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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 2015**

RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces that the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015, with the comparative figures for the year ended 31 December 2014, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Continuing operations			
Revenue	3, 4	1,010,669	1,304,669
Cost of sales		<u>(973,492)</u>	<u>(1,221,959)</u>
Gross profit		37,177	82,710
Other revenue and gains	5	26,216	30,013
Administrative expenses		(95,507)	(95,407)
Selling expenses		(6,496)	(13,697)
Other operating expenses	6(c)	<u>(2,247)</u>	<u>(16,380)</u>
Loss from operations		(40,857)	(12,761)
Finance costs	6(a)	(601)	(2,162)
Share of results of joint ventures		527	346
Share of results of associates		<u>29,288</u>	<u>88,047</u>
(Loss)/profit before taxation	6	(11,643)	73,470
Taxation	7	<u>–</u>	<u>–</u>
(Loss)/profit for the year from continuing operations		(11,643)	73,470
Discontinued operation			
Profit for the year from discontinued operation		<u>–</u>	<u>44,312</u>
(Loss)/profit for the year		<u>(11,643)</u>	<u>117,782</u>
Attributable to:			
Owners of the Company		(6,670)	96,890
Non-controlling interests		<u>(4,973)</u>	<u>20,892</u>
(Loss)/profit for the year		<u>(11,643)</u>	<u>117,782</u>
(Loss)/earnings per share			
	9		
From continuing and discontinued operations			
– Basic and diluted		<u>(0.14) HK cents</u>	<u>1.97 HK cents</u>
From continuing operations			
– Basic and diluted		<u>(0.14) HK cents</u>	<u>1.48 HK cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year	(11,643)	117,782
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(6,768)	(3,564)
Total other comprehensive loss for the year, net of tax	(6,768)	(3,564)
Total comprehensive (loss)/income for the year	(18,411)	114,218
Attributable to:		
Owners of the Company	(11,764)	93,918
Non-controlling interests	(6,647)	20,300
Total comprehensive (loss)/income for the year	(18,411)	114,218

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		22,138	26,097
Intangible assets		10,833	15,327
Interests in associates		967,108	937,820
Interests in joint ventures		4,089	1,562
		<u>1,004,168</u>	<u>980,806</u>
CURRENT ASSETS			
Trade and other receivables	<i>10</i>	56,832	142,954
Tax recoverable		897	7
Pledged bank deposits		9,598	10,396
Cash and cash equivalents		81,784	71,574
		<u>149,111</u>	<u>224,931</u>
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	29,483	38,317
Deferred income		339	135
Bank loans – due within one year		–	598
Financial guarantee contract		19,995	19,995
		<u>49,817</u>	<u>59,045</u>
NET CURRENT ASSETS			
		<u>99,294</u>	<u>165,886</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,103,462</u>	<u>1,146,692</u>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred income	1,075	–
Bank loans – due after one year	–	9,746
Loans payables	26,306	16,896
Financial guarantee contract	10,000	29,995
Deferred tax liabilities	409	488
Loan from a director and controlling shareholder	20,000	–
	<u>57,790</u>	<u>57,125</u>
NET ASSETS	<u>1,045,672</u>	<u>1,089,567</u>
CAPITAL AND RESERVES		
Share capital	49,265	49,265
Reserves	1,016,923	1,028,937
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,066,188	1,078,202
NON-CONTROLLING INTERESTS	<u>(20,516)</u>	<u>11,365</u>
TOTAL EQUITY	<u>1,045,672</u>	<u>1,089,567</u>

Notes:

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”) and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of financial statements and directors’ reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual consolidated financial statements have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in these consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or the Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements. A summary of the significant accounting policies adopted by the Group (as defined hereinafter) is set out below.

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 (as defined hereinafter). 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 Company and its subsidiaries (collectively referred to as 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.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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 2015.

The New HKFRSs adopted by the Group in the consolidated financial statements are set out as follows:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions

The application of these New HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 cycle ¹
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹
HKFRS 9	Financial Instruments ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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

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 consider 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.
- Lottery business: provision of lottery sales agency services to the lottery market in the People’s Republic of China (“PRC”).

(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 lottery reportable operating segment provides lottery sales agency services to the lottery market in the PRC.

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’ salaries, share of results of associates and joint ventures and corporate finance costs. To arrive at reportable segment profit, the management additionally provide 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 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 tax recoverable, interests in associates and joint ventures. Unallocated corporate assets mainly include part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

All liabilities are allocated to reportable segments other than deferred tax liabilities and corporate liabilities. Unallocated corporate liabilities mainly include financial guarantee contracts, loan from a director and controlling shareholder 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:

Continuing operations

	Travel		Lottery		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue from external customers and reportable segment revenue	941,078	1,103,544	69,591	201,125	1,010,669	1,304,669
Reportable segment (loss)/profit	(6,072)	(27,400)	(19,143)	24,506	(25,215)	(2,894)
Share of results of joint ventures					527	346
Share of results of associates					29,288	88,047
Unallocated corporate income					22,197	23,717
Unallocated corporate expenses					(38,366)	(34,258)
Finance costs					(74)	(1,488)
Consolidated (loss)/profit before taxation					(11,643)	73,470
Taxation					-	-
Consolidated (loss)/profit for the year					(11,643)	73,470
	Travel		Lottery		Total	
	At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000	At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000
Reportable segment assets	56,715	48,082	88,997	138,224	145,712	186,306
Assets relating to cruise ship leasing and management (now discontinued)					-	51,240
Unallocated corporate assets					967,108	937,820
- Interests in associates					4,089	1,562
- Interests in joint ventures					897	7
- Tax recoverable					35,473	28,802
- Corporate assets						
					1,153,279	1,205,737
Reportable segment liabilities	37,263	30,837	16,561	31,889	53,824	62,726
Liabilities relating to cruise ship leasing and management (now discontinued)					-	774
Unallocated corporate liabilities					409	488
- Deferred tax liabilities					53,374	52,182
- Corporate liabilities						
					107,607	116,170

(b) **Other segment information**

Continuing operations

	Travel		Lottery		Other corporate entities		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	13	9	108	13	51	65	172	87
Amortisation of intangible assets	-	(328)	-	-	-	-	-	(328)
Depreciation on property, plant and machinery	(795)	(897)	(1,907)	(1,833)	(572)	(361)	(3,274)	(3,091)
Reversal of impairment loss recognised on other receivable	-	-	-	264	-	-	-	264
Impairment loss recognised on:								
- intangible assets	(2,007)	(16,380)	-	-	-	-	(2,007)	(16,380)
- trade receivables	(240)	-	-	-	-	-	(240)	-
Reversal of impairment loss recognised on amount due from a joint venture	-	-	-	-	2,000	-	2,000	-
Finance costs	(527)	(674)	-	-	(74)	(1,488)	(601)	(2,162)
Additions to non-current assets*	<u>350</u>	<u>646</u>	<u>419</u>	<u>3,042</u>	<u>1,568</u>	<u>951</u>	<u>2,337</u>	<u>4,639</u>

* Additions to non-current assets only include the additions to property, plant and equipment during the year.

(c) **An analysis of the Group's revenue from all services is as follows:**

<u>Continuing operations</u>	2015 HK\$'000	2014 HK\$'000
Sales of air tickets	880,677	1,036,597
Travel and related service fee income	60,401	66,947
Lottery commission and services income	69,591	201,125
	<u>1,010,669</u>	<u>1,304,669</u>

(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, intangible assets, interests in associates and joint ventures.

The geographical location of property, plant and equipment 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 (continuing operations)		Non-current assets	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Hong Kong (place of domicile)	–	–	6,074	2,479
Macau	–	–	967,108	937,820
North America	941,078	1,103,544	24,417	32,015
PRC	69,591	201,125	6,569	8,492
	<u>1,010,669</u>	<u>1,304,669</u>	<u>1,004,168</u>	<u>980,806</u>

(e) **Major customer**

There is no single external customer amount to 10% or more of the Group's revenue.

(f) **Revenue from major services**

The Group's revenue from its major services was listed in note 4 below.

4. REVENUE

The principal activities of the Group are travel-related business and provision of lottery sales agency services to the lottery market.

Revenue represents travel-related agency service fee income as well as lottery commission and services fee income. The amount of each significant category of revenue recognised in revenue during the year is as follows:

<u>Continuing operations</u>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Lottery commission and services income	69,591	201,125
Travel-related agency service fee income		
– Sales of air tickets	880,677	1,036,597
– Travel and related service fee income	60,401	66,947
	<u>941,078</u>	<u>1,103,544</u>
	<u>1,010,669</u>	<u>1,304,669</u>

5. OTHER REVENUE AND GAINS

<u>Continuing operations</u>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other revenue		
Interest income on bank deposits	172	87
Total interest income on financial assets not at fair value through profit or loss	172	87
Commission income	1	2
Government grant (<i>note (i)</i>)	–	1,774
Management fee income from an associate	122	333
Write back of long-outstanding trade payables	100	263
Gain on disposal of property, plant and equipment	14	4
Gain on disposal of subsidiaries (<i>note 12(a)</i>)	9	–
Gain on settlement of loans payables	–	1,809
Service fee income	2,016	2,420
Other income	1,787	2,998
	<u>4,221</u>	<u>9,690</u>
Other gains		
Amortisation on financial guarantee contract	19,995	19,995
Net exchange gain	–	64
Reversal of impairment loss recognised on other receivable	–	264
Reversal of impairment loss recognised on amount due from a joint venture	2,000	–
	<u>21,995</u>	<u>20,323</u>
Total	<u><u>26,216</u></u>	<u><u>30,013</u></u>

Note:

- (i) It represented cash received from unconditional grants by the local government to encourage the business operations in the PRC. Government grants are recognised in profit or loss when received.

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation from continuing operations is arrived at after charging the following:

<u>Continuing operations</u>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans	483	641
Interest on bank overdraft	44	33
Interest on loan from a director and controlling shareholder	74	1,488
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	601	2,162
	<hr/> <hr/>	<hr/> <hr/>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	53,167	51,075
Contributions to defined contribution retirement plan	3,499	2,696
	<hr/>	<hr/>
	56,666	53,771
	<hr/> <hr/>	<hr/> <hr/>
(c) Other operating expenses		
Impairment loss recognised on		
– intangible assets	2,007	16,380
– trade receivables	240	–
	<hr/>	<hr/>
	2,247	16,380
	<hr/> <hr/>	<hr/> <hr/>
(d) Other items		
Auditors' remuneration	1,255	1,355
Amortisation on intangible assets	–	328
Bad debts written off	–	2,163
Depreciation on owned property, plant and equipment	3,274	3,076
Depreciation on leased property, plant and equipment	–	15
Operating lease rentals		
– properties	9,317	9,791
– plant and machinery	564	674
Loss on disposal of property, plant and equipment	–	2
Net exchange loss	916	–
	<hr/> <hr/>	<hr/> <hr/>

7. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<u>Continuing operations</u>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax	-	-
Deferred tax	-	-
Tax credit	-	-

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits in Hong Kong.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2014: 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.

Canadian subsidiaries are subject to Canadian Corporate Income Tax which comprises federal and provincial income tax. The net federal income tax is calculated at 15% (2014: 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 for both years as the Group has no assessable profits arising in Canada.

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 under review (2014: nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2015 (2014: nil).

9. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations:

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss)/profit:		
(Loss)/profit for year attributable to the owners of the Company	<u>(6,670)</u>	<u>96,890</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	<u>4,926,491</u>	<u>4,926,491</u>

Diluted (loss)/earnings per share for the years ended 31 December 2015 and 2014 was the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

(b) From continuing operations:

The calculation of the basic (loss)/earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss)/profit:		
(Loss)/profit for the year attributable to the owners of the Company	(6,670)	96,890
<i>Less:</i> profit for the year attributable to the owners of the Company from discontinued operation	<u> –</u>	<u> (24,372)</u>
	<u> (6,670)</u>	<u> 72,518</u>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

Diluted (loss)/earnings per share for the years ended 31 December 2015 and 2014 was the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

(c) From discontinued operation:

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit:		
Profit for the year attributable to the owners of the Company from discontinued operation	<u> –</u>	<u> 24,372</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Diluted earnings per share for the years ended 31 December 2015 and 2014 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 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Trade receivables	6,493	86,131
Less: Impairment loss recognised on trade receivables	(240)	–
	<u>6,253</u>	<u>86,131</u>
Other receivables	20,791	32,917
	<u>27,044</u>	<u>119,048</u>
Trade and other receivables	27,044	119,048
Prepayments and deposits	29,788	23,906
	<u>56,832</u>	<u>142,954</u>

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

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 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Current	4,728	30,334
31 to 60 days overdue	674	12,827
61 to 90 days overdue	536	9,872
Over 90 days overdue	315	33,098
	<u>6,253</u>	<u>86,131</u>

The Group normally allows an average credit period of 30 to 90 days to customers of lottery business (2014: average credit period of 30 to 90 days) and 30 days to customers of travel business (2014: average credit period of 30 days).

11. TRADE AND OTHER PAYABLES

	At 31 December 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Trade payables	11,883	10,993
Accrued charges and other payables	17,600	27,324
	<u>29,483</u>	<u>38,317</u>
Financial liabilities measured at amortised cost	<u>29,483</u>	<u>38,317</u>

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 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Current	7,524	9,776
31 to 60 days	818	550
61 to 90 days	1,481	228
Over 90 days	2,060	439
	<u>11,883</u>	<u>10,993</u>

12. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Capture Success Limited and its subsidiary

On 30 April 2015, the Group has disposed of its 55% interest, being its entire interest, in Capture Success Limited and Hover Management Limited. Details of the assets disposed of, and the calculation of the gain on disposal, are disclosed below:

	At 31 December 2015 <i>HK\$'000</i>
(i) Consideration received	
Consideration received by the Company	732
Consideration paid to non-controlling interests	<u>593</u>
Total consideration received in cash and cash equivalents	<u><u>1,325</u></u>
(ii) Analysis of assets and liability over which control was lost	
Non-current asset	
Property, plant and equipment	<u>39</u>
Current assets	
Deposit	2
Cash and cash equivalents	<u>1,804</u>
	<u>1,806</u>
Current liability	
Other payables	<u>(524)</u>
Net assets disposed	<u><u>1,321</u></u>

At
31 December
2015
HK\$'000

(iii) Gain on disposal of subsidiaries

Consideration received by the Company	732
Net assets disposed of subsidiaries attributable to the Company	(727)
Derecognition of non-controlling interests	4
	4
Gain on disposal of subsidiaries (note 5)	9
	9

(iv) Net cash outflow from disposal of subsidiaries

Total consideration received	1,325
Less: Cash and cash equivalents balances disposal of	(1,804)
	(479)
Net cash outflow from disposal of subsidiaries	(479)
	(479)

(b) Disposal of Partial Interest in 665127 British Columbia Ltd.

In June 2015, 1338 Successful Venture Ltd., an indirect wholly-owned subsidiary of the Company, disposed of (i) approximately 10% of all issued common shares without par value of 665127 British Columbia Ltd. (“665127 BC Ltd.”); and (ii) approximately 10% of the entire amount of the shareholders’ loans owing by 665127 BC Ltd. in the amount of approximately CAD861,000 (equivalent to approximately HK\$5,487,000) (the “Sale Loan”) at a total consideration of approximately CAD333,000 (equivalent to approximately HK\$2,120,000) (the “Disposal of Partial Interest”). Upon completion of the Disposal of Partial Interest and based on the consideration of approximately CAD333,000 (equivalent to approximately HK\$2,120,000), the Group debited non-controlling interests of approximately CAD489,000 (equivalent to approximately HK\$3,117,000). The difference between the said consideration, the Sale Loan and the non-controlling interests recognised a debit balance of approximately CAD39,000 (equivalent to approximately HK\$250,000), and the difference between the said debit balance and the exchange translation reserve attributable to non-controlling interests of approximately CAD60,000 (equivalent to approximately HK\$384,000) in the amount of approximately CAD21,000 (equivalent to approximately HK\$134,000) was charged to equity directly.

13. EVENTS AFTER REPORTING PERIOD

With regard to the unsecured term loan facility up to HK\$290 million granted by Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”), being a director and a controlling shareholder of the Company, to the Company, a supplemental letter of agreement was entered into between the Company and Mr. Yeung on 15 March 2016 to further extend the final repayment date of the loan under the said loan facility from 31 October 2016 to 31 October 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2015 was undoubtedly a challenging year globally, Macau gaming industry was struggling amidst the transition of China economy and the structural change in Macau, while China lottery business was pending for further regulatory notification. The Group's solid foundation and well-balanced business portfolio shielded its performance from these headwinds and showed resilience in 2015. The Group successfully mitigated the regional risks and sought for new opportunities in its travel business in Canada.

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 2015, revenue of the Group was approximately HK\$1,010.7 million, decreased by approximately 23% from approximately HK\$1,304.7 million for the same period of 2014. Gross profit dropped by approximately 55% to approximately HK\$37.2 million (2014: approximately HK\$82.7 million). The Group's shared profit of the associates relating to Ponte 16 for the year ended 31 December 2015 amounted to approximately HK\$29.3 million, decreased by approximately 67% from approximately HK\$88.1 million for the last corresponding year. Loss attributable to owners of the Company of approximately HK\$6.7 million was recorded for the reporting year (2014: profit attributable to owners of the Company of approximately HK\$96.9 million), whilst loss per share was 0.14 HK cents (2014: earnings per share from continuing operations of 1.48 HK cents).

The decline in results was mainly attributable to (i) the substantial decrease of the Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group; and (ii) the decrease in operating revenue of the Group's lottery business and a segment loss was recorded for the reporting year as compared with a segment profit recorded in the last corresponding year.

Dividends

No interim dividend was paid in 2015 (2014: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 2015 (2014: nil).

Review of Operations

Travel Business

The Group's travel business ("Jade Travel") mainly focuses on providing travel packages and arrangement services for the high-end MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) segments. The travel industry in North America has a difficult time in previous years, while Jade Travel has retained its business and market share, remaining as one of the largest travel agencies in Canada.

To capture the improving consumer sentiment, the Group has been actively exploring new business opportunities and expanded its retail business since the second half of 2015. Jade Travel has ceased the operation in New York, the United States of America in late 2015, which was aligned with the Group's business strategy that focused on deepening market penetration in Canada. With effective resources reallocation, the travel business's operating loss narrowed significantly since the second half of 2015.

Revenue of the segment decreased by approximately 15% to approximately HK\$941.1 million for the year ended 31 December 2015 (2014: approximately HK\$1,103.5 million). Loss in this segment posted approximately HK\$6.1 million, decreased by approximately 78% as compared with approximately HK\$27.4 million for the last corresponding year, including impairment loss on certain assets of approximately HK\$2.2 million (2014: impairment loss on intangible assets of approximately HK\$16.4 million and bad debts written off of approximately HK\$2.2 million) were recognised for the reporting year.

Reference was made to the Company's announcement dated 8 June 2015 in relation to the disposal of approximately 10% of 665127 British Columbia Ltd. ("665127 BC Ltd.", being an indirect non-wholly owned subsidiary of the Company which indirectly holds the entire shareholding interests in Jade Travel), comprising a shareholder's loan of 665127 BC Ltd. of approximately CAD0.9 million (equivalent to approximately HK\$5.5 million), at the total consideration of approximately CAD0.3 million (equivalent to approximately HK\$2.1 million). The transaction was completed in mid-June 2015 and the effective beneficial interests of the Group in Jade Travel was reduced from approximately 85% to 75%.

Lottery Business

The Group and its lottery business partners have, similar to most of its peers, temporarily suspended the paperless lottery sales agency services voluntarily (the "Suspension") in response to the promulgation of the Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet (《關於開展擅自利用互聯網銷售彩票行為自查自糾工作有關問題的通知》) by the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of China which was issued in January 2015 (the "Notice").

The Notice is designed to crack down the unauthorised sales of lottery through internet whilst aims at providing a healthier and more reliable market in the long run. The Group will closely monitor the development and wait for further announcement on the resumption date of paperless lottery sales from the Chinese government authorities.

Revenue of the lottery business amounted to approximately HK\$69.6 million for the year ended 31 December 2015, representing a decrease of approximately 65% as compared with approximately HK\$201.1 million for the last corresponding year, which was attributable to (i) the non-recurrence of the FIFA World Cup 2014 effect that stimulated the revenue of the lottery business for 2014, and (ii) the Suspension. Loss of approximately HK\$19.1 million was recorded for the year in this segment (2014: profit of approximately HK\$24.5 million).

Investment Project – Ponte 16

Macau gaming sector started its downward trend since the second half of 2014. The decline of Macau's gross gaming revenue (the "GGR") was mainly attributable to certain regional factors, including, among others, the change in spending behaviour arisen from the structural change in the composition of tourists to Macau, tighter transit visa restrictions, implementation of total smoking ban in mass market gaming areas in casinos, the tighter controls on spending with UnionPay cards and lower Chinese visitation sentiment led by the Renminbi depreciation. However, tourist visitation recorded a merely small decline of approximately 3% year-on-year to approximately 30.7 million for the year of 2015, proving Macau remained to be one of the favourite tourist destinations in Asia. During the reporting year, Ponte 16 has timely response to the change in tourist mix by allocating resources to serve the mass market and its revenue outperformed the market, where Macau's GGR of 2015 decreased by approximately 34% year-on-year.

As at 31 December 2015, the casino of Ponte 16 had 108 gaming tables, consisting of 92 mass gaming tables, 9 high-limit tables and 7 VIP tables, and also had 13 mah-jong tables. Adjusted EBITDA* was approximately HK\$303.7 million (2014: approximately HK\$461.0 million) for the reporting year.

Featuring the world-class facilities and the impeccable services, the average occupancy rate of Sofitel Macau At Ponte 16 was recorded over 89% in 2015, and was proud to receive 20 reputable industry awards in 2015, including, inter alia, "Top 25 Hotels for Romance – China" in 2015 Travellers' Choice® Awards by TripAdvisor, "2015 Luxury Romantic Hotel" by World Luxury Hotel Awards and more. On top of it, the world's famous So SPA with L'Occitane is certainly the ace in Ponte 16. Offering visitors a new level of enjoyment of well-being and beauty, So SPA was highly recommended by tourists, and widely recognised by receiving "2015 Global Award for Spa" by Luxury Travel Guide, and "2015 Best Luxury Wellness Spa in Macau" and "2015 Best Luxury Hotel Spa in Macau" by World Luxury Spa Awards. The accolades demonstrated our commitment to enable visitors to enjoy the romantic French elegance and sophistication in Ponte 16 at the heart of vintage Inner Harbour of Macau.

The Group believes that families and the up-rising middle class will continue to be the significant drive for Macau tourism. Ponte 16 continued to leverage its geographical and historical advantages to target at the growing mass market, by offering comprehensive entertainment experience in the Inner Harbour of Macau, and exploring new exciting amenities and programmes to satisfy travellers' ever-changing demand. The first large-scale 3D museum in Macau, Pier 16 Macau 3D World ("Pier 16 3D World"), was opened in May 2015, offering a virtual experience to the tourists and introducing a new attraction to Macau. Pier 16 3D World features more than 150 photography points in different theme zones, where visitors can interact with various themed 3D paintings.

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

As part of its digital marketing plan, Ponte 16 has strategically introduced the unique culture, heritage, restaurants and attractions in the Inner Harbour of Macau through the monthly online travel magazine “Macau Hot Spot P16”. This platform aims at guiding travellers to discover the beauty of Macau, and encouraging them to recognise and explore the entertainment experience around Ponte 16. A total of 21 episodes were produced during the reporting year, which recorded over 680,000 times of browsing among various popular online social media platforms like Facebook, Tudou, Tencent, WeChat, Weibo and YouTube.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2015, the Group had net current assets of approximately HK\$99.3 million (31 December 2014: approximately HK\$165.9 million) and net assets of approximately HK\$1,045.7 million (31 December 2014: approximately HK\$1,089.6 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 currency are Hong Kong dollars, Renminbi, Canadian dollars and United States dollars as substantially all the revenues are in Renminbi, Canadian dollars and United States dollars. The Group’s and the Company’s transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”, being a 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 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 31 October 2016 to 31 October 2018 by a supplemental letter of agreement dated 15 March 2016. As at 31 December 2015, the Company had owed to Mr. Yeung under the revised loan facility in the amount of approximately HK\$20.0 million (31 December 2014: nil).

Jade Travel Ltd., being an indirect non-wholly owned subsidiary of the Company which was incorporated in Canada (“Jade Travel, Canada”), was granted secured bank loans which carried fixed interest rates and the loans should be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the properties of Jade Travel, Canada and their renovation costs. During the reporting year, Jade Travel, Canada had fully repaid the outstanding bank loans (31 December 2014: the outstanding bank loans of approximately CAD1.5 million (equivalent to approximately HK\$10.3 million)).

Apart from the aforesaid loans, as at 31 December 2015, there were loans from non-controlling shareholders of approximately CAD3.4 million and HK\$7.3 million, totally equivalent to approximately HK\$26.3 million (31 December 2014: approximately CAD1.4 million and HK\$7.3 million, totally equivalent to approximately HK\$16.9 million). The loans were interest-free and unsecured.

As at 31 December 2015, total equity attributable to owners of the Company was approximately HK\$1,066.2 million (31 December 2014: approximately HK\$1,078.2 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 2% as at 31 December 2015 (31 December 2014: approximately 1%).

Pledge of Assets

As at 31 December 2015, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately CAD1.5 million, USD0.1 million and HK\$0.6 million, totally equivalent to approximately HK\$9.6 million (31 December 2014: approximately CAD1.3 million and HK\$0.5 million, totally equivalent to approximately HK\$9.4 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million, a standby letter of credit of approximately USD0.1 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$9.5 million (31 December 2014: a standby letter of credit and overdraft facility of approximately CAD1.5 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$10.6 million) for the operations of the Group;
- (b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2014: all) of its shares in Pier 16 – Property Development Limited (“Pier 16 – Property Development”, an associate of the Group) to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities of HK\$1,900 million and RMB400 million granted to Pier 16 – Property Development (the “Syndicated Loan Facilities”); and
- (c) the Group’s self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK\$12.9 million) (31 December 2014: the Group’s self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK\$15.8 million), together with a time deposit of approximately CAD0.2 million (equivalent to approximately HK\$1.0 million)) was pledged to a bank to secure bank loans to Jade Travel, Canada. The said pledge was subsequently released in February 2016.

Contingent Liabilities

The Company gave a corporate guarantee (the “Guarantee”) to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Guarantee was HK\$1,176 million.

The outstanding loan under the Syndicated Loan Facilities as at 31 December 2015 was approximately HK\$358.1 million (31 December 2014: approximately HK\$564.8 million).

Human Resources

As at 31 December 2015, the Group had a total of 187 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

The global and China economic slowdown and the intensive industry competition will continue to impose challenges on the operating environment and the Group's performance in 2016. Nonetheless, the Group is determined to build a sustainable business model with its diversifying businesses and will continue to contribute to the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

Coming to the 40th anniversary of Jade Travel in 2016, the Group has made a step forward in its travel agency business. With a strategic move to focus on the business development in Canada, the Group collaborated with various airline partners to establish retail outlets and provide travel package and services to the mass population in order to capture the improving travel sentiment in the region. The Group also plans to set up more retail outlets in shopping malls in Canada in 2016, and to enhance the Jade Travel's online booking platform to provide retail and corporate customers with seamless travel solutions. These approaches will energise with Ponte 16 by offering Macau travel recommendations directly to the end-consumers in Canada.

According to the data from the Macau Gaming Inspection and Coordination Bureau, the GGR recorded in early 2016 delivered better performance than market expectation which showed the sign of stabilisation in Macau gaming industry. Although the structural change in Macau is expected to be persistent over the medium to long term, the Group is optimistic about the future development of the gaming, entertainment and tourist-related markets in Macau. Together with the infrastructure and other supporting facilities opening soon in and nearby Macau, such as the Hong Kong-Zhuhai-Macao Bridge, the Group believes that Macau visitation will increase at a steady pace, which will support the growth of mass market gaming and tourist-related industries. Ponte 16 will continue to implement effective strategies and introduce new excitements to visitors during their stay in Macau.

Lottery sales in China going paperless become an irresistible trend according to the central government's internet plus strategy, thus a regulated and comprehensive mechanism is essential for the viable and sustainable development of the entire paperless lottery market. The Group will continue to closely monitor the development and do our utmost to grasp the opportunities with its established network and resources, aiming at achieving another breakthrough along with the healthy lottery industry trends.

Looking ahead, the Group stays cautious and prudent towards the formulation and implementation of corporate strategies, whereas constantly stretches out its arms to a more diversifying business portfolio. The Group believes that such strategic initiatives will lead it to a stronger foothold in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

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

During the year ended 31 December 2015, 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 2015.

REVIEW OF FINAL RESULTS

The consolidated results for the year ended 31 December 2015 have been audited by the Company'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 this preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year under review. 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 2016

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Dr. 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.