

Press Release

[For Immediate Release]

Success Universe Announces 2017 Annual Results

Timely Reaction to Market Dynamics to Stay Ahead of the Competition

- Revenue from continuing operations was approximately HK\$589.9 million and gross profit was approximately HK\$20.1 million for 2017
- Loss attributable to owners of the Company was approximately HK\$29.8 million for 2017
- Recorded a huge non-cash fair value gain on investment properties and a substantial increase of approximately 60 times in this segment results
- Jade Travel established a new business line in wholesale by providing ticketing fulfilment service for online travel agencies, and also worked closer with leading online travel portals to provide more competitive price on ticket sales
- The Adjusted EBITDA* of Ponte 16, the Group's flagship investment project, was approximately HK\$225.3 million for 2017, and average occupancy rate of Sofitel Macau At Ponte 16 reached approximately 91% during the reporting year

28 March 2018, Hong Kong - Success Universe Group Limited ("Success Universe" or the "Company", Stock Code: 00487.HK, together with its subsidiaries, collectively the "Group") today announced the consolidated annual results for the year ended 31 December 2017.

RESULTS

Loss attributable to owners of the Company for the year ended 31 December 2017 amounted to approximately HK\$29.8 million (2016: approximately HK\$31.0 million) including a loss recognised from the Disposal (as defined hereinafter) of approximately HK\$37.9 million, whilst loss per share from continuing and discontinued operations was 0.61 HK cents (2016: 0.63 HK cents). Notwithstanding the Group shared a loss of the associates relating to Ponte 16, the flagship investment project of the Group, for the year ended 31 December 2017 which was mainly due to the performance of Ponte 16 adversely affected by the Super Typhoon Hato in August 2017 and the increase in the loss of the Group's travel business, loss for the year reduced by approximately 10% to approximately HK\$33.5 million (2016: approximately HK\$37.1 million) which as mainly attributable to the fair value gain on investment properties.

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

Continuing Operations

For the year ended 31 December 2017, revenue of the Group was approximately HK\$589.9 million, increased by approximately 4% from approximately HK\$564.8 million for the same period of 2016. Gross profit decreased by approximately 2% to approximately HK\$20.1 million (2016: approximately HK\$20.6 million). The Group's shared loss of the associates relating to Ponte 16 for the year of 2017 was approximately HK\$9.9 million (2016: profit of approximately HK\$17.5 million). Earnings per share from continuing operations was 0.16 HK cents (2016: loss per share from continuing operations was 0.29 HK cents).

Discontinued Operation

Reference was made to the Company's announcement dated 8 September 2017 in relation to the disposal of the Group's lottery business at a consideration of HK\$12.0 million (the "Disposal"). Upon completion of the Disposal in September 2017, a loss of approximately HK\$37.9 million was recognised by the Group, and the Group ceased to carry on any lottery-related business in China.

In 2017, revenue of the lottery business amounted to approximately HK\$19.1 million (2016: approximately HK\$8.3 million). Loss attributable to the owners of the Company from the discontinued operation of approximately HK\$37.9 million (2016: approximately HK\$16.6 million) was recorded for the reporting year.

Dividends

The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2017 (2016: nil).

REVIEW OF OPERATIONS

Travel Business

Revenue of the segment increased to approximately HK\$583.4 million for the year ended 31 December 2017 (2016: approximately HK\$562.7 million). Loss in this segment amounted to approximately HK\$15.7 million (2016: approximately HK\$7.9 million), including an impairment loss on intangible assets of approximately HK\$4.6 million (2016: approximately HK\$3.2 million) which was recognised for the reporting year.

The Group's travel business, Jade Travel Ltd. ("Jade Travel") has developed two business segments. In order to provide more professional services to customers, Air Booking Center was established in early 2017 to serve corporate customers, while the traditional Jade Tours targets at retail and tour customers. During the reporting year, the ever-changing market trend and technology reshaped the attitude and habit toward travellers, Jade Travel has strived to respond and react to the market dynamics in order to stay ahead of the competition.

Jade Travel extended its product offerings to provide featured and personalised travel packages, allowing travellers to enjoy in-depth and unique travel experience with extra fine delicacies and entertainment arrangements. Together with its online booking service platforms and 24-hour customer hotline service, the retail business was well received by the customers in 2017.

Jade Travel also worked closer with several leading domestic and international online travel portals to provide more competitive price on ticket sales. In order to achieve a more efficient resources allocation, Jade Travel established a new business line in wholesale by providing ticketing fulfilment service for online travel agencies in addition to its traditional wholesale business.

Property Investment Business

In February 2017, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire a property in Sing-Ho Finance Building, Wanchai at a consideration of approximately HK\$19.5 million and the acquisition was completed in April 2017. Coupled with the property in Admiralty Centre, the Group currently owns two office premises in Hong Kong for investment purpose.

Benefiting from the soaring property prices in Hong Kong, the Group recorded a huge non-cash fair value gain on investment properties and a substantial increase of approximately sixty times in this segment results. Revenue of the property investment business for the reporting year amounted to approximately HK\$6.5 million, representing an increase of approximately 200% as compared with approximately HK\$2.2 million for the last corresponding year, while segment profit was approximately HK\$83.4 million (2016: approximately HK\$1.3 million) including the fair value gain on investment properties of approximately HK\$79.2 million (2016: nil).

Investment Project – Ponte 16

The opening of new resorts and diversified entertainment offerings supported Macau to retrieve its economic growth momentum. However, the Super Typhoon Hato ripped through Macau in August 2017, caused widespread flood around the inner harbour of the Macau Peninsula and caused partial closure of Ponte 16's casino operation for about one month.

As at 31 December 2017, the casino of Ponte 16 had 109 gaming tables, consisting of 96 mass gaming tables, 7 high-limit tables and 6 VIP tables. Adjusted EBITDA* for the reporting year decreased by approximately 19% to approximately HK\$225.3 million (2016: approximately HK\$277.4 million). Thanks to the increasing visitors to Macau and the continual effort and promotions at Ponte 16, there was a satisfactory improvement in the overall revenue of Sofitel Macau At Ponte 16 that the average occupancy rate reached to approximately 91% during the reporting year.

With its dedication in offering guests with top notch resort experience, Sofitel Macau At Ponte 16 received 16 honourable industry awards in 2017 as the recognitions of its outstanding quality and world-class services. Ponte 16 continues to enhance its entertainment portfolio and marketing strategy to maintain its leading position as one of the most popular destinations in the Macau Peninsula. The only virtual and professional car racing facility in Macau — “G Racing Simulators” was introduced during the reporting year, which offers 16 stations of 4K racing simulation of the Macau Grand Prix Racing Event. Ponte 16 also embraces the prolific local cultures through inviting quality street performers to make great performances at the outdoor plaza, filling additional vitality and arts to the unique local culture of Macau’s inner harbour.

PROSPECTS

With the solid economic foundation set in 2017, the outlook of global economic growth is expected to be positive in 2018 amid the political uncertainties. In order to capture the opportunities and to benefit from the recovering market sentiment, the Group has significantly re-shaped the business portfolio with progressive development of property investment business and the Disposal, and will continue to evolve the offerings in the entertainment and tourist-related industries to create greater value.

The major infrastructure improvement and the Greater Bay Area initiatives are believed to increase Macau’s exposure to domestic and international visitors. In addition to Macau government’s supporting policies in transforming into the “World Centre of Tourism and Leisure”, the Group is optimistic with the growth potential in Macau in the long-term. Nowadays, non-gaming facilities in particular of the family fun entertainment have emerged a higher priority for Macau visitors. The Group will continue to explore and enrich the spectrum of its entertainment offerings, while Ponte 16 is well-prepared to introduce new adventures and interactive games in order to remain competitive in the market.

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

Jade Travel’s online ticketing fulfilment service is expected to grow steadily in 2018, with the ongoing advancement of the automated ticketing process on the online platform and the active advertising strategies on social media and APPs. Complementing the corporate and wholesale divisions, the retail division is well-positioned as a high-end customised tours provider in the market, it will also continue to develop a broader variety of creative and featured travel packages to maintain its competitive edge and market share.

Prime office rental in Hong Kong’s central district showed consistent growth over the years, due to a lack of supply and strong demand from mainland companies. The Group is confident that both rental and price for offices in the central business district in Hong Kong will be able to maintain their growth momentum, and will explore good opportunity to enlarge its portfolio to capture potential capital appreciation of properties.

Looking forward in 2018, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, “The global economy is expected to grow at a strong pace and the Group is optimistic about the economic outlook for the year ahead. The Group has made further progress in its property investment business since 2016, and will continue to strengthen its competitiveness by exploring new opportunities. It will also strive to fortify its business portfolio to capture the enormous market potential, by leveraging on its experience in entertainment and tourist-related industries.”

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About Success Universe Group Limited

Success Universe Group Limited (together with its subsidiaries, collectively the “Group”) is a listed company on The Stock Exchange of Hong Kong Limited (Stock Code: 00487.HK) and is the listed arm of Success Universe Group. The Group operates travel and property investment businesses, and is involved in entertainment-related sector through its flagship investment project – Ponte 16. The Group endeavours to create long-term value for stakeholders through the balanced and diversified business portfolio, while adhering to a high standard of corporate governance.

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