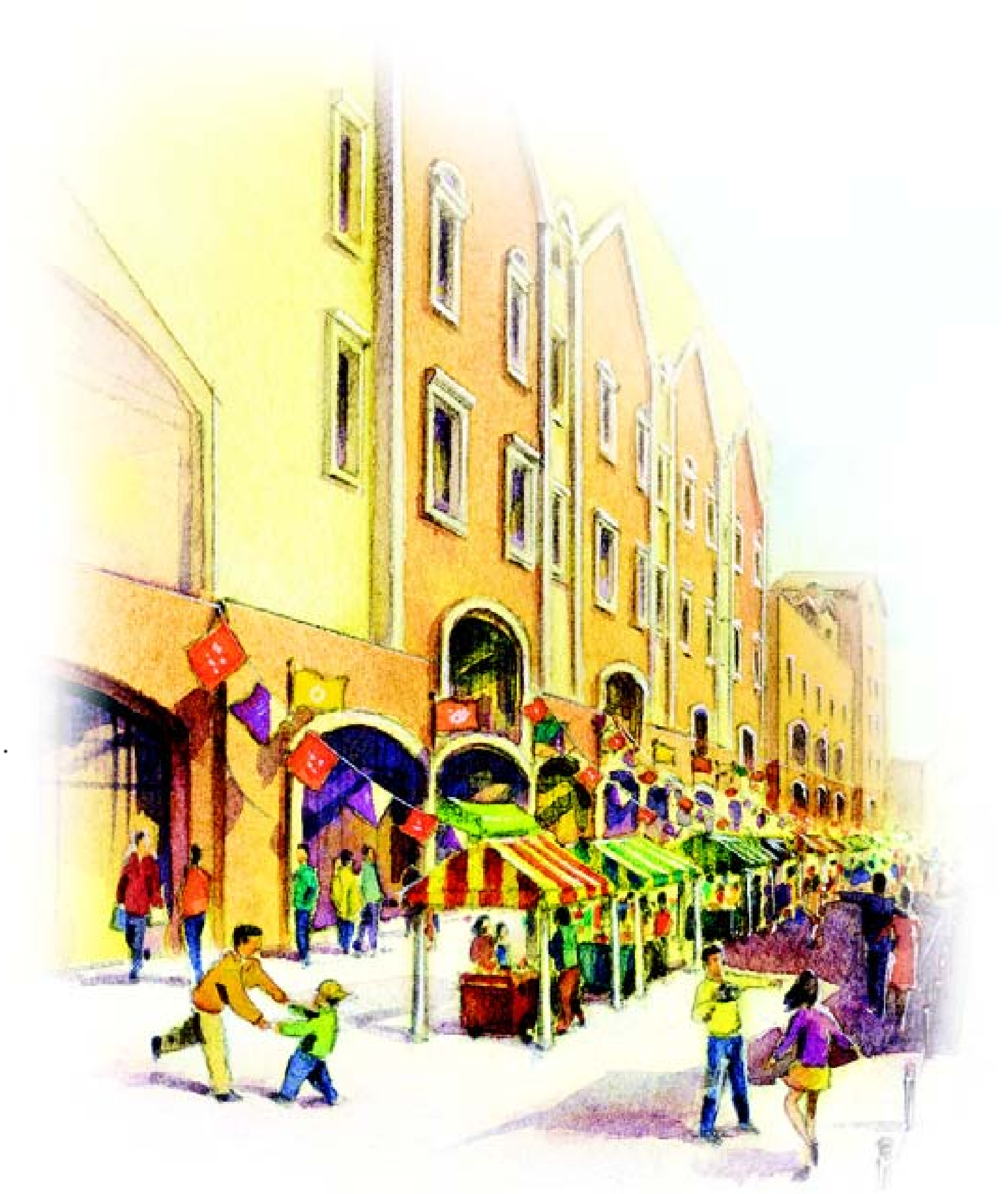
During the year under review, the cruise business has remained the major component of the Group's total revenue. It generated a stable income and continued to grow steadily. The leasing and management of the cruise, M.V. Macau Success, contributed 92.5% of the total turnover of the Group.

In 2006, turnover from the cruise business was approximately HK$95.7 million as compared to approximately HK$95.4 million in 2005. Segment profit from the cruise business was approximately HK$45.0 million, which was 3.7% higher than approximately HK$43.4 million in 2005.

The cruise business not only acts as the principal income stream for the Group but also operates in line with the Group's strategy to develop the gaming and entertainment-related business. The cruise business provides valuable synergies that would not exist as stand-alone businesses.

TRAVEL BUSINESS

The travel agency aims to provide professional travel consulting services to favoured tourists and VIP clients.
Management believes that it can become an exclusive channel to bring direct traffic to the cruise M.V. Macau Success, and Ponte 16.



Travel Business

During the year under review, the turnover of the travel business was approximately HK$7.8 million, which compares to approximately HK$5.5 million in 2005 and accounts for 7.5% of the total turnover. As revenue increased and the Group effectively applied cost optimisation strategies, the net loss narrowed to approximately HK$0.5 million. The Group will continue to apply various measures to reduce costs and expects to generate net profit for the segment in the near future.

Although the travel business only accounts for a small portion of total turnover, the Group will continue to develop its business given its natural fit with the gaming and entertainment-related business. The travel agency aims to provide professional travel consulting services to favoured tourists and VIP clients. Management believes that it can become an exclusive channel to bring direct traffic to the cruise, M.V. Macau Success, and Ponte 16.

OTHERS

The Group is determined to concentrate on the development of Ponte 16.

Others

King Seiner Loan Arrangement
The Group generated approximately HK$10.0 million interest income from King Seiner during the year under review.

In order to concentrate on the development of Ponte 16, the Group terminated its HK$50 million loan agreement with King Seiner effective from 29 September 2006. The termination of the loan agreement will not affect the Group's strategy of developing gaming and entertainment-related business in Macau.

FINANCIAL REVIEW

Pledge of Assets
As at 30 September 2006 and 30 September 2005, the Group had pledged time deposits of approximately HK$0.7 million to certain banks for the issuance of several bank guarantees of approximately HK$0.7 million.

Contingent Liabilities
As at 30 September 2006, the Group had no contingent liabilities (2005: HK$Nil).

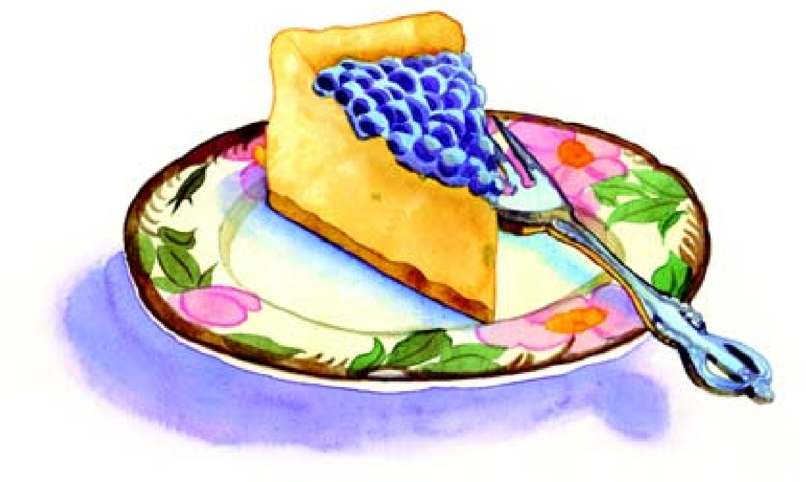
Liquidity, Financial Resources and Gearing
As at 30 September 2006, the Group had net current assets of approximately HK$478.1 million, which compares to approximately HK$199.5 million in 2005. The Group had net assets of approximately HK$966.9 million compared to approximately HK$680.7 million in 2005.

As at 30 September 2006 and 30 September 2005, the Group did not have any interest-bearing borrowings and financial lease obligations.

OTHERS

As at 30 September 2006, there were loans from minority shareholders of approximately HK$5.1 million, which compares to approximately HK$26.2 million in 2005. The loans are interest-free, unsecured and do not have fixed repayment terms.

The Group did not have any bank loans as at 30 September 2006 and 30 September 2005. Equity attributable to equity shareholders of the Company as at 30 September 2006 was approximately HK$926.6 million, compared to approximately HK$649.5 million in 2005. Accordingly, the gearing ratio which is measured on the basis of the interest-bearing borrowings of the Group over equity attributable to equity shareholders of the Company was not applicable for this year and last year.



Capital Structure

On 10 April 2006, the Company announced that Joy Idea, has acquired 120,000,000 shares of the Company ("Share(s)") from the family of Mr. Chan William, a former executive Director, and Joy Idea became a strategic shareholder of the Company, holding a 5.6% stake of the Company.

Share Placement and Subscription of New Shares

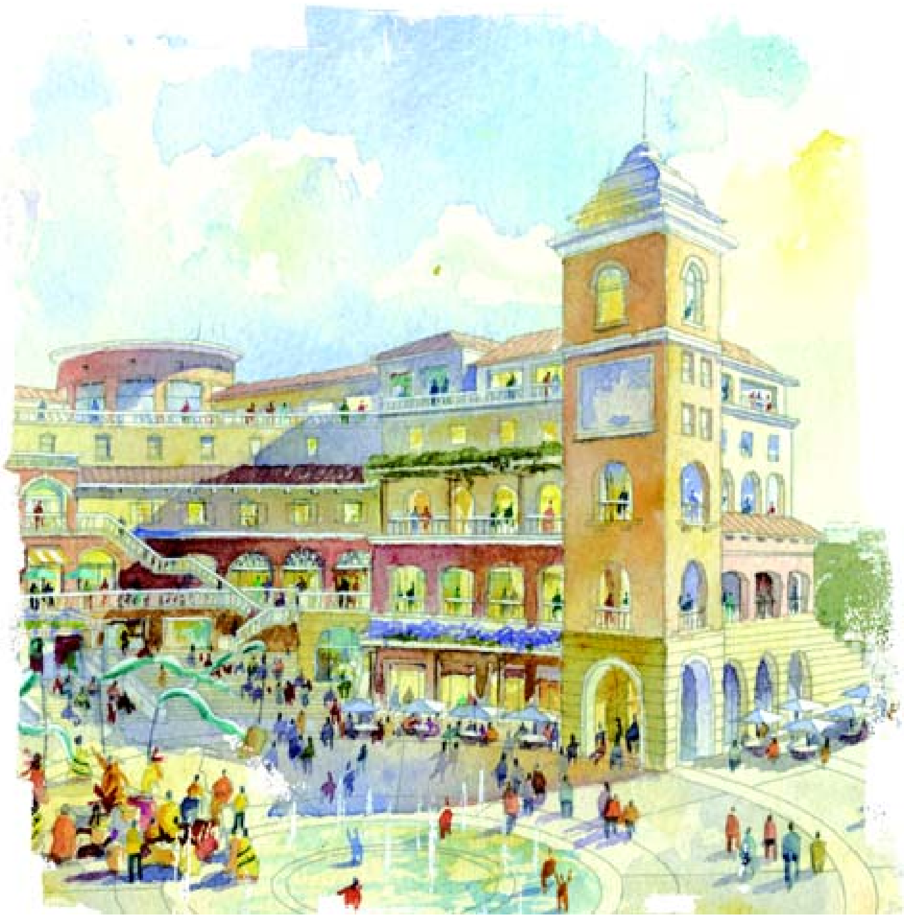
On 12 April 2006, Silver Rich Macau Development Limited ("Silver Rich"), a substantial shareholder of the Company, entered into a placing agreement (the "Placing Agreement") with placing agent, Grand Vinco Capital Limited, and a top-up subscription agreement (the "Subscription Agreement") with the Company. Pursuant to the Placing Agreement, the placing agent, agreed to place 235,000,000 Shares to not less than six independent individuals, corporate and/or institutional investors, at a price of HK$1.09 per Share. At the same time, pursuant to the Subscription Agreement, Silver Rich conditionally agreed to subscribe the newly issued shares of the Company with the same number of Shares that successfully placed at a price of HK$1.09 per Share (the "Subscription"). The Shares placed represent approximately 12.34% of the then issued share capital of the Company and approximately 10.98% of the enlarged share capital of the Company. The net proceeds derived from the Subscription amounted to approximately HK$252 million applied as general working capital of the Company.

Staffing

As at 30 September 2006, the Group had approximately 340 employees. Remuneration is determined by reference to qualifications, experience, responsibility and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long-term incentive.

PROSPECTS

In response to the challenges faced in the industry, management has established clear strategies that are expected to allow the Group to sustain a leading position in the gaming and entertainment-related industry in Macau.



PROSPECTS

Management is optimistic about the Group's future. It is expected that not only the current core businesses, including the leasing and management of the cruise, and travel business will bring a stable stream of income. In addition, the new flagship project of the Group – Ponte 16 should be earnings accretive in 2007.

On 30 November 2006, the Group entered into a Sale and Purchase Agreement with Joy Idea to increase its shareholding in the joint venture project – Ponte 16 through an indirect wholly-owned subsidiary of the Company, World Fortune Limited ("World Fortune"). Under the agreement, World Fortune will take the stake of 12.25% in Pier 16 – Property Development from Joy Idea at a consideration of HK$200 million. Upon completion of the acquisition, Pier 16 – Property Development will be 51% and 49% owned by SJM–Investimentos Limitada and World Fortune respectively. The consideration will be settled by HK$152 million in cash from internal resources, as well as by HK$48 million from the allotment and issuance of 60,000,000 new shares of the Company, at an agreed price of HK$0.80 per share (the "Consideration Shares"). Completion of the said acquisition is subject to, inter alia, the approval by the shareholders of the Company and the listing of, and permission to deal in, the Consideration Shares granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

Management is confident that the economy of Macau will continue to grow at a rapid pace, and the number of tourists will continue to increase. Given that visitors from China comprised of over 50% of the total number of tourists in Macau, continued strong economic development in China will also help to bring further growth to Macau economy. According to the Macau SAR government, the number of tourists that visited Macau in the first eleven months of 2006 reached 19.8 million, an increase of 16.4% compared to the same period last year, which have surpassed the annual total 18.7 million of 2005. Gaming revenue increased by 19% to MOP49.9 billion in the first eleven months compared to the same period of last year. The booming economic environment in Macau is expected to provide favourable conditions for the Group's flagship project – Ponte 16.

Ponte 16

Ponte 16 is a world-class integrated resort that is comprised of a five-star hotel, casino (subject to Macau SAR Government's approval), shopping arcade and recreation facilities featuring European theme promenade. The development is located at Pier 16, a famous historical landmark of Macau that surrounds Clock Tower, a central tourist attraction. Since Ponte 16 is located on the bank of the Inner Harbour in Macau, it is the only resort with a waterfront that resembles a European Riviera. Additionally, Ponte 16 provides a convenient and luxurious alternative to tourists that is only a 2-minute ferry ride away from Zhuhai.

Throughout the development of the project, the Group has accomplished a number of milestones. In October 2005, the preliminary design of Ponte 16 was confirmed. It was set to be built to reflect the unique cultural and historical architecture of Macau and Southern Europe at the turn of the 20th Century. To ensure the quality of design, Pier 16 – Property Development appointed the renowned architecture firm, The Jerde Partnership, Inc., to manage the overall planning and design of the project.

In February 2006, the naming of the hotel complex of Ponte 16 was confirmed to be "Sofitel Macau @ Ponte 16". "Sofitel" is a deluxe hotel brand that is managed by AAPC Hong Kong Limited, a prominent french hotel management company. With its extensive hotel management experience, strong exposure and extensive hotel network in Mainland China, the Group is confident that Sofitel Macau @ Ponte 16 will be highly prosperous to shareholders.

PROSPECTS

In April 2006, the Group announced that the Macau SAR Government had approved the expansion of the total gross floor area of Ponte 16 from 63,584 square metres to 126,500 square metres. This approval further raised the business value of the Group. With the increase of the total gross floor area, the total development cost of the project is expected to be approximately HK$2.4 billion. Ponte 16 is currently being rapidly constructed. The first phase of Ponte 16, including the casino (subject to Macau SAR Government's approval), is scheduled to start operations by June of 2007, while the other phases of Ponte 16 are expected to be completed by March 2008.

Challenges and Opportunities

Management has a clear goal to further develop the Group in the gaming, entertainment and tourist-related business in fast-growing Macau and beyond. Despite the challenges inherent in the business and the region, management is confident that the Group can take advantage of the significant opportunities that are available and maximise the returns for shareholders.

Given that the number of concession and sub-concession holders of gaming in Macau increased to a total of six and there is a growing number of casinos in the region, competition is expected to intensify in the industry. The sharp increase in table supply will lower the average net win per table. However, this situation is believed to be offset by robust tourist growth in the region.

In addition, the aggressive expansion in Macau may lead to insufficient infrastructure. Traffic congestion is becoming a problem in the region. The Group's flagship project – Ponte 16, is situated near the onsite immigration checkpoint, which should make it convenient for Chinese tourists to access. Additionally, the Group is considering to set up an unique bus program to carry tourists from Zhuhai of China. This would further enhance the flow of tourists to Ponte 16.

By June 2007, the first phase of Ponte 16 will be completed and there will be a number of other casino resorts opening at the same time. By then, there are expected to be around 4,200 gaming tables and 15,100 hotel rooms available in Macau. Location, branding, service quality and facility quality will become important factors that will dictate the winners in such a competitive market. Management is confident that the Group's flagship project – Ponte 16 will become one of the most splendid and profitable integrated resorts in Macau.

Strategic development of the Group

In response to the challenges faced in the industry, management has established clear strategies that are expected to allow the Group to sustain a leading position in the gaming and entertainment-related industry in Macau.

Over the past few years, the Group has built a fine reputation in the gaming and entertainment, and tourist-related industry. The Ponte 16 project has only helped to further enhance the brand awareness. Management believes that through effective consumer marketing, the "Macau Success" brand will become identified as one of the most professional, luxurious and experienced offerings in the market. This should increase the Group's attractiveness towards business partners and consumers, and is expected to help introduce further business developments.

In order to strengthen the tourist-related business of the Group, management is determined to provide a one-stop-solution to customers, from travel arrangements to gaming. The investment of the Group's flagship project – Ponte 16 is expected to strategically enhance the Group's synergies with its current cruise and travel agency business. The travel agency acts as an exclusive platform to serve high-end tourists and builds a direct network and alliance with travel agencies in Mainland China, bringing direct traffic to the cruise and Ponte 16. Management firmly believes that Ponte 16 will serve as a distinctive integrated resort in Macau upon its completion due to its unique architectural design, superb location and premium services. It will stand as the focal point in Old Macau.

It is forecasted that tourists from Mainland China will remain the largest group of visitors to Macau in terms of total visitor numbers and average spending. With extensive experience in serving Mainland Chinese customers and possessing a strong understanding of their needs and their cultural background, we aim to offer tailor-made tourist services. This will allow us to attract an increasing number of affluent tourists from Mainland China to Ponte 16 and will help assure a stable income for the Group in the future.

Throughout the years, management has set up vital networks in the market. Management not only has developed a good working relationship with the Macau SAR Government, industry practitioners and other market players, but has also established a broad network of customers. The Group plans to leverage these extensive networks to gain significant share in the market.

In conclusions, management is optimistic about the Group's future and is determined to build and solidify its leading position in Macau's gaming and entertainment-related industry. The Group will take every opportunity to strengthen the synergies of the Group while creating stable returns to shareholders.

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 PRACTICES

In the opinion of the directors of the Company (the "Director(s)"), the Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 30 September 2006, with an exception of the code provision C.2.1 of the CG Code that the internal control system of the Company and its subsidiaries (the "Group") for the year ended 30 September 2006 was reviewed by the audit committee of the Company (the "Audit Committee") in January 2007.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry with all Directors, each of whom has confirmed compliance with the required standard set out in the Code of Conduct and the Model Code throughout the year under review.

THE BOARD

The Board, led by the Chairman, 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 committed to make decisions in the best interests of both the Company and its shareholders.

The Board is currently consists of six members, including two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (*Chairman*) and Mr. Lee Siu Cheung; a non-executive Director, namely Mr. Choi Kin Pui, Russelle; and three independent non-executive Directors, namely Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann (the "INEDs"). The Directors' biographical information is set out on pages 31 and 32 under the heading "Biographical Details of Directors and Senior Management".

The roles of the Chairman of the Board and the Chief Executive Officer are segregated and assumed by separate individuals to strike a balance of power and authority so that power and job responsibilities are not concentrated in any one individual of the Board. The Chairman, Mr. Yeung Hoi Sing, Sonny, is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Company, while the function of the Chief Executive Officer is currently performed by Mr. Lee Siu Cheung, an executive Director, who is responsible for managing the Group's business and overall operations. The functions and responsibilities between the Chairman and Mr. Lee Siu Cheung who performs the function of Chief Executive Officer, are clearly segregated.

During the year under review, Mr. Chan William, a former executive Director and Deputy Chairman performed, in addition to Mr. Lee Siu Cheung, the function of the Chief Executive Officer before his resignation on 28 September 2006.

To the best knowledge of the Directors, there is no financial, business and family or other material/relevant relationship among members of the Board and between the Chairman and the executive Directors who perform the function of Chief Executive Officer. All of them are free to exercise their independent judgment.

The INEDs represent half of the Board and one of them, 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 People's Republic of China.

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 and considers all of the INEDs to be independent.

The non-executive Director and all 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 (Continued)

At the annual general meeting of the Company held on 28 February 2006 (the "2006 Annual General Meeting"), special resolution in respect of the amendments to the Bye-laws of the Company has been passed to conform with the CG Code so that any Directors appointed to fill a casual vacancy should be subject to election by shareholders of the Company at the next following general meeting of the Company after their appointment. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation at least once every three years.

The Board meets regularly throughout the year as and when required. Notices of at least 14 days are given to all Directors for all regular Board meetings. The Company Secretary assists the Chairman of the Board in preparing the agenda for the meetings and all Directors are consulted to include any matters in the agenda. Agenda and accompanying board papers are given to all Directors in a timely manner and at least 3 days before the appointed date of the meetings.

During the year under review, four regular Board meetings were held and details of the Directors' attendance are set out below:

Directors	Number of regular Board meetings attended/held
Executive Directors	
Mr. Yeung Hoi Sing, Sonny *(Chairman)*	4/4
Mr. Lee Siu Cheung	3/4
Mr. Chan William	3/4
(resigned on 28 September 2006)	
Non-executive Director	
Mr. Choi Kin Pui, Russelle	3/4
Independent non-executive Directors	
Mr. Luk Ka Yee, Patrick	3/4
Mr. Yim Kai Pung	4/4
Ms. Yeung Mo Sheung, Ann	4/4

The Board has agreed on a procedure to enable the Directors to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist them to discharge their duties. Appropriate and sufficient information is provided to the Directors in a timely manner to keep them abreast of the Group's latest developments and any major changes to the relevant rules and regulations and thus can assist them in discharging their duties.

DELEGATION BY THE BOARD

The Board has established Board committees, namely Audit Committee, Remuneration Committee and Executive Committee to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. The Board has reserved for its decision or consideration on matters covering corporate strategy, annual and interim results, changes of members of the Board and its committees, major acquisitions, disposals and capital transaction, and other significant operational and financial matters. All the Board committees have clear written terms of reference and have to report to the Board regularly on their decisions and recommendations. The day-to-day running of the Company, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to the management with divisional heads responsible for different aspects of the business.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee consists of the non-executive Director and all INEDs and is chaired by Mr. Yim Kai Pung.

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.

During the year under review, four Audit Committee meetings were held and details of attendance of the Audit Committee members are set out below:

Audit Committee members	Number of Audit Committee meetings attended/held
Mr. Yim Kai Pung	
(Chairman of the Audit Committee)	4/4
Mr. Choi Kin Pui, Russelle	3/4
Mr. Luk Ka Yee, Patrick	4/4
Ms. Yeung Mo Sheung, Ann	4/4

During the year under review, the Audit Committee had considered, reviewed and discussed (1) the auditing and financial reporting matters; (2) the appointment of external auditors including the terms of engagement; (3) the audited financial statements and the interim results; and (4) the engagement of independent auditor to review the internal control system of the Group. Each member of the Audit Committee has unrestricted access to the Auditors and all senior staff of the Group.

REMUNERATION COMMITTEE

The Company formulated written terms of reference for the Remuneration Committee in accordance with the requirements of the Listing Rules. The Remuneration Committee currently consists of the Chairman of the Board, the non-executive Director and all INEDs with Mr. Yeung Hoi Sing, Sonny, acts as the Chairman of the Remuneration Committee.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company and to determine specific remuneration packages of all executive Directors and senior management of the Company. The Remuneration Committee takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management.

During the year under review, one Remuneration Committee meeting was held and two resolutions in writing were passed by the Remuneration Committee for, inter alia, reviewing the remuneration policy for all Directors and senior management of the Company, and determining remuneration packages of certain executive Directors and senior management of the Company respectively. Details of attendance of the Remuneration Committee members at the Remuneration Committee meeting are set out below:

Remuneration Committee members	**Number of Remuneration Committee meeting attended/held**
Mr. Yeung Hoi Sing, Sonny *(appointed as a member and the Chairman of the Remuneration Committee on 28 September 2006)*	N/A
Mr. Choi Kin Pui, Russelle	0/1
Mr. Luk Ka Yee, Patrick	1/1
Mr. Yim Kai Pung	1/1
Ms. Yeung Mo Sheung, Ann	1/1
Mr. Chan William *(ceased to act as a member and the Chairman of the Remuneration Committee on 28 September 2006)*	1/1

EXECUTIVE COMMITTEE

An Executive Committee was established by the Board with specific written terms of reference in November 2006. The Executive Committee consists of all executive Directors, namely Mr. Yeung Hoi Sing, Sonny and Mr. Lee Siu Cheung with Mr. Yeung Hoi Sing, Sonny acts as the Chairman of the Executive Committee. The Executive Committee is responsible for undertaking and supervising the day-to-day management and operation affairs of the Company.

NOMINATION OF DIRECTORS

The Company did not establish a nomination committee pursuant to the recommended best practices of the CG Code and the Board is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the members of the Board, assessing the independence of INEDs and considering any appointment of its own members.

During the year under review, no new member has been appointed to the Board.

INTERNAL CONTROLS

An independent auditor (the "Independent Auditor") has been engaged by the Company in late June 2006 to review the effectiveness of internal control system of the Group which cover all material controls, including financial, operational and compliance controls as well as risk management functions. The Independent Auditor has performed review of the internal control system of the Group for the year ended 30 September 2006 and the relevant review report has been submitted to the Audit Committee in January 2007 for consideration. Effectiveness of the internal control system of the Group for the year ended 30 September 2006 has also been reviewed by the Audit Committee in January 2007. The Board, through the reviews made by the Independent Auditor and the Audit Committee, considers that the Group's internal control system has implemented effectively.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES 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 33.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS (Continued)

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 2006, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are as follows:

	2006 **HK$'000**
Audit services	**651**
Taxation advisory services	**45**
Other advisory services	**75**
	771

COMMUNICATION WITH SHAREHOLDERS

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. At the 2006 Annual General Meeting, the Chairman of the Board as well as the Chairmen of the Audit Committee and the Remuneration Committee were present to answer shareholders' questions.

Separate resolutions are proposed at general meetings on each substantially separate issues, including the election of individual Directors.

Details of the poll voting procedures and the rights of shareholders to demand a poll were included in the circular to shareholders dispatched together with the annual report. The said circular also contained relevant details of the proposed resolutions, including biography of each Director standing for re-election.

At the 2006 Annual General Meeting, all the resolutions were dealt with on a show of hands and were passed by shareholders.

The directors of the Company (the "Director(s)") 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 2006.

1. 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 tourist-related businesses.

2. RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 34.

An interim dividend of HK0.15 cents per share of the Company ("Share(s)") was paid during the year (2005: HK$Nil). The Directors do not recommend the payment of a final dividend for the year ended 30 September 2006 (2005: HK$Nil).

3. SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the financial statements.

4. FIVE-YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on pages 77 and 78.

5. SHARE CAPITAL

Details of the Company's share capital are set out in note 26 to the financial statements.

6. 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 37 of this annual report and other details of the reserves of the Group are set out in note 28 to the financial statements.

7. 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 15 to the financial statements.

8. SUBSIDIARY COMPANIES

As at 30 September 2006, particulars of the Company's subsidiary companies are set out in note 17 to the financial statements.

9. 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. Lee Siu Cheung
Mr. Chan William *(resigned on 28 September 2006)*

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 of the Company, Mr. Yeung Hoi Sing, Sonny and Mr. Yim Kai Pung will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

10. DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

11. 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.

12. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2006, 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 of Hong Kong Limited (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 (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Name	Long position/ Short position	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Yeung Hoi Sing, Sonny *(Note)*	Long position	Corporate interest	987,841,432	46.17

Note: Mr. Yeung Hoi Sing, Sonny is deemed to have corporate interest in 987,841,432 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny.

Save as disclosed above, as at 30 September 2006, none of the Directors or chief executive of the Company, 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, to be notified to the Company and the Stock Exchange.

13. 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 27 to the financial statements.

14. SUBSTANTIAL SHAREHOLDERS

As at 30 September 2006, 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	Capacity	Number of Shares held	Approximate percentage of shareholding
Silver Rich Macau Development Limited	Long position	Beneficial owner	987,841,432	46.17
Penta Investment Advisers Ltd	Long position	Investment manager	214,766,000	10.04
Mr. John Zwaanstra *(Note 1)*	Long position	Interest in controlled corporation	214,766,000	10.04
Joy Idea Investments Limited	Long position	Beneficial owner	120,000,000	5.61
Mr. Li Chi Keung *(Note 2)*	Long position	Interest in controlled corporation	120,000,000	5.61
Ms. Wong Hoi Ping *(Note 2)*	Long position	Interest in controlled corporation	120,000,000	5.61

14. SUBSTANTIAL SHAREHOLDERS (Continued)

Name	Long position/ Short position	Capacity	Number of shares held	Approximate percentage of shareholding
Mr. Li Chu Kwan *(Note 2)*	Long position	Interest in controlled corporation	120,000,000	5.61
Ms. Lau Man Wing, Catherine *(Note 3)*	Long position	Family interest	120,000,000	5.61
Deutsche Bank Aktiengesellschaft	Long position	Beneficial owner	7,932,000	0.37
		Security interest	117,664,000	5.50
PMA Capital Management Limited	Long position	Investment manager	107,076,000	5.00

Notes:

(1) Penta Investment Advisers Ltd is wholly-owned by Mr. John Zwaanstra and therefore he was deemed to have interest in 214,766,000 Shares.

(2) Joy Idea Investments Limited is owned as to one-third by each of Mr. Li Chi Keung, Ms. Wong Hoi Ping and Mr. Li Chu Kwan and therefore they were deemed to have interest in 120,000,000 Shares.

(3) Ms. Lau Man Wing, Catherine is the spouse of Mr. Li Chu Kwan.

Save as disclosed above, as at 30 September 2006, 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.

15. 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 Palace Promotor De Jogos, Limitada (the "Borrower"), as borrower, and Joyspirit Investments Limited (the "Lender"), an indirect wholly-owned subsidiary of the Company, as lender, whereby the Lender will provide a loan facility of HK$50 million (the "Loan") 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, an executive Director and a substantial shareholder of the Company under the definition of the Listing Rules ("Substantial Shareholder"), 24% by Mr. Chan Hon Keung, a former Substantial Shareholder, and 20% by an independent third party. Therefore, the entering into the Loan Agreement and the Option Deed constituted connected transactions for the Company, details of which have 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.

The Lender terminated the Loan Agreement on 29 September 2006 and the Borrower repaid the Loan on the same date.

16. CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 30 September 2006.

17. 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.

18. MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the continuing operations of the Group accounted for 95.3% of total turnover of the continuing operations of the Group of which the largest customer accounted for approximately 92.5% and the five largest suppliers of the continuing operations of the Group accounted for 81.5% of total purchases of the continuing operations of the Group, of which the largest supplier accounted for approximately 53.1%.

None of the Directors 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, an executive Director, and Mr. Chan Hon Keung, a former Substantial Shareholder, are two of the Group's five largest customers total accounted for approximately 0.7% of total turnover of the continuing operations of the Group.

19. CHARITABLE CONTRIBUTIONS

During the year, no charitable contributions (2005: HK$Nil) were made by the Group.

20. POST BALANCE SHEET EVENTS

Details of the significant event after the balance sheet date are set out in note 33 to the financial statements.

21. 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.

22. 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.

23. CORPORATE GOVERNANCE

The Company has published its Corporate Governance Report, details of which are set out on pages 23 to 26 of this annual report.

24. AUDITORS

The consolidated financial statements have been audited by Messrs. CCIF CPA Limited who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the board of Directors
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 18 January 2007

EXECUTIVE DIRECTORS

Mr. Yeung Hoi Sing, Sonny, aged 52, joined the Group in 2003. He is an executive director and chairman of the Company as well as a director of the subsidiaries of the Company. He is also the chairman of the remuneration committee (the "Remuneration Committee") and the executive committee (the "Executive Committee") of the Company. Mr. Yeung is responsible for the overall corporate planning and business development of the Group. He has been a member of the Chinese People's Political Consultative Conference, the People's Republic of China (the "PRC") since 1993 and has over 23 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 Success Securities Limited (formerly known as Young Champion Securities Limited), which is a licensed corporation under the Securities and Futures Ordinance and is also a participant of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), principally engaged in the provision of securities brokerage services. Mr. Yeung has certain private investments in travel agency businesses in the United States (the "US") and Canada and property development businesses in Hong Kong and Canada. He is also a director of Silver Rich Macau Development Limited, being a substantial shareholder of the Company.

Mr. Lee Siu Cheung, aged 42, joined the Group in 2003. He is an executive director of the Company and a director of the subsidiaries of the Company. He is also a member of the Executive Committee. Mr. Lee is responsible for overseeing the business operations and 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 18 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 52, joined the Group in 2003. He is a non-executive director of the Company and is also a member of the audit committee of the Company (the "Audit Committee") and the Remuneration Committee. Mr. Choi graduated from St. Pius X High School in 1976. He has over 13 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"), which is a company incorporated in the US with limited liability and engages in the provision of telecommunications services in Hong Kong and the US. Mr. Choi is responsible for the planning of overall strategy of ETCI, and was 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 45, joined the Group in 2003. He is an independent non-executive director of the Company and is also a member of the Audit Committee and the Remuneration Committee. Mr. Luk obtained a 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 41, joined the Group in 2004. He is an independent non-executive director of the Company. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. 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 executive director of Tiger Tech Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, and was also an independent non-executive director of Magician Industries (Holdings) Limited, a company listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Ms. Yeung Mo Sheung, Ann, aged 42, joined the Group in 2004. She is an independent non-executive director of the Company and is also a member of the Audit Committee and the Remuneration Committee. Ms. Yeung holds a Bachelor degree of Retail Marketing with honours in the 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 the United Kingdom in 1998 and is presently a partner of Messrs. Fung & Fung, Solicitors, a legal firm in Hong Kong. Ms. Yeung was also a non-executive director of Zhong Hua International Holdings Limited, a company listed on the Main Board of the Stock Exchange.

COMPANY SECRETARY

Ms. Chiu Nam Ying, Agnes, aged 33, joined the Group in 2003. She is the company secretary of the Company and is responsible for overseeing all legal matters of the Group. Ms. Chiu 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 43, joined the Group in 2003. He is the qualified accountant of the Company and the financial controller of the Group. 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.

CCIF

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MACAU SUCCESS LIMITED
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Macau Success Limited (the "Company") set out on pages 34 to 76, which comprise the consolidated and Company balance sheets as at 30 September 2006, and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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, 18 January 2007

Delores Teh
Practising Certificate Number P03207

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 HK$'000	2005 HK$'000
Turnover	*6*	**103,530**	100,905
Cost of sales		**(7,871)**	(6,520)
Gross profit		**95,659**	94,385
Other revenue	*7*	**24,983**	5,859
		120,642	100,244
Administrative expenses		**(71,725)**	(68,352)
Profit from operations		**48,917**	31,892
Finance costs	*8*	**–**	(97)
Share of results of associates		**(386)**	(12)
Profit before taxation	*8*	**48,531**	31,783
Taxation	*9*	**(372)**	–
Profit for the year		**48,159**	31,783
Attributable to:			
Equity shareholders of the Company	*12*	**28,380**	12,291
Minority interests		**19,779**	19,492
Profit for the year		**48,159**	31,783
Dividend payable to equity shareholders of the Company attributable to the year:			
Interim dividend declared during the year	*13*	**3,209**	–
Earnings per share	*14*		
Basic		**HK1.41 cents**	HK0.66 cents
Diluted		**N/A**	N/A

The notes on pages 40 to 76 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2006

	Notes	**2006 HK$'000**	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**91,536**	90,247
Goodwill	*16*	**1,313**	1,313
Interest in associates	*18*	**376,015**	339,042
Available-for-sale investment	*19*	**25,239**	25,239
Loan receivable	*20*	**–**	51,562
		494,103	507,403
CURRENT ASSETS			
Inventories	*21*	**1,178**	1,181
Trade and other receivables	*22*	**13,509**	12,837
Pledged bank deposits		**729**	708
Cash and cash equivalents		**468,876**	189,965
		484,292	204,691
CURRENT LIABILITIES			
Trade and other payables	*23*	**6,047**	5,152
Tax payable		**157**	–
		6,204	5,152
NET CURRENT ASSETS		**478,088**	199,539
TOTAL ASSETS LESS CURRENT LIABILITIES		**972,191**	706,942
NON-CURRENT LIABILITIES			
Loans from minority shareholders	*24*	**5,056**	26,208
Deferred tax liabilities	*25*	**215**	–
		5,271	26,208
NET ASSETS		**966,920**	680,734
CAPITAL AND RESERVES			
Share capital	*26*	**21,395**	19,045
Reserves	*28*	**905,221**	630,454
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**926,616**	649,499
MINORITY INTERESTS	*28*	**40,304**	31,235
TOTAL EQUITY		**966,920**	680,734

Approved and authorised for issue by the board of directors on 18 January 2007

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Lee Siu Cheung
Director

The notes on pages 40 to 76 form part of these financial statements.

BALANCE SHEET

AT 30 SEPTEMBER 2006

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Interest in subsidiaries	*17*	**274,662**	300,110
CURRENT ASSETS			
Deposits, prepayments and other receivables	*22*	**165**	195
Cash and cash equivalents		**428,673**	150,230
		428,838	150,425
CURRENT LIABILITIES			
Other payables and accruals	*23*	**1,940**	601
		1,940	601
NET CURRENT ASSETS		**426,898**	149,824
NET ASSETS		**701,560**	449,934
CAPITAL AND RESERVES			
Share capital	*26*	**21,395**	19,045
Reserves	*28*	**680,165**	430,889
TOTAL EQUITY		**701,560**	449,934

Approved and authorised for issue by the board of directors on 18 January 2007

On behalf of the board

Yeung Hoi Sing, Sonny
Director

Lee Siu Cheung
Director

The notes on pages 40 to 76 form part of these financial statements.

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
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
At 1 October 2005	19,045	362,920	52,333	976	187,065	27,160	649,499	31,235	680,734
Placing of new shares	2,350	253,800	–	–	–	–	256,150	–	256,150
Share issuance costs	–	(4,204)	–	–	–	–	(4,204)	–	(4,204)
Net profit for the year	–	–	–	–	–	28,380	28,380	19,779	48,159
Interim dividend declared in respect of current year	–	–	–	–	–	(3,209)	(3,209)	(10,710)	(13,919)
At 30 September 2006	21,395	612,516	52,333	976	187,065	52,331	926,616	40,304	966,920

The notes on pages 40 to 76 form part of these financial statements.

FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 HK$'000	2005 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**48,531**	31,783
Adjustments for:			
Interest income		**(20,574)**	(4,420)
Finance costs		**–**	97
Depreciation		**7,512**	6,474
Share of results of associates		**386**	12
Dividend from available-for-sale investments		**(1,133)**	(1,133)
Written back of amortisation of goodwill		**–**	(66)
Loss on disposal of fixed assets		**2**	–
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL		**34,724**	32,747
Decrease in inventories		**3**	33
Increase in trade and other receivables		**(672)**	(8,348)
Increase / (Decrease) in trade and other payables		**895**	(1,296)
CASH GENERATED FROM OPERATIONS		**34,950**	23,136
Tax paid		**–**	–
NET CASH GENERATED FROM OPERATING ACTIVITIES		**34,950**	23,136
INVESTING ACTIVITIES			
Payment for the purchase of fixed assets		**(8,803)**	(741)
Acquisition of associates		**–**	(100,681)
Acquisition of available-for-sale investment		**–**	(25,239)
Loans to associates		**(37,359)**	(47,837)
New loan to a related party		**–**	(50,000)
Repayment of loan by a related party		**51,562**	–
Acquisition of a subsidiary, net of cash acquired	*29*	**–**	(178)
Increase in pledged bank deposits		**(21)**	(508)
Interest income		**20,574**	2,858
Dividend from available-for-sale investment		**1,133**	1,133
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		**27,086**	(221,193)

	Notes	2006 HK$'000	2005 HK$'000
FINANCING ACTIVITIES			
Proceeds from issue of shares		**256,150**	405,760
Cost on issue of new shares		**(4,204)**	(39,670)
Redomicile costs		**–**	(2,117)
Repayments of loans from minority shareholders		**(21,152)**	(5,328)
Dividend paid to equity shareholders of the Company		**(3,209)**	–
Dividend paid to minority interests		**(10,710)**	–
Repayment of other borrowings		**–**	(1,652)
Finance costs		**–**	(97)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**216,875**	356,896
NET INCREASE IN CASH AND CASH EQUIVALENTS		**278,911**	158,839
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**189,965**	31,126
CASH AND CASH EQUIVALENTS AT END OF YEAR		**468,876**	189,965
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**468,876**	189,965

The notes on pages 40 to 76 form part of these financial statements.

FOR THE YEAR ENDED 30 SEPTEMBER 2006

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 17 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 30 September 2006 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries and Minority Interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. 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.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, minority interests are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits under the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interest and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(l).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)).

(d) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates for the year (see notes 2(e) and (i)). The Group's share of reserves of the associates are included in the consolidated reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

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 associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(i)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associates.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash generating unit, an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other Investments in Debt and Equity Securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in securities held for trading are classified as current assets and are initially stated at fair value. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with an resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses (see note 2(i)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(i)).

Available-for-sale investments are investments in unlisted equity securities and stated at fair value, except for those equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any accumulated identified losses.

Investment are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gain or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

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%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Operating Lease Charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss 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. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Impairment of Assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

- For trade and other current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

In respect of available-for-sale investments carried at cost less any accumulated impairment losses, when there is objective evidence that an impairment loss has been incurred on an investment, the carrying amount of the investment should be reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and the amount of the impairment is charged to the consolidated income statement in the year in which it arises. Impairment losses recognised shall not be reversed in subsequent periods.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment
- investments in subsidiaries and associates; and
- goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *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).

- *Recognition of impairment losses*

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets (Continued)

(ii) Impairment of other assets (Continued)

– *Reversals of impairment losses*

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

A reversal of an impairment loss 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 profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase computed using the first-in, first-out formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(i)).

(l) Trade and Other Payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee Benefits (Continued)

(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.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

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.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) 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 future taxable profits 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income Tax (Continued)

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.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company 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 expenditure 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.

(q) 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 services and trade agent services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue Recognition (Continued)

(iii) dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

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

(r) Translation of Foreign Currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(s) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(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.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segment Reporting (Continued)

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 entities 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, tax balances, corporate and financing expenses.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, trade receivables, trade payables and bank balances and cash. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(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. The details of the Group credit policies are set out in note 22.

(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.

(e) Fair value

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are currently 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities 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.

(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.

5. SEGMENT REPORTING

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.

(a) Business segment

The Group's operating business are structured and managed 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:

– Cruise leasing and management business: the leasing of cruise and the provision of management services to the cruise.

– Travel business: the provision of travel-related agency services.

5. SEGMENT REPORTING (Continued)

(a) Business segment (Continued)

Group

	Cruise leasing and management		Travel		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Revenue						
Turnover	**95,717**	95,382	**7,813**	5,523	**103,530**	100,905
Other revenue	**108**	12	**85**	42	**193**	54
Total revenue	**95,825**	95,394	**7,898**	5,565	**103,723**	100,959
Results						
Segment results	**45,046**	43,413	**(459)**	(789)	**44,587**	42,624
Interest income					**20,465**	4,420
Unallocated corporate income					**4,325**	1,385
Unallocated corporate expenses					**(20,460)**	(16,537)
Profit from operations					**48,917**	31,892
Share of results of associates					**(386)**	(12)
Finance costs					**–**	(97)
Profit before taxation					**48,531**	31,783
Taxation					**(372)**	–
Profit for the year					**48,159**	31,783
Minority interests					**(19,779)**	(19,492)
Profit attributable to equity shareholders of the Company					**28,380**	12,291
Balance Sheet						
Assets						
Segment assets	**106,778**	131,909	**1,314**	924	**108,092**	132,833
Interest in associates					**376,015**	339,042
Unallocated corporate assets					**494,288**	240,219
Consolidated total assets					**978,395**	712,094
Liabilities						
Segment liabilities	**9,021**	28,901	**231**	208	**9,252**	29,109
Unallocated corporate liabilities					**2,223**	2,251
Consolidated total liabilities					**11,475**	31,360

5. SEGMENT REPORTING (Continued)

(a) Business segment (Continued)

	Cruise leasing and management		Travel		Unallocated		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Other information								
Depreciation	**6,720**	5,781	**24**	21	**768**	672	**7,512**	6,474
Capital expenditure	**7,839**	397	**24**	6	**940**	338	**8,803**	741

(b) Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. The cruise leasing and management income is mainly derived from South China Sea, other than in Hong Kong. In Hong Kong, the main business is the provision of travel-related agency services.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	South China Sea, other than in Hong Kong		Hong Kong		Macau		Consolidated	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Segment revenue								
Turnover	**95,717**	95,382	**7,813**	5,523	**–**	–	**103,530**	100,905
Segment assets	**116,873**	184,491	**484,978**	188,044	**376,544**	339,559	**978,395**	712,094
Capital expenditure	**7,839**	397	**964**	344	**–**	–	**8,803**	741

6. TURNOVER

The principal activities of the Group are leasing and management of cruise and tourist-related business.

Turnover represents cruise leasing income, management fee income and travel agent service fee income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2006 **HK$'000**	2005 HK$'000
Cruise leasing and management fee income	**95,717**	95,382
Travel agent service fee income	**7,813**	5,523
	103,530	100,905

7. OTHER REVENUE

	2006 **HK$'000**	2005 HK$'000
Commission income	**60**	34
Dividend from available-for-sale investment	**1,133**	1,133
Interest income	**20,574**	4,420
Management income	**2,877**	–
Written back of amortisation of goodwill	**–**	66
Others	**339**	206
	24,983	5,859

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging / (crediting):

(a) Finance costs

	2006 **HK$'000**	2005 HK$'000
Interest expenses on other borrowings wholly repayable within five years	**–**	97

8. PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

	2006 HK$'000	2005 HK$'000
Salaries, wages and other benefit (including directors' emoluments)	**31,337**	28,584
Contribution to defined contribution retirement plan	**489**	432
	31,826	29,016

(c) Other items

	2006 HK$'000	2005 HK$'000
Auditors' remuneration	**651**	518
Depreciation		
Owned fixed assets	**7,512**	6,474
Operating lease rentals		
Land and buildings	**2,011**	1,385
Plant and machinery	**23**	12
Exchange gain	**(47)**	(15)
Cost of inventories	**9,534**	10,045

9. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2006 HK$'000	2005 HK$'000
Hong Kong Profits Tax		
– Charge for the year	**157**	–
Deferred taxation relating to the origination and reversal of temporary differences	**215**	–
	372	–

The provision for Hong Kong Profits Tax for 2006 is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

9. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2006 HK$'000	2005 HK$'000
Profit before tax	**48,531**	31,783
Share of results of associates	**386**	12
Profit before tax attributable to the Company and its subsidiaries	**48,917**	31,795
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	**8,561**	5,564
Tax effect of non-deductible expenses	**1,182**	965
Tax effect of non-taxable revenue	**(11,042)**	(8,702)
Tax effect of unrecognised tax losses	**1,748**	2,348
Unrecognised temporary differences	**407**	137
Tax effect on utilisation of previously unrecognised tax losses	**(484)**	(312)
Tax charge	**372**	–

10. DIRECTORS' REMUNERATION

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

Name	Directors' fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Executive Directors								
Yeung Hoi Sing, Sonny	–	–	–	–	–	–	–	–
William Chan (resigned on 28 September 2006)	–	–	**638**	328	**12**	12	**650**	340
Lee Siu Cheung	–	–	**1,343**	528	**12**	12	**1,355**	540
Non-executive Director								
Choi Kin Pui, Russelle	–	–	**90**	80	–	–	**90**	80
Independent Non-executive Directors								
Luk Ka Yee, Patrick	–	–	**90**	80	–	–	**90**	80
Yeung Mo Sheung, Ann	–	–	**90**	80	–	–	**90**	80
Yim Kai Pung	–	–	**90**	80	–	–	**90**	80
	–	–	**2,341**	1,176	**24**	24	**2,365**	1,200

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments, two (2005: one) are directors whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other three (2005: four) individuals are as follows:

	2006 HK$'000	2005 HK$'000
Salaries, allowances and benefits in kind	**2,010**	2,036
Retirement benefit scheme contributions	**38**	42
	2,048	2,078

The emoluments of the three (2005: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2006	2005
HK$Nil – HK$1,000,000	**3**	4

12. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of approximately HK$2,889,000 (2005: loss of approximately HK$116,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2006 HK$'000	2005 HK$'000
Amount of consolidated profit/(loss) attributable to equity shareholders dealt with in the Company's financial statements	**2,889**	(116)
Dividend from a subsidiary attributable to the profits of the financial year, approved and paid during the year	**–**	68,100
Company's profit for the year *(note 28)*	**2,889**	67,984

13. DIVIDEND

	2006 HK$'000	2005 HK$'000
Interim dividend declared and paid of HK0.15 cents per ordinary share (2005: HK$ Nil)	**3,209**	–

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of approximately HK$28,380,000 (2005: HK$12,291,000) and on the weighted average number of 2,010,697,000 ordinary shares (2005: 1,869,724,000) in issue during the year.

Weighted average number of ordinary shares

	'000
Issued ordinary shares at 1 October 2004	1,587,464
Effect of share placing	282,260
Weighted average number of ordinary shares at 30 September 2005	1,869,724
Issued ordinary shares at 1 October 2005	1,904,464
Effect of share placing	106,233
Weighted average number of ordinary shares at 30 September 2006	2,010,697

(b) Diluted earnings per share

There was no dilution effect on the basic earnings per share for the year ended 30 September 2006 and 30 September 2005 respectively as there were no dilutive instruments outstanding during both years.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	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 2004	93,600	2,195	2,021	2,816	230	100,862
Additions	–	98	3	640	–	741
At 30 September 2005 and 1 October 2005	93,600	2,293	2,024	3,456	230	101,603
Additions	–	503	7,829	471	–	8,803
Disposals	–	–	–	(4)	–	(4)
At 30 September 2006	93,600	2,796	9,853	3,923	230	110,402
Accumulated depreciation						
At 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 and 1 October 2005	8,190	1,366	685	994	121	11,356
Charge for the year	4,680	685	1,318	752	77	7,512
Written back on disposals	–	–	–	(2)	–	(2)
At 30 September 2006	12,870	2,051	2,003	1,744	198	18,866
Net book value						
At 30 September 2006	80,730	745	7,850	2,179	32	91,536
At 30 September 2005	85,410	927	1,339	2,462	109	90,247

16. GOODWILL

	Group HK$'000
Cost	
At 1 October 2004	1,135
Acquisition of a subsidiary	178
At 30 September 2005 and 30 September 2006	1,313
Accumulated amortisation	
At 1 October 2004	66
Written back of amortisation	(66)
At 30 September 2005 and 30 September 2006	–
Net book value	
At 30 September 2006	1,313
At 30 September 2005	1,313

17. INTEREST IN SUBSIDIARIES

	2006 HK$'000	2005 HK$'000
Unlisted shares, at cost	**15,874**	15,874
Amounts due from subsidiaries	**260,027**	284,236
Amount due to a subsidiary	**(1,239)**	–
	274,662	300,110

The balances with subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

17. INTEREST IN SUBSIDIARIES (Continued)

All of these are controlled subsidiaries as defined under note 2(c) and have been consolidated into the Group financial statements.

Name of subsidiary	Place of incorporation/ operation	Particulars of issued and paid up share capital	Group's effective interest	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activity
Macau Success (Hong Kong) Limited	Hong Kong	10,000,000 shares of HK$0.01 each	100	100	–	Investment holding
New Shepherd Assets Limited	British Virgin Islands	1 share of US$1 each	100	100	–	Investment holding
Access Success Developments Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Ace Horizon Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Capture Success Limited*	British Virgin Islands/ South China Sea, other than in Hong Kong	100 shares of US$1 each	55	–	55	Cruise leasing
Golden Sun Profits Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Hover Management Limited*	Hong Kong/ South China Sea, other than in Hong Kong	100 shares of HK$1 each	55	–	55	Provision of cruise management services
Joyspirit Investments Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding
Macau Success Management Services Limited	Hong Kong	100 shares of HK$1 each	100	–	100	Provision of administration services
Precise Innovation Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding and provision of nominee services
Top Region Assets Limited	British Virgin Islands	1 share of US$1 each	100	–	100	Investment holding

17. INTEREST IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Particulars of issued and paid up share capital	Group's effective interest	Proportion of ownership interest Held by the Company	Held by a subsidiary	Principal activity
Travel Success Limited	Hong Kong	500,000 shares of HK$1 each	100	–	100	Travel agency
Travel Success (Macau) Limited	Macau	3 shares of MOP750,000, MOP749,000 and MOP1,000 respectively	100	–	100	Travel agency
World Fortune Limited	Hong Kong	100 shares of HK$1 each	100	–	100	Investment holding

* Not audited by CCIF CPA Limited.

18. INTEREST IN ASSOCIATES

	Group 2006 HK$'000	2005 HK$'000
Share of net assets	**283,738**	284,124
Goodwill	**4,581**	4,581
	288,319	288,705
Amounts due from associates	**87,696**	50,337
	376,015	339,042

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

18. INTEREST IN ASSOCIATES (Continued)

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of associate	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Pier 16 – Property Development Limited	Macau	100,000 shares of MOP100 each	36.75	–	36.75	Investment, development and operation of an integrated hotel resort project "Ponte 16"
Pier 16 – Management Limited	Macau	2 shares of MOP24,000 and MOP1,000 respectively	36.75	–	36.75	Provision of management services for development of an integrated hotel resort project "Ponte 16"

Summary financial information on associates

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Profit/ (loss) HK$'000
2006					
100 per cent	1,084,329	312,252	772,077	–	(1,051)
Group's effective interest	398,491	114,753	283,738	–	(386)
2005					
100 per cent	926,420	153,238	773,182	327	2
Group's effective interest	340,459	56,315	284,144	120	(12)

19. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2006	2005
	HK$'000	HK$'000
Unlisted shares, at cost	**25,239**	25,239

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

The unlisted investment in Triumph Up are measured at cost less accumulated impairment losses at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

20. LOAN RECEIVABLE

	Group	
	2006	2005
	HK$'000	HK$'000
Loan receivable	**–**	51,562

The loan receivable was due from King Seiner Palace Promotor De Jogos, Limitada (the "Borrower"), which is owned as to 56% by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being an executive director of the Company), 24% by Mr. Chan Hon Keung ("Mr. Chan") and 20% by an independent third party pursuant to a loan agreement entered between the Borrower and Joyspirit Investments Limited (the "Lender") on 7 March 2005 (the "Loan Agreement"). The loan was secured by the guarantee from Mr. Yeung and Mr. Chan and repayable in full on or before 5 August 2010. 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.

The Lender terminated the Loan Agreement on 29 September 2006 and the Borrower repaid the loan on the same date.

21. INVENTORIES

	Group	
	2006	2005
	HK$'000	HK$'000
Fuel oil	**1,178**	1,181

Inventories are stated at the lower of cost and net realisable value.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**1,972**	1,624	**–**	–
Deposits, prepayments and other receivables	**11,537**	11,213	**165**	195
	13,509	12,837	**165**	195

All of the trade and other receivables are expected to be recovered within one year.

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

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**1,924**	1,584	**–**	–
31 to 60 days	**4**	11	**–**	–
61 to 90 days	**9**	13	**–**	–
Over 90 days	**35**	16	**–**	–
	1,972	1,624	**–**	–

The Group normally allows a credit period of 30 days (2005: 30 days).

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**229**	156	**–**	–
Accrued charges and other payables	**5,818**	4,996	**1,940**	601
	6,047	5,152	**1,940**	601

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

23. TRADE AND OTHER PAYABLES (Continued)

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

	Group		Company	
	2006 **HK$'000**	2005 HK$'000	**2006** **HK$'000**	2005 HK$'000
Current	**217**	137	**–**	–
31 to 60 days	**1**	5	**–**	–
61 to 90 days	**–**	–	**–**	–
Over 90 days	**11**	14	**–**	–
	229	156	**–**	–

24. LOANS FROM MINORITY SHAREHOLDERS

The loans are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the Company's directors, the loans are not repayable within the next twelve months.

25. DEFERRED TAX LIABILITIES

(a) Recognised deferred tax liabilities

The movements of deferred tax liabilities during the year are as follows:

	Group
	Accelerated depreciation HK$'000
At 1 October 2004 and 30 September 2005	–
At 1 October 2005	–
Charged to the income statement	215
At 30 September 2006	215

(b) Unrecognised deferred tax assets

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through utilisation against future taxable profits is probable. At 30 September 2006, the Group had tax losses of approximately HK$70 million (2005: HK$60 million) that are available to carry forward indefinitely for offsetting against future taxable profits.

No deferred tax asset has been recognised in relation to tax losses as it is not probable that taxable profit will be available against which the tax losses can be utilised.

26. SHARE CAPITAL

	Notes	Number of shares '000	Nominal value HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 October 2004		10,000	100
Increased on authorised shares	*(a)*	159,990,000	1,599,900
At 30 September 2005		160,000,000	1,600,000
At 1 October 2005 and 30 September 2006		160,000,000	1,600,000
Issued and fully paid:			
At 1 October 2004		–	–
Shares issued to shareholders of MSHK as consideration for cancellation of shares of MSHK	*(b)*	1,587,464	15,875
Shares placement	*(c)*	317,000	3,170
At 30 September 2005		1,904,464	19,045
At 1 October 2005		1,904,464	19,045
Share placement	*(d)*	235,000	2,350
At 30 September 2006		2,139,464	21,395

The change in the authorised and issued share capital of the Company which took place during the period from 1 October 2004 to 30 September 2006, were as follows:

(a) By a written resolution passed by a sole member of the Company dated 20 August 2004 and effective 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.

(b) On 8 November 2004, as part of the Group Reorganisation, the Company issued an aggregate of 1,587,464,233 shares of HK$0.01 each. In consideration for the cancellation of the shares of Macau Success (Hong Kong) Limited ("MSHK"), the former holding company of the Group, the holders of MSHK's shares received the Company's shares, credited as fully paid, on the basis of one Company's share for every one MSHK's share cancelled.

26. SHARE CAPITAL (Continued)

(c) On 10 November 2004, a substantial shareholder entered into a placing agreement and a subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, the placing agent has agreed to place, on a fully underwritten basis, the placing shares to not less than six independent placees at a price of HK$1.28 per placing shares. Pursuant to the subscription agreement, the substantial shareholder has conditionally agreed to subscribe for the subscription shares at a price of HK$1.28 per subscription 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 substantial shareholder.

(d) On 12 April 2006, a substantial shareholder entered into a placing agreement and a subscription agreement with a placing agent and the Company respectively. Pursuant to the placing agreement, the placing agent agreed to place to not less than six independent placees for up to 235,000,000 shares at HK$1.09 each per placing share on behalf of the substantial shareholder. Pursuant to the subscription agreement, the substantial shareholder conditionally agreed to subscribe for such number of new shares as is equal to the number of placing shares successfully placed by the placing agent at a price of HK$1.09 per subscription share. On 25 April 2006, the Company issued and allotted 235,000,000 new shares for a total consideration of HK$256,150,000 before expenses to the substantial shareholder.

27. EMPLOYEE RETIRE BENEFITS

(a) Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

(b) 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.

There is no provision in the Option Scheme to require a grantee to fulfill any performance target or to hold the option for a certain period before exercising the option, but the Company may at its absolute discretion from time to time provide such requirements in the offer of grant of options.

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".

27. EMPLOYEE RETIRE BENEFITS (Continued)

(b) Share option scheme (Continued)

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 date of grant, which must be a business day; (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 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

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 consideration 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.

28. RESERVES

Group

	Attributable to equity shareholders of the Company							
	Share premium HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
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
At 1 October 2005	362,920	52,333	976	187,065	27,160	630,454	31,235	661,689
Placing of new shares	253,800	–	–	–	–	253,800	–	253,800
Share issuance costs	(4,204)	–	–	–	–	(4,204)	–	(4,204)
Net profit for the year	–	–	–	–	28,380	28,380	19,779	48,159
Interim dividend declared in respect of current year	–	–	–	–	(3,209)	(3,209)	(10,710)	(13,919)
At 30 September 2006	612,516	52,333	976	187,065	52,331	905,221	40,304	945,525
Reserves retained by								
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
Company and subsidiaries	612,516	52,333	976	–	52,729	718,554	40,304	758,858
Associates	–	–	–	187,065	(398)	186,667	–	186,667
At 30 September 2006	612,516	52,333	976	187,065	52,331	905,221	40,304	945,525

28. RESERVES (Continued)

Company

	Share premium HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
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
At 1 October 2005	362,920	67,969	430,889
Placing of new shares	253,800	–	253,800
Share issuance costs	(4,204)	–	(4,204)
Net profit for the year	–	2,889	2,889
Interim dividend declared in respect of current year	–	(3,209)	(3,209)
At 30 September 2006	612,516	67,649	680,165

29. ACQUISITION OF A SUBSIDIARY

	2005 HK$'000
Fair value of identifiable assets acquired:	
Amount due from shareholders	1,081
Cash and bank balances	377
	1,458
Goodwill	178
Total consideration	1,636
Satisfied by:	
Cash consideration	555
Assumption of debts	1,081
	1,636
Cash outflow on acquisition:	
Cash and cash equivalents in subsidiary acquired	377
Purchase consideration settled in cash	(555)
	(178)

On 26 October 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.

30. COMMITMENTS

(a) Capital commitments outstanding at 30 September 2006 not provided for in the financial statements were as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not provided for	**–**	1,021	**–**	–
Authorised but not contracted for	**–**	–	**–**	–
	–	1,021	**–**	–

(b) At 30 September 2006, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group		Company	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,390**	972	**821**	–
In the second to fifth years, inclusive	**1,959**	58	**–**	–
	4,349	1,030	**821**	–

31. RELATED PARTY TRANSACTIONS

(a) On 7 March 2005, Joyspirit Investments Limited, a wholly-owed subsidiary of the Company, 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", being an executive director of the Company), 24% by Mr. Chan Hon Keung ("Mr. Chan") and 20% by an independent third party, as borrower. As at 1 April 2005, Mr. Yeung was beneficially interested in approximately 37.94% of the issued share capital of the Company and Mr. Chan was beneficially interested in approximately 16.26% of the issued share capital of the Company.

Pursuant to the Loan Agreement, the Lender provided a facility of HK$50 million to the Borrower (the "Loan Facility") which was used as general working capital of the Borrower for the purpose of running its gaming intermediaries business at King Seiner Palace in Macau. 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 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 guaranteed, 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 was exercisable at an option price calculated at price not exceeding 4 times of the profits of the Borrower at the time of the exercise of the option multiplied 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 of the Company, 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$9,973,000 (2005: HK$1,562,000) was received from the Borrower.

The Lender terminated the Loan Agreement on 29 September 2006 and the borrower repaid the loan on the same date.

31. RELATED PARTY TRANSACTIONS (Continued)

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

	Notes	**2006** **HK$'000**	2005 HK$'000
Travel service income received and receivable from			
– Associates	*(i)(ii)*	**552**	168
– Key management personnel	*(ii)*	**643**	241
– Closely family members of key management personnel	*(ii)*	**260**	470
		1,455	879
Trade receivable from travel service as at the balance sheet date			
– Associates		**243**	102
– Key management personnel		**–**	10
– Closely family members of key management personnel		**–**	10
		243	122

(i) The Company's 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.

(c) The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 10.

32. PLEDGE OF ASSETS

As at 30 September 2006, the Group pledged the time deposits of approximately HK$0.7 million (2005: HK$0.7 million) to certain banks for issuance of several bank guarantees approximately to HK$0.7 million (2005: HK$0.7 million) for operation of the Group.

33. NON-ADJUSTING POST BALANCE SHEET EVENT

(a) On 13 June 2006, Top Region Assets Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with an independent third party, China Star Entertainment Limited (the "Purchaser"), a company listed on the Stock Exchange for the disposal of its 8.13% interest in the issued share capital of Triumph Up Investments Limited for a consideration of HK$36,112,763.57 to the Purchaser. The consideration was determined after arm's length negotiations and with reference to an independent valuer on an open market basis as at 8 June 2006. The Company agreed to act as a guarantor to guarantee the performance of the Vendor's obligations under the Agreement.

On 31 October 2006, the parties entered into a deed of variation to extend the longstop date under the Agreement to 28 February 2007.

(b) On 30 November 2006, World Fortune Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, and Joy Idea Investments Limited (the "Vendor"), an independent third party entered into an Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 12.25% equity interest in the issued share capital of Pier 16 – Property Development Limited ("Pier 16 – Property Development") at an aggregate consideration of HK$200 million subject to and upon the terms and conditions of the Agreement. The consideration will be paid by cash of HK$152 million and by the allotment and issue of fully paid shares of the Company of 60 million ordinary shares with nominal value of HK$0.01 each at HK$0.8 per share.

The Purchaser currently owned 36.75% equity interest in Pier 16 – Property Development. Upon completion of the transaction, the Purchaser will increase its equity interest in Pier 16 – Property Development to 49%. Details of the transaction have been disclosed in the Company's announcement dated 6 December 2006.

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE, FOR THE YEAR ENDED 30 SEPTEMBER 2006

The Group has not early applied the following amendments, new standard and interpretations that have been issued but are not yet effective. The director of the Company anticipate that the application of these standards or interpretations will have no material impacts on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	Net Investment in a Foreign Operation[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments Disclosures[1]
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease[2]
HK(IFRIC)-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds[2]
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment[2]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC)-Int 8	Scope of HKFRS2[5]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[6]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[7]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2006
3 Effective for annual periods beginning on or after 1 December 2005
4 Effective for annual periods beginning on or after 1 March 2006
5 Effective for annual periods beginning on or after 1 May 2006
6 Effective for annual periods beginning on or after 1 June 2006
7 Effective for annual periods beginning on or after 1 November 2006

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				
	2006	2005	2004	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Restated)	(Restated)	(Restated)
Turnover:					
Continuing operations	**103,530**	100,905	61,564	–	35,992
Discontinued operations	**–**	–	130,392	116,838	266,271
	103,530	100,905	191,956	116,838	302,263
Profit/(loss) before taxation	**48,531**	31,783	29,966	35,884	(115,715)
Taxation	**(372)**	–	(642)	(167)	133
Profit/(loss) for the year	**48,159**	31,783	29,324	35,717	(115,582)
Attributable to:					
Equity shareholders of the Company	**28,380**	12,291	15,442	35,710	(115,407)
Minority interests	**19,779**	19,492	13,882	7	(175)
	48,159	31,783	29,324	35,717	(115,582)
Earnings/(loss) per share					
– Basic	**HK1.41 cents**	HK0.66 cents	HK0.98 cents	HK9.0 cents	HK(77.4) cents
– Diluted	**N/A**	N/A	N/A	N/A	N/A

ASSETS AND LIABILITIES

	At 30 September				
	2006	2005	2004	2003	2002
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Restated)	(Restated)	(Restated)
Total assets	**978,395**	712,094	137,549	83,914	72,668
Total liabilities	**(11,475)**	(31,360)	(39,636)	(53,509)	(166,611)
Minority interests	**(40,304)**	(31,235)	(11,743)	(1,118)	(1,261)
Net assets/(liabilities) attributable to equity shareholders of the Company	**926,616**	649,499	86,170	29,287	(95,204)

Concept, design and printing : iOne Financial Press Limited (www.ione.com.hk)

MACAU SUCCESS LIMITED
澳門實德有限公司*

Website 網頁 : www.macausuccess.com