SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The board of directors (the "Board") of Success Universe Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019 together with comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	3, 4	**1,147,371**	1,120,278
Cost of sales		**(1,117,066)**	(1,085,924)
Gross profit		**30,305**	34,354
Other revenue and gains	5	**4,103**	6,409
Gain on disposal of subsidiaries		**15,970**	–
Fair value gain on investment properties		**1,200**	27,300
Administrative expenses		**(71,137)**	(78,554)
Other operating expenses	6(c)	**(14,524)**	–
Loss from operations		**(34,083)**	(10,491)
Finance costs	6(a)	**(9,241)**	(4,003)
Share of results of joint ventures		**761**	597
Share of results of associates		**116,757**	68,110
Profit before taxation	6	**74,194**	54,213
Taxation	7	**–**	–
Profit for the year		**74,194**	54,213
Attributable to:			
Owners of the Company		**74,194**	54,464
Non-controlling interests		**–**	(251)
Profit for the year		**74,194**	54,213
Earnings per share			
– Basic and diluted	9	**1.51 HK cents**	1.11 HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**74,194**	54,213
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**1,944**	(1,585)
Total other comprehensive income/(loss) for the year, net of tax	**1,944**	(1,585)
Total comprehensive income for the year	**76,138**	52,628
Attributable to:		
Owners of the Company	**76,138**	53,060
Non-controlling interests	**–**	(432)
Total comprehensive income for the year	**76,138**	52,628

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**31,402**	26,083
Intangible assets		**6,892**	6,643
Investment properties		**444,800**	443,600
Interests in associates		**624,188**	605,074
Interests in joint ventures		**6,069**	5,308
		1,113,351	1,086,708
Current assets			
Stock of properties		**119,750**	186,218
Trade and other receivables	*10*	**42,827**	49,139
Pledged bank deposits		**10,355**	9,964
Cash and cash equivalents		**98,752**	50,720
		271,684	296,041
Current liabilities			
Trade and other payables	*11*	**39,424**	49,613
Deferred income		**–**	245
Bank loans		**194,000**	222,500
Lease liabilities		**5,319**	–
Financial guarantee contract		**644**	644
		239,387	273,002
Net current assets		**32,297**	23,039
Total assets less current liabilities		**1,145,648**	1,109,747
Non-current liabilities			
Deferred income		**–**	1,014
Lease liabilities		**421**	–
Loan from a director and controlling shareholder		**–**	39,000
Financial guarantee contract		**968**	1,612
		1,389	41,626
Net assets		**1,144,259**	1,068,121
Capital and reserves			
Share capital		**49,265**	49,265
Reserves		**1,094,994**	1,018,856
Total equity		**1,144,259**	1,068,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS(s)"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and applicable disclosure requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). These consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised standards, amendments and interpretation ("New HKFRSs"), which are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements included the financial statements of the Group and the Group's interests in associates and joint ventures made up to 31 December each year.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investment properties and financial guarantee contract are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Adoption of New HKFRSs — effective on 1 January 2019

In the current year, the Group has applied for the first time, the following New HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2019:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments

Except as described below, the application of the New HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Impacts of application on HKFRS 16 "Leases" ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office premises in Hong Kong and retail shops in Canada were determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rates applied are approximately ranged from 3.4% to 4.0%.

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	10,857
Lease liabilities discounted at relevant incremental borrowing rates as at 1 January 2019	10,680
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(321)
– leases of low-value assets	(265)
Lease liabilities as at 1 January 2019	10,094
Analysed as:	
Current liabilities	4,999
Non-current liabilities	5,095
	10,094

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 *HK$'000*	1 January 2019 *HK$'000*
Rented premises	**5,692**	10,094
Total right-of-use assets	**5,692**	10,094

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that includes renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	26,083	10,094	36,177
Current liabilities			
Lease liabilities	–	4,999	4,999
Non-current liabilities			
Lease liabilities	–	5,095	5,095

The transition to HKFRS 16 has no impact on the accumulated losses at 1 January 2019. For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

New HKFRSs that have been issued but are not yet effective

The Group has not early applied the following New HKFRSs that have been issued but are not yet effective:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[2]
HKFRS 3 (Amendments)	Definition of a Business[1]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]

1 *Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*

2 *Effective for annual periods beginning on or after 1 January 2020.*

3 *Effective for annual periods beginning on or after 1 January 2021.*

4 *Effective for annual periods beginning on or after a date to be determined.*

In addition to the above New HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the New HKFRSs mentioned in the consolidated financial statements, the directors of the Company anticipate that the application of all other New HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

The CODM considers the business from both geographic and service perspective.

The Group has presented the following two reportable segments.

– Travel business: sales of air tickets and provision of travel-related services.

– Property investment business: receiving rental streams from leasing office premises and sales of properties in Hong Kong.

(a) Segment results, assets and liabilities

The travel reportable operating segment derives their revenue primarily from sales of air tickets and provision of travel-related services. Geographically, management considers the performance of the travel business in North America.

The property investment reportable operating segment derives their revenue from leasing office premises and sales of properties in Hong Kong.

In accordance with HKFRS 8, segment information disclosed in these consolidated financial statements has been prepared in a manner consistent with the information used by the Group's CODM for the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' emoluments, share of results of associates and joint ventures and corporate finance costs. To arrive at reportable segment profit, the management additionally provides segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate, interest income and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

All assets are allocated to reportable segments other than amount due from an associate, interests in associates and joint ventures. Unallocated corporate assets mainly include part of the property, plant and equipment as well as cash and cash equivalents of the central administration companies.

All liabilities are allocated to reportable segments other than corporate liabilities. Unallocated corporate liabilities mainly include financial guarantee contracts and part of other payables borne by the central administration companies.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below:

	Travel		Property investment		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers and reportable segment revenue	**1,128,574**	1,090,196	**18,797**	30,082	**1,147,371**	1,120,278
Reportable segment (loss)/profit	**(3,935)**	2,029	**10,968**	37,679	**7,033**	39,708
Share of results of joint ventures					**761**	597
Share of results of associates					**116,757**	68,110
Unallocated corporate income					**1,254**	2,569
Unallocated corporate expenses					**(47,046)**	(55,068)
Finance costs					**(4,565)**	(1,703)
Consolidated profit before taxation					**74,194**	54,213
Taxation					**–**	–
Consolidated profit for the year					**74,194**	54,213
Reportable segment assets	**89,352**	90,219	**565,967**	631,507	**655,319**	721,726
Unallocated corporate assets						
– Interests in associates					**624,188**	605,074
– Interests in joint ventures					**6,069**	5,308
– Corporate assets					**99,459**	50,641
					1,385,035	1,382,749
Reportable segment liabilities	**33,186**	40,972	**137,154**	128,517	**170,340**	169,489
Unallocated corporate liabilities						
– Corporate liabilities					**70,436**	145,139
					240,776	314,628

(b) Other segment information

	Travel		Property investment		Other corporate entities		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**52**	42	**1**	1	**145**	150	**198**	193
Fair value gain on investment properties	**–**	–	**1,200**	27,300	**–**	–	**1,200**	27,300
Depreciation:								
– owned property, plant and equipment	**(485)**	(554)	**–**	–	**(2,707)**	(3,248)	**(3,192)**	(3,802)
– right-of-use assets	**(368)**	–	**–**	–	**(4,775)**	–	**(5,143)**	–
Reversal of impairment loss recognised on:								
– intangible assets	**–**	3,164	**–**	–	**–**	–	**–**	3,164
– amount due from a joint venture	**–**	–	**–**	–	**–**	1,500	**–**	1,500
Write-down of stock of properties	**–**	–	**(14,524)**	–	**–**	–	**(14,524)**	–
Finance costs	**(15)**	(39)	**(4,661)**	(2,261)	**(4,565)**	(1,703)	**(9,241)**	(4,003)
Additions to non-current assets*	**2,431**	117	**–**	148,000	**53**	351	**2,484**	148,468

* Additions to non-current assets only include the additions to property, plant and equipment (but excluded right-of-use assets) as well as investment properties during the year.

(c) Disaggregation of revenue

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Recognised at a point in time		
Travel business:		
Sales of air tickets	**1,077,618**	1,038,733
Travel and related service fee income	**50,956**	51,463
	1,128,574	1,090,196
Property investment business:		
Sales of properties	**8,490**	22,076
	1,137,064	1,112,272
Revenue from other sources:		
Rental income	**10,307**	8,006
Total revenue	**1,147,371**	1,120,278

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided. The Group's non-current assets included property, plant and equipment, investment properties, intangible assets, interests in associates and joint ventures.

The geographical location of property, plant and equipment and investment properties is based on the physical location of the asset under consideration. In the case of intangible assets, it is based on the location of operations to which these intangibles are allocated. In the case of interests in associates and joint ventures, it is based on the location of operations of such associates and joint ventures.

	Revenue from external customers		**Non-current assets At 31 December**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**18,797**	30,082	**468,321**	464,214
Macau	**–**	–	**624,188**	605,074
North America	**1,128,574**	1,090,196	**20,727**	17,292
The People's Republic of China ("PRC")	**–**	–	**115**	128
	1,147,371	1,120,278	**1,113,351**	1,086,708

(e) Major customers

Revenue from customers arising from travel business segment who over 10% of the total revenue of the Group are set out as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**132,586**	–*
Customer B	**115,277**	–*
Customer C	**–***	132,333

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in 2019 and 2018 respectively.

4. REVENUE

The principal activities of the Group are engaged in travel-related and property investment businesses.

Revenue represents sales of air tickets, service fee income from provision of travel-related services, rental income as well as sales of properties. The amount of each significant category of revenue recognised in revenue during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Recognised at a point in time		
Sales of air tickets	**1,077,618**	1,038,733
Travel and related service fee income	**50,956**	51,463
Sales of properties	**8,490**	22,076
	1,137,064	1,112,272
Revenue from other sources:		
Rental income	**10,307**	8,006
	1,147,371	1,120,278

5. OTHER REVENUE AND GAINS

	2019	2018
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	**198**	193
Management fee income from an associate	**357**	274
Other income	**2,904**	634
	3,459	1,101
Other gains		
Amortisation of financial guarantee contract	**644**	644
Reversal of impairment loss recognised on:		
– intangible assets	**–**	3,164
– amount due from a joint venture	**–**	1,500
	644	5,308
Total	**4,103**	6,409

6. PROFIT BEFORE TAXATION

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

		2019	2018
		HK$'000	*HK$'000*
(a)	**Finance costs**		
	Interest on bank loans	**7,835**	3,651
	Interest on other loan	**–**	39
	Interest on lease liabilities	**138**	–
	Interest on loan from a director and controlling shareholder	**1,268**	313
		9,241	4,003
(b)	**Staff costs**		
	Salaries, wages and other benefits (including directors' emoluments)	**36,122**	35,330
	Contributions to defined contribution retirement plan	**1,244**	1,206
		37,366	36,536
(c)	**Other operating expenses**		
	Write-down of stock of properties	**14,524**	–
(d)	**Other items**		
	Auditors' remuneration		
	– audit services	**925**	925
	– other services	**280**	260
	Depreciation		
	– owned property, plant and equipment	**3,192**	3,802
	– right-of-use assets	**5,143**	–
	Operating lease rentals		
	– properties	**–**	8,012
	– plant and equipment	**–**	471
	– short-term lease	**3,079**	–
	– low-value assets	**267**	–
	Net exchange (gain)/loss	**(514)**	245
	Loss on disposal of property, plant and equipment	**57**	–

7. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax	**–**	–
Deferred tax	**–**	–
Tax charge	**–**	–

On 21 March 2018, the Legislative Council of the Hong Kong Special Administrative Region of the PRC passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of the corporations will be taxed at 8.25% and assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits in Hong Kong.

Canadian subsidiaries are subject to Canadian Corporate Income Tax which comprises federal and provincial income taxes. The net federal income tax is calculated at 15% (2018: 15%) and the provincial income tax is calculated at the rates prevailing in the relevant provinces. No provision for Canadian Corporate Income Tax has been made as the Group has no assessable profit arising in Canada for the year ended 31 December 2019 (2018: no provision has been made as the Group has utilised tax loss).

PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2018: 25%). No provision for PRC Enterprise Income Tax has been made for both years as the Group has no assessable profits arising in the PRC.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDENDS

No interim dividend was paid during the year (2018: nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2019 (2018: nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Profit:		
Profit for the year attributable to the owners of the Company	**74,194**	54,464

	2019	2018
	'000	*'000*
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	**4,926,491**	4,926,491

Diluted earnings per share for the years ended 31 December 2019 and 2018 was the same as the basic earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

10. TRADE AND OTHER RECEIVABLES

		At 31 December 2019	At 31 December 2018
	Note	***HK$'000***	*HK$'000*
Trade receivables	*(a)*	**33,481**	42,267
Other receivables		**2,099**	657
Trade and other receivables		**35,580**	42,924
Prepayment and deposits		**7,247**	6,215
		42,827	49,139

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

Including in trade receivables, the lease receivables of approximately HK$487,000 (2018: approximately HK$234,000) arise from properties rental income.

(a) Aging analysis

Included in trade and other receivables, the aging analysis for trade receivables, based on the due date and net of impairment loss, is as follows:

	At 31 December 2019 *HK$'000*	At 31 December 2018 *HK$'000*
Current	**27,735**	37,848
31 to 60 days overdue	**2,826**	3,920
61 to 90 days overdue	**665**	234
Over 90 days overdue	**2,255**	265
	33,481	42,267

The Group normally allows an average credit period of 30 days to customers of travel business (2018: average credit period of 30 days). For the customers of property investment business, no credit period was granted.

11. TRADE AND OTHER PAYABLES

	Note	At 31 December 2019 *HK$'000*	At 31 December 2018 *HK$'000*
Trade payables	*(a)*	**23,682**	32,592
Accrued charges and other payables		**15,742**	17,021
		39,424	49,613

(a) Aging analysis

Included in trade and other payables, the aging analysis of trade payables, based on the due date, is as follows:

	At 31 December 2019 *HK$'000*	At 31 December 2018 *HK$'000*
Current	**22,537**	31,248
31 to 60 days	**583**	435
61 to 90 days	**118**	243
Over 90 days	**444**	666
	23,682	32,592

12. EVENT AFTER THE REPORTING PERIOD

The outbreak of the novel coronavirus (COVID-19) is having negative effect on the tourism industry around the world. The sales of air tickets and the share of results of associates in Macau in 2020 will be affected. The duration and extent of impacts due to the COVID-19 are yet to be determined. Due to such uncertainties, impacts on the Group's operating results, cash flows and financial position may be significant, but currently cannot be reasonably estimated.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Despite the impact of the Sino-US trade tensions and the rising geo-political issues around the globe, the world's economy maintained a modest growth in 2019 and China's gross domestic product (GDP) sustained a high growth rate of 6.1% for the year. Concerns over the novel coronavirus (COVID-19) outbreak, however, has led to a quick turnaround in the market growth and has brought challenges to the world economy. Nevertheless, the Group remains positive to the longer term outlook for the economy of China and Macau, and reiterates the importance of prudent finance policy, together with the balanced and diversified business portfolio, in overcoming uncertain economic headwinds ahead.

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

Results

For the year ended 31 December 2019, revenue of the Group was approximately HK$1,147.4 million, increased by approximately 2% from approximately HK$1,120.3 million for the last corresponding year. Gross profit decreased by approximately 12% to approximately HK$30.3 million (2018: approximately HK$34.4 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates"), for the year of 2019 was approximately HK$116.8 million, increased by approximately 71% from approximately HK$68.1 million for the last year. Profit attributable to owners of the Company for the reporting year amounted to approximately HK$74.2 million (2018: approximately HK$54.5 million), whilst earnings per share was 1.51 HK cents (2018: earnings per share was 1.11 HK cents).

The increase in profit was mainly attributable to the increase in the Group's share of profit of the Associates, notwithstanding the decrease in fair value gain on the Group's investment properties as well as the write-down of carrying amount of the Group's stock of properties.

Dividends

No interim dividend was paid in 2019 (2018: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 2019 (2018: nil).

Review of Operations

Travel Business

The Group operates Jade Travel Ltd. ("Jade Travel"), one of the largest travel agencies in Canada, which has dedicated segments targeting wholesale and retail markets respectively to provide customers with satisfying and professional services.

Jade Travel has been working closely with leading regional and international online travel portals to keep track of the latest market dynamics and to offer competitive and comprehensive products, and the online ticketing fulfilment services for travel agencies maintained a steady growth in 2019. Responding to the changes in market conditions, Jade Travel has been making continuous efforts in exploration and improvement to develop its online presence with technological upgrades and marketing strategies.

Jade Travel has been leveraging its vast experience and extensive business networks to strive for business growth by offering quality customer service and diversified travel products. Jade Travel remains steadfast in providing more personalised travel packages to alternative and exotic destinations all around the world, from long haul excursion to exceptional local tours. Through the international online travel portals and the widely-used portals in China, Jade Travel's leading products are able to reach all travellers in the global travel market, including the growing markets in Asia Pacific and China.

Although Jade Travel has been responding to the market dynamics swiftly in order to stay ahead of the competition, trade disputes and geo-political tensions created pressures on the tourism market worldwide as discretionary spending in corporate and personal travels was suppressed. For the reporting year, revenue of the travel business segment increased to approximately HK$1,128.6 million, increased by approximately 4% for the year ended 31 December 2019 (2018: approximately HK$1,090.2 million). Loss in this segment amounted to approximately HK$ 3.9 million (2018: profit of approximately HK$2.0 million including reversal of impairment loss on intangible assets of approximately HK$3.2 million).

Property Investment Business

The overall property market in Hong Kong has been clouded by local social incidents and economic uncertainties since mid-2019, but the leasing demand for office premises remained solid in prime locations during the year. Capital value of Grade A office buildings in Central and Admiralty remained stable, while the ongoing decentralisation trend stimulated the rents of office buildings in sub-prime locations.

During the reporting year, the Group remained resilient in the face of challenges and enjoyed steady rental income from its investment portfolio of commercial properties in prime locations in Hong Kong. Despite the pressure on the property market in the short term, the Group will closely monitor the commercial property market and review available options to enhance its investment portfolio for steady rental income and capital appreciation potential in a longer term.

Revenue of the property investment business for the reporting year amounted to approximately HK$18.8 million, representing a decrease of approximately 38% as compared with approximately HK$30.1 million for the last corresponding year. Segment profit decreased by approximately 71% to approximately HK$11.0 million (2018: approximately HK$37.7 million), which was mainly due to the decrease in fair value gain on investment properties to approximately HK$1.2 million (2018: approximately HK$27.3 million) as well as write-down of carrying amount of stock of properties amounting to approximately HK$14.5 million (2018: nil), despite gain on disposal of properties of approximately HK$18.4 million (2018: approximately HK$6.0 million).

Investment Project — Ponte 16

With its charming heritage history as a colonial outpost and a place where Western and Eastern cultures coexist, Macau is one of the most fascinating destinations in Asia and ranked the third most visited Asian city of 2019 in the Euromonitor Top 100 City Destinations Report. The overall visitation of Macau in 2019 amounted to approximately 39.4 million, up by approximately 10.1% year-on-year ("yoy"). The growth was attributable to the rising number of visitors from Mainland China and the rapidly-developing Asian countries including Philippines and Malaysia, which supports the healthy development of the gaming and tourism industries in Macau.

The openings of Hong Kong-Zhuhai-Macau Bridge and The Macau Light Rapid Transit further enhance the accessibility to and within Macau for both Chinese and international visitors, and the Group believes that families and the up-rising middle class will continue to be the significant drive for Macau tourism. Positioning as a world-class integrated casino-entertainment resort, Ponte 16 is able to leverage on its unique geographical location in the vibrant cultural site of the Inner Harbour near a World Heritage Site, recognised by the United Nations Educational, Scientific and Cultural Organisation (UNESCO), to constantly discover new and entertaining experiences for visitors. In April 2019, Ponte 16 introduced Macau's first Angry Birds-themed playground — The Angry Birds Play Center @ Ponte 16, which has been well-received by locals and tourists.

Macau's gross gaming revenue (GGR) contracted 3.4% yoy in 2019, amounted to approximately MOP292.4 billion. With the effective allocation of resources to reach the mass market segment, Ponte 16's growth of revenue outperformed the market. As at 31 December 2019, the casino of Ponte 16 had 109 gaming tables, consisting of 98 mass gaming tables, 7 high-limit tables and 4 VIP tables, maintaining a competitive mix for the current market trend of Macau. Adjusted EBITDA* for the reporting year increased by approximately 6% to approximately HK$377.5 million (2018: approximately HK$356.7 million). The average occupancy rate of Sofitel Macau At Ponte 16 achieved over 90% in 2019 (2018: over 90%).

* *Adjusted EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation (and excluded interest income from the bank deposit)*

In recognition of the exceptional quality of service provided by Sofitel Macau At Ponte 16, the hotel has received 11 honourable international and regional awards as of 31 December 2019, including “Luxury Cultural Hotel” by World Luxury Hotel Awards 2019, “China’s Best Destination Hotel” by the 19th Golden Horse Awards of China, “Bronze Award 2018” by Rakuten Travel, “U Magazine Travel Awards — My Favourite Hotel & Resort” by U Magazine, “Excellent Communication Service Hotel Award” by Macao Smart Hotel Awards, “Excellent Service Oriented Hotel of the Year” by 2019 Greater Bay Area Hospitality Awards, and was given an 8.5 out of 10 rating by Booking.com’s Guest Review Awards 2018 and a 5.7 out of 6 rating in the “Recommended on HolidayCheck 2019 Certificate”. Le Chinois was awarded “U Magazine Favourite Food Award 2019” and So SPA was awarded “Luxury Hammam Experience” by World Luxury Spa Awards 2019 and “Asia’s Top Wellness Spa” by 2019–2020 Now Travel Asia Awards.

Ponte 16 is committed to making a positive contribution to the local communities that it has deep roots in. It has taken proactive approaches in the sustainable development of the hotel and the entertainment business, supporting the Macau government in the promotion of responsible gaming culture, and managing corporate environmental performance. Ponte 16 incorporates environmental practices in its daily operations, strives to make efficient use of resources and promote green awareness. During the reporting year, Sofitel Macau At Ponte 16 was granted the “Silver Award” by Macao Green Hotel Award 2019 as a recognition of its continuous effort in upholding a high level of commitment to sustainability.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2019, the Group had net current assets of approximately HK$32.3 million (31 December 2018: approximately HK$23.0 million) and net assets of approximately HK$1,144.3 million (31 December 2018: approximately HK$1,068.1 million). The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by monitoring the trade receivables of its customers on an ongoing basis. To manage liquidity risk, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and commitments can meet its funding requirements. Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group’s transactional currencies are Hong Kong dollars (“HK$”) and Canadian dollars (“CAD”) as substantially all the revenues are in HK$ and CAD. The Group’s transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being the Chairman of the Board, an executive Director and a controlling shareholder of the Company), provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 (the "Revised Mr. Yeung's Loan Facility") and the final repayment date of the loan and all other sums owing to Mr. Yeung under the Revised Mr. Yeung's Loan Facility was further extended from 31 October 2020 to 31 October 2022 by a supplemental letter of agreement dated 20 September 2019. As at 31 December 2019, the Company had no outstanding loan owed to Mr. Yeung under the Revised Mr. Yeung's Loan Facility (31 December 2018: HK$39.0 million).

During the year, the Group's secured bank facilities were increased to HK$339.5 million and CAD0.9 million (31 December 2018: HK$222.5 million) which bear interest at Hong Kong interbank offered rate (HIBOR) plus a margin that was ranged from 1.7% per annum to 1.75% per annum and at prime rate quoted by the Bank of Canada plus 1.95% per annum respectively. In addition, the Group obtained a general bank facility for issuance of a standby letter of credit of CAD 2.0 million which carries a commission rate of 1.2% per annum. The proceeds of the facilities were for the Group's general operation. As at 31 December 2019, the outstanding bank loans were approximately HK$194.0 million (31 December 2018: HK$222.5 million).

As at 31 December 2019, total equity attributable to owners of the Company was approximately HK$1,144.3 million (31 December 2018: approximately HK$1,068.1 million). The gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 17% as at 31 December 2019 (31 December 2018: approximately 25%).

Pledge of Assets

As at 31 December 2019, the Group had secured the following assets:

(a) the Group pledged the time deposits of approximately CAD1.6 million and USD0.1 million, totally equivalent to approximately HK$10.4 million (31 December 2018: approximately CAD1.6 million and USD0.1 million, totally equivalent to approximately HK$10.0 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million and a standby letter of credit of approximately USD0.1 million, totally equivalent to approximately HK$9.6 million (31 December 2018: a standby letter of credit and overdraft facility of approximately CAD1.5 million and a standby letter of credit of approximately USD0.1 million, totally equivalent to approximately HK$9.3 million) for the operation of the Group;

(b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2018: all) of its shares in Pier 16 - Property Development Limited ("Pier 16 - Property Development", an associate of the Group) to a bank in respect of the loan facilities granted to Pier 16 - Property Development (the "Loan Facilities");

(c) the Group pledged all of its investment properties and one of its stock of properties totally with the carrying amount of approximately HK$547.3 million (31 December 2018: all of its investment properties with the carrying amount of approximately HK$443.6 million) to secure against the bank facilities of approximately HK$339.5 million and CAD2.0 million, totally equivalent to approximately HK$351.6 million (31 December 2018: HK$222.5 million) granted to the Group; and

(d) the Group pledged one of its freehold land and building held outside Hong Kong with the carrying amount of approximately CAD1.7 million, equivalent to approximately HK$10.5 million (31 December 2018: nil) to secure against a credit facility of approximately CAD0.9 million, equivalent to approximately HK$5.4 million (31 December 2018: nil) granted by a bank for the operation of the Group's travel business.

Contingent Liabilities

The Company gave a corporate guarantee (the "Guarantee") to a bank in respect of the Loan Facilities. The maximum guarantee amount borne by the Company under the Guarantee was HK$490 million.

The outstanding loan under the Loan Facilities as at 31 December 2019 was approximately HK$235.0 million (31 December 2018: approximately HK$435.0 million).

Human Resources

As at 31 December 2019, the Group had a total of 102 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits. Share options may also be granted to eligible employees of the Group as a long-term incentive.

Prospects

Stepping into 2020, the global economic conditions are expected to be clouded by the trade disputes and geo-political tension, as well as the impacts of the ongoing COVID-19 crisis. The pandemic has brought further pressure on worldwide business sectors, in particular of gaming, tourism and entertainment industries, and it is not possible to predict the full extent of the impact at this point of time. Nevertheless, the Chinese government has dedicated significant resources to fight the pandemic, while the U.S. Federal Reserve has been cutting its interest rate since March 2020. With such swift implementation of stabilisation measures taken by the major nations, the global economy is expected to weather the present difficulties, and the Group will continuously enhance its operational efficiency and maintain a well-balanced business portfolio.

Ponte 16 is committed to the health and safety of all its guests and employees, thus it has adopted all necessary protective measures and supported the Macau government's prevention and control measures. During the temporary suspension of operations for 15 days since 5 February 2020, Ponte 16 has optimised the hygiene and sanitisation measures to ensure a safe and comfortable environment for visitors. It is believed that consumers' confidence will rebound after the ease of COVID-19, as the infrastructure will continue to improve the accessibility to and within Macau. The Greater Bay Area integration plan will further tighten economic links with China, spurring Macau's economic benefits. With its solid and dependable management team and the unwavering commitment of its dedicated staff, Ponte 16 will overcome the prevailing challenges and continue to stably develop its premium hospitality services and entertainment to attract a wider visitor mix once the pandemic is over.

Due to the spread of COVID-19, governments in all large countries are closing borders to foreign nationals, both inward and outward, in order to minimise travel and public movement. The full extent and duration of the impact on the global tourism industry is still hard to predict, Jade Travel will closely monitor the tourism market and explore new services, revenue streams and retail locations, as well as enhancing operational efficiency and cost management. The Group remains cautiously optimistic about the outlook of travel and tourism industry. With advancement in the automatic ticketing system and establishment of strategic partnerships with leading travel portals, Jade Travel will continue to address travellers' diverse interests and conducive to maintain healthy and sustainable growth over the medium- to long-term.

As a premier international hub for finance, business and trade, the Group believes that Hong Kong's property investment market will regain strong momentum with the city's solid fundamentals, together with the new demands for office, retail and industrial properties arising from the ongoing developments in the Greater Bay Area. The Group will continue to leverage on its property investment portfolio for a steady recurring income stream, and scale up its portfolio when opportunities arise.

The Group has always been cautious and prudent towards the formulation of corporate strategy and financial discipline. Although the operating environment is challenging amid persistent global economic uncertainties, the Group will adopt a forward-looking approach to overcome the difficulties and remains cautiously proactive about its future plans in accordance with corporate direction in maintaining diversified business portfolio.

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

During the year ended 31 December 2019, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2019.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 12 June 2020 (the "2020 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020, both days inclusive, during such period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the 2020 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 8 June 2020 for registration.

REVIEW OF FINAL RESULTS

The consolidated results for the year ended 31 December 2019 have been audited by the Group's auditors, HLB Hodgson Impey Cheng Limited, and reviewed by the audit committee of the Board, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

On behalf of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Mr. Ma Ho Man, Hoffman (Deputy Chairman); one non-executive Director, namely Mr. Choi Kin Pui, Russelle; and three independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu.