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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

INTERIM RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2013 together with comparative figures are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		Unaudited	
		For the six months ended	
	Note	30/6/2013	30/6/2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	834,679	854,334
Cost of sales		<u>(795,745)</u>	<u>(810,753)</u>
Gross profit		38,934	43,581
Other revenue and gains	4	101,727	21,305
Administrative expenses		(78,014)	(78,468)
Selling expenses		(859)	–
Other operating expenses	5(c)	<u>(1,905)</u>	<u>(6,300)</u>
Profit/(loss) from operations		59,883	(19,882)
Finance costs	5(a)	(6,429)	(10,150)
Share of results of jointly controlled entities		173	75
Share of results of associates		<u>12,088</u>	<u>(252)</u>
Profit/(loss) before taxation	5	65,715	(30,209)
Income tax credit/(expenses)	6	<u>2,363</u>	<u>(393)</u>
Profit/(loss) for the period		<u>68,078</u>	<u>(30,602)</u>
Attributable to:			
Owners of the Company		70,896	(28,327)
Non-controlling interests		<u>(2,818)</u>	<u>(2,275)</u>
Profit/(loss) for the period		<u>68,078</u>	<u>(30,602)</u>
Earnings/(loss) per share			
– Basic	8	<u>1.69 HK cents</u>	<u>(0.72) HK cents</u>
– Diluted	8	<u>1.69 HK cents</u>	<u>(0.72) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Unaudited	
	For the six months ended	
	30/6/2013	30/6/2012
	HK\$'000	HK\$'000
Profit/(loss) for the period	68,078	(30,602)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(2,295)</u>	<u>81</u>
Total other comprehensive (loss)/income for the period, net of tax	<u>(2,295)</u>	<u>81</u>
Total comprehensive income/(loss) for the period	<u>65,783</u>	<u>(30,521)</u>
Attributable to:		
Owners of the Company	68,811	(28,258)
Non-controlling interests	<u>(3,028)</u>	<u>(2,263)</u>
Total comprehensive income/(loss) for the period	<u>65,783</u>	<u>(30,521)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	<i>Note</i>	Unaudited At 30/6/2013 HK\$'000	Audited At 31/12/2012 HK\$'000
Non-current assets			
Property, plant and equipment		78,165	83,544
Goodwill		1,957	3,862
Intangible assets		35,347	37,875
Interest in associates		933,349	921,260
Interest in jointly controlled entities		1,522	2,029
		1,050,340	1,048,570
Current assets			
Inventories		1,787	1,830
Trade and other receivables	9	40,351	41,264
Amount due from an associate		–	748
Tax recoverable		2,485	–
Pledged bank deposits		10,927	10,419
Cash and cash equivalents		148,526	239,581
		204,076	293,842
Assets classified as held for sale		–	1,359
		204,076	295,201
Current liabilities			
Trade and other payables	10	29,901	26,762
Deferred income		886	945
Profit guarantee liabilities		5,308	9,100
Bank loans – due within one year		598	620
Loans payables – current portion		39,486	187,336
Long-term payables – current portion		89,466	225,464
Financial guarantee contract		19,995	19,995
Finance leases liabilities – current portion		25	–
Tax payable		48	51
		185,713	470,273
Net current assets/(liabilities)		18,363	(175,072)
Total assets less current liabilities		1,068,703	873,498

	<i>Note</i>	Unaudited At 30/6/2013 HK\$'000	Audited At 31/12/2012 HK\$'000
Non-current liabilities			
Deferred income		591	1,102
Profit guarantee liabilities		–	5,308
Bank loans – due after one year		11,595	12,686
Loans payables		17,275	17,933
Deferred tax liabilities		459	489
Financial guarantee contract		59,988	69,985
Finance leases liabilities		120	–
Loan from a director and controlling shareholder		50,000	–
		<u>140,028</u>	<u>107,503</u>
Net assets		<u>928,675</u>	<u>765,995</u>
Capital and reserves			
Share capital	<i>11</i>	46,155	40,649
Reserves		<u>861,187</u>	<u>700,985</u>
Total equity attributable to owners of the Company		907,342	741,634
Non-controlling interests		<u>21,333</u>	<u>24,361</u>
Total equity		<u>928,675</u>	<u>765,995</u>

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012 as contained in the Company’s Annual Report 2012 (the “Annual Report 2012”).

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements are denominated in Hong Kong dollar (“HK\$”). Unless otherwise specifically stated, all amounts are presented in thousand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2012, except for the impact of the adoption of the new and revised HKASs, Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“New HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2013.

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

HKFRSs (Amendments)	Annual Improvements 2009 – 2011 Cycle
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standard – Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above New HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 “Investment Entities”

The “Investment Entities” amendments apply to a particular class of business that qualify as investment entities. The term ‘investment entity’ refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

Amendments to HKAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets”

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

Amendments to HKAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The Group is in the process of assessing the potential impact of the above New HKFRSs upon initial application but is not yet in a position to state whether the above New HKFRSs will have a significant impact on the Group’s results of operations and financial position.

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 (the “CODM”) for the purposes of resource allocation and performance assessment. The Group has identified the following three reportable segments:

- Cruise ship leasing and management business: the leasing of cruise ship and the provision of cruise ship management services.
- Travel business: sales of air tickets and provision of travel-related services.
- Lottery business: provision of sports lottery sales agency services to the sports lottery market in the People’s Republic of China.

(a) Segment results and assets

In accordance with HKFRS 8, segment information disclosed in these condensed 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 among segments. In this regard, the Group’s CODM monitors the results and assets attributable to each reportable segment on the following bases:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors’ salaries, share of result of associates and jointly controlled entities, investment income 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.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

All assets are allocated to reportable segments other than tax recoverable, interest in associates and jointly controlled entities. Unallocated corporate assets mainly included part of the property, plant and equipment, cash and cash equivalents of 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 period is set out below:

	Cruise ship leasing and management		Travel		Lottery		Elimination		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012	30/6/2013	30/6/2012	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	42,000	38,400	769,359	815,266	23,320	668	-	-	834,679	854,334
Inter-segment revenue	-	-	-	319	-	-	-	(319)	-	-
Reportable segment revenue	42,000	38,400	769,359	815,585	23,320	668	-	(319)	834,679	854,334
Reportable segment profit/(loss)	2,145	1,078	(9,766)	1,891	(9,117)	(10,760)	568	774	(16,170)	(7,017)
Share of results of jointly controlled entities									173	75
Share of results of associates									12,088	(252)
Unallocated corporate income									94,297	10,346
Unallocated corporate expenses									(18,609)	(23,601)
Finance costs									(6,064)	(9,760)
Consolidated profit/(loss) before taxation									65,715	(30,209)
Income tax credit/(expenses)									2,363	(393)
Consolidated profit/(loss) for the period									68,078	(30,602)

	Cruise ship leasing and management		Travel		Lottery		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At	At	At
	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	90,262	87,260	75,007	90,022	32,209	24,951	197,478	202,233
Unallocated corporate assets								
- Interest in associates							933,349	921,260
- Interest in jointly controlled entities							1,522	2,029
- Amount due from an associate							-	748
- Tax recoverable							2,485	-
- Corporate assets							119,582	217,501
							1,254,416	1,343,771

(b) Other segment information

	Cruise ship leasing and management		Travel		Lottery		Other corporate entities		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012	30/6/2013	30/6/2012	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	20	12	3	8	15	6	326	830	364	856
Amortisation of intangible assets	-	-	(180)	(205)	-	-	-	-	(180)	(205)
Depreciation	(3,018)	(3,016)	(540)	(646)	(1,021)	(1,040)	(136)	(662)	(4,715)	(5,364)
Reversal of impairment loss recognised on other receivable	2,836	3,255	-	-	-	-	-	-	2,836	3,255
Reversal of impairment loss recognised on intangible assets	-	-	-	2,278	-	-	-	-	-	2,278
Impairment loss recognised on goodwill	-	-	(1,905)	-	-	-	-	-	(1,905)	-
Finance costs	-	-	(365)	(390)	-	-	(6,064)	(9,760)	(6,429)	(10,150)

4. OTHER REVENUE AND GAINS

	Unaudited	
	For the six months ended	
	30/6/2013	30/6/2012
	HK\$'000	HK\$'000
Other Revenue:		
Interest income on bank deposits	364	856
Total interest income on financial assets not at fair value through profit or loss	364	856
Management fee income	541	3,107
Deferred income	-	1,623
Gain on disposal of property, plant and equipment	247	3
Other income	4,313	3,883
	5,465	9,472
Other Gains:		
Amortisation of financial guarantee contract	9,997	6,300
Gain on derecognition of a long-term payable	83,429	-
Reversal of impairment loss recognised on intangible assets	-	2,278
Reversal of impairment loss recognised on other receivable	2,836	3,255
	96,262	11,833
	101,727	21,305

5. PROFIT/(LOSS) BEFORE TAXATION

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

	Unaudited	
	For the six months ended	
	30/6/2013	30/6/2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Finance costs		
Interest on other loan	–	3,574
Interest on bank loans	365	390
Interest on loan from a director and controlling shareholder	27	754
Interest on loan from a controlling shareholder	–	183
Interest on long-term payables	<u>6,037</u>	<u>5,249</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u><u>6,429</u></u>	<u><u>10,150</u></u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	39,103	39,529
Contributions to defined contribution retirement plan	<u>1,608</u>	<u>1,709</u>
	<u><u>40,711</u></u>	<u><u>41,238</u></u>
(c) Other items		
Auditors' remuneration		
– audit services	732	714
– other services	280	280
Depreciation	4,715	5,364
Amortisation of intangible assets	180	205
Operating lease rentals of		
– properties	4,973	4,964
– plant and machinery	329	337
Net exchange loss/(gain)	389	(287)
Impairment losses recognised on interest in associates*	–	6,300
Impairment losses recognised on goodwill*	<u>1,905</u>	<u>–</u>

* This amount is included in "other operating expenses" on the face of the condensed consolidated income statement.

6. INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

	Unaudited	
	For the six months ended	
	30/6/2013	30/6/2012
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
Other than Hong Kong (Credit)/charge for the period	<u>(2,363)</u>	<u>393</u>
Tax (credit)/charge for the period	<u><u>(2,363)</u></u>	<u><u>393</u></u>

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2013 and 2012 as the Group has no estimated assessable profits for the periods.

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

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: nil).

No dividend payable to owners of the Company attributable to the previous financial year was approved and paid during the period.

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$70,896,000 (for the six months ended 30 June 2012: loss of approximately HK\$28,327,000) and on the weighted average number of approximately 4,189,650,000 ordinary shares (for the six months ended 30 June 2012: approximately 3,913,063,000 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share equals to the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding for the period presented.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables, the aging analysis for trade receivables is as follows:

	Unaudited At 30/6/2013 <i>HK\$'000</i>	Audited At 31/12/2012 <i>HK\$'000</i>
Current	12,095	12,898
31 to 60 days overdue	875	1,578
61 to 90 days overdue	1,829	1,078
Over 90 days overdue	328	502
	<hr/>	<hr/>
Trade receivables	15,127	16,056
Other receivables	1,051	1,112
Prepayments and deposits	24,173	24,096
	<hr/>	<hr/>
	40,351	41,264
	<hr/> <hr/>	<hr/> <hr/>

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

The Group normally allows an average credit period of 30 to 60 days to customers of cruise ship leasing and management as well as lottery businesses (31 December 2012: 30 to 60 days) and 30 days to customers of travel business (31 December 2012: 30 days).

10. TRADE AND OTHER PAYABLES

Included in trade and other payables, the aging analysis for trade payables is as follows:

	Unaudited At 30/6/2013 <i>HK\$'000</i>	Audited At 31/12/2012 <i>HK\$'000</i>
Current	8,916	7,538
31 to 60 days	483	1,763
61 to 90 days	249	406
Over 90 days	1,982	1,029
	<hr/>	<hr/>
Trade payables	11,630	10,736
Accrued charges and other payables	18,271	16,026
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	29,901	26,762
	<hr/> <hr/>	<hr/> <hr/>

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

11. SHARE CAPITAL

	Number of shares <i>'000</i>	Nominal value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2012, 31 December 2012, 1 January 2013 and 30 June 2013 (unaudited)	160,000,000	1,600,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 January 2012	2,438,964	24,390
Allotment and issue of rights shares	1,625,976	16,259
At 31 December 2012 and 1 January 2013	4,064,940	40,649
Allotment and issue of consideration shares	550,546	5,506
At 30 June 2013 (unaudited)	4,615,486	46,155

The Company issued consideration shares of 550,546,025 new ordinary shares in relation to the Acquisition (defined hereinafter) in May 2013.

The Company completed the issue by way of rights of 1,625,976,154 new ordinary shares of the Company in January 2012.

12. ACQUISITION OF THE INTEREST IN A SUBSIDIARY

In February 2013, Golden Sun Profits Limited (“Golden Sun”, an indirect non-wholly owned subsidiary of the Company) received a notice from Maruhan Corporation (“Maruhan”) in respect of the exercise of the option (the “Option”) by Maruhan to require Golden Sun to purchase or procure the purchase of the legal and beneficial ownership of the entire equity interest (being 10.2% equity interest) in World Fortune Limited (“World Fortune”, an indirect non-wholly owned subsidiary of the Company) owned by Maruhan together with the entire amount of the shareholder’s loans provided by Maruhan to World Fortune (collectively the “Interest”) pursuant to the terms of the shareholders’ agreement dated 29 October 2007 entered into between Golden Sun, the Company, Maruhan and World Fortune relating to World Fortune as supplemented by a supplemental agreement dated 10 July 2008 (the “Acquisition”). The purchase price of the Interest (the “Purchase Price”) of HK\$219,117,318 was settled as to HK\$109,558,659 by cash and as to HK\$109,558,659 by way of allotment and issue of 550,546,025 new ordinary shares of the Company. The Acquisition was completed in May 2013.

For details of the Acquisition, please refer to the Company’s announcements dated 18 February 2013 and 28 March 2013 as well as the Company’s circular dated 29 April 2013.

The fair value of the Purchase Price at the date of completion of the Acquisition was approximately HK\$206.5 million. The Group recognised a gain, before expenses, on derecognition of a long-term payable of approximately HK\$83.4 million in its consolidated income statement which was derived from the difference between the fair value of the Purchase Price and the aggregate of the carrying amount of the outstanding shareholder’s loans from Maruhan to World Fortune of approximately HK\$147.9 million together with the present value of the Option of approximately HK\$142.0 million.

13. COMPARATIVES

Certain comparative amounts have been reclassified to conform with the current period’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group delivered positive results for the first half of 2013 mainly attributable to a gain recognised on derecognition of a long-term payable as a result of the Acquisition (as defined hereinafter), and the improved performance of the Group’s flagship investment project Ponte 16. The lottery business of the Group, which commenced operations in late 2012, also became another revenue contributor during the reporting period.

The global economic environment remained challenging during the reporting period, as economic recovery in the United States of America (the “USA”) and Europe stayed sluggish, while growth in China also started to decelerate. However, the gaming and entertainment industry in Macau was still resilient and managed to achieve stable growth in the reporting period. It was supported by the promising mass market performance as Macau further strengthened its position as a popular leisure and entertainment destination in the Asia-Pacific region.

Results

For the six months ended 30 June 2013, profit attributable to owners of the Company of approximately HK\$70.9 million was recorded, while a loss attributable to owners of the Company for the same period of 2012 was approximately HK\$28.3 million. This was mainly due to a gain recognised on derecognition of a long-term payable as a result of the Acquisition and the improved performance of Ponte 16. The Group's shared profit of the associates relating to Ponte 16 for the first half of 2013 amounted to approximately HK\$12.1 million, as compared with a shared loss of approximately HK\$0.3 million for the last corresponding period.

Turnover of the Group for the reporting period was approximately HK\$834.7 million (2012: approximately HK\$854.3 million), while its gross profit was approximately HK\$38.9 million (2012: approximately HK\$43.6 million) and earnings per share was 1.69 HK cents (2012: loss per share of 0.72 HK cents).

Acquisition of the interest pursuant to the exercise of option by Maruhan Corporation

Reference was made to the Company's announcements dated 18 February 2013 and 28 March 2013 as well as the Company's circular dated 29 April 2013. In May 2013, Golden Sun Profits Limited, an indirect non-wholly owned subsidiary of the Company, completed its acquisition of the legal and beneficial ownership of the entire equity interest of Maruhan Corporation ("Maruhan") in World Fortune Limited ("World Fortune", an indirect non-wholly owned subsidiary of the Company) together with the entire amount of the shareholder's loans provided by Maruhan to World Fortune (collectively the "Interest") pursuant to the exercise of option by Maruhan (the "Acquisition"). The purchase price of the Interest of HK\$219,117,318 was settled as to HK\$109,558,659 by cash and as to HK\$109,558,659 by way of allotment and issue of 550,546,025 new ordinary shares of the Company. Following the completion of the Acquisition, the Company increased its effective beneficial interest in World Fortune from approximately 85.71% to 95.45%. The gain, before expenses, on derecognition of a long-term payable of approximately HK\$83.4 million was recognised for the reporting period.

Interim Dividend

The directors of the Company ("Director(s)") do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: nil).

Review of Operations

Travel Business

Business performance was affected by unfavourable global economy

During the reporting period, the travel business was affected by the unfavourable global economy, especially in North America where the Group's travel business operates. This segment posted a turnover of approximately HK\$769.4 million (2012: approximately HK\$815.3 million). Loss in this segment amounted to approximately HK\$9.8 million (2012: profit of approximately HK\$1.9 million), including an impairment loss on a certain asset of approximately HK\$1.9 million which was recognised for the reporting period.

Cruise Ship Business

Improved results attributable to the increase in leasing and management fee income

The cruise ship business posted a continuous improvement in the first half of 2013, due to the increase in the leasing and management fee income as compared with the last corresponding period. Turnover of the cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) was approximately HK\$42.0 million (2012: approximately HK\$38.4 million). The business posted a profit of approximately HK\$2.1 million for the reporting period as compared with approximately HK\$1.1 million for the last corresponding period.

Lottery Business

Expansion of sales agency services network in China

The lottery business reported approximately HK\$23.3 million in turnover for the six months ended 30 June 2013 versus approximately HK\$0.7 million for the corresponding period of 2012. To capture the enormous potential in the lottery market in China, the paid-up share capital of the subsidiary of a joint venture company of the Company was increased to RMB50 million during the reporting period. In addition to Jiangxi and Qinghai provinces, the Group expanded its existing sports lottery sales agency services network to Heilongjiang province during the reporting period. This segment generated loss of approximately HK\$9.1 million (2012: approximately HK\$10.8 million) due to initial investments and expenses for the expansion of its sports lottery sales agency services network in China.

The lottery market in China continued to grow in the first half of 2013. Total lottery sales for the first six months of 2013 went up by 16.0% to approximately RMB149.7 billion, compared with approximately RMB129.1 billion for the last corresponding period. Sports lottery sales also grew by 19.6% to approximately RMB64.4 billion for the first six months of 2013 from approximately RMB53.9 billion for the same period of 2012. Sports lottery sales accounted for approximately 43.0% of total lottery sales. The solid growth created a favourable environment for the Group to expand its business.

Investment Project – Ponte 16

Improved performance supported by solid growth from mass market

The gaming industry in Macau recorded healthy growth in the first half of 2013. The gross gaming revenue for the first six months of 2013 climbed by approximately 15.3% to approximately MOP171.5 billion from approximately MOP148.7 billion in the last corresponding period.

EBITDA* of Ponte 16 surged by approximately 26% to approximately HK\$179.4 million in the first half of 2013 (2012: approximately HK\$142.7 million) as a result of a solid growth of the mass market segment as well as the successful optimisation of business operation during the reporting period. It also benefited from the growing number of mainland visitors to Macau.

As at 30 June 2013, the casino of Ponte 16 had 109 gaming tables, 82 of which were mass gaming tables, 9 were high-limit tables and 18 were VIP tables.

To celebrate its fifth anniversary, Ponte 16 introduced a series of lucky draws throughout the year such as grand lucky draws on special occasions, including the Chinese New Year and Golden Week, to reinforce the loyalty of existing customers and to attract new members. Meanwhile, the hotel organised various marketing and cultural initiatives, such as a photographic exhibition, a premiere music appreciation event with MJ Signature Vinyl Albums and a wedding fair, to further raise the profile and publicity of Ponte 16 and expand its customer base.

During the reporting period, Sofitel Macau At Ponte 16 maintained an average occupancy rate of over 80% and achieved a number of reputable industry awards, which included “China Hotel Award 2013” by LifeStyle China magazine, “Best Restaurants (Hong Kong and Macau Edition)” by Hong Kong Tatler magazine, “100 TOP Tables 2013” by South China Morning Post and “2013 Certificate of Excellence” by “Daodao.com” (the official Chinese website of TripAdvisor). Its Executive Chef was awarded “Maîtres Cuisiniers de France 2013” by Association des Maîtres Cuisiniers de France.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2013, the Group had net current assets of approximately HK\$18.4 million (31 December 2012: net current liabilities of approximately HK\$175.1 million) and net assets of approximately HK\$928.7 million (31 December 2012: approximately HK\$766.0 million).

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

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 2013 to 31 October 2014 by a letter agreement dated 18 March 2013. As at 30 June 2013, the Company owed Mr. Yeung in the amount of approximately HK\$50.0 million (31 December 2012: nil).

Jade Travel Ltd. (“Jade Travel, Canada”, an 80% indirectly owned subsidiary of the Company which was incorporated in Canada) was granted secured bank loans which carry fixed interest rates and the loans shall 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. In addition, during the reporting period, Jade Travel, Canada purchased a certain asset under a finance lease which shall be repayable by consecutive monthly instalments. As at 30 June 2013, the outstanding bank loans and finance lease liabilities were equivalent to approximately HK\$12.2 million and HK\$0.1 million respectively (31 December 2012: equivalent to approximately HK\$13.3 million and nil respectively).

Apart from the aforesaid loans, as at 30 June 2013, there were loans from non-controlling shareholders of approximately HK\$17.3 million (31 December 2012: approximately HK\$17.9 million) and other loans payables of approximately HK\$39.5 million (31 December 2012: approximately HK\$187.3 million). The loans are interest-free and unsecured.

As at 30 June 2013, total equity attributable to owners of the Company was enlarged to approximately HK\$907.3 million (31 December 2012: approximately HK\$741.6 million) which was mainly due to the completion of the Acquisition. 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 7% as at 30 June 2013 (31 December 2012: approximately 2%).

Pledge of Assets

As at 30 June 2013, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately HK\$9.8 million (31 December 2012: approximately HK\$10.4 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$11.8 million (31 December 2012: approximately HK\$12.5 million) for the operations of the Group;

- (b) World Fortune pledged all (31 December 2012: 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”);
- (c) the Group’s self-occupied properties with a carrying amount equivalent to approximately HK\$17.9 million (31 December 2012: equivalent to approximately HK\$20.7 million) together with a time deposit equivalent to approximately HK\$1.1 million (31 December 2012: nil) were pledged to a bank to secure bank loans to Jade Travel, Canada; and
- (d) the Group’s certain asset with a carrying amount equivalent to approximately HK\$0.1 million (31 December 2012: nil) was pledged to secure a finance lease to Jade Travel, Canada.

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 30 June 2013 was approximately HK\$1,162.2 million (31 December 2012: approximately HK\$1,273.3 million).

Human Resources

As at 30 June 2013, the Group had a total of 467 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

Asia remains the fastest-growing region in the world despite the economic slowdown in China. It is expected that the economy in the USA will start to recover more steadily in the second half of the year whilst the economic environment in Europe will stabilise.

The mass market is the major growth driver of the gaming and entertainment industry in Macau and the Group expects the industry to continue its stable growth in the second half of 2013.

With an unbeatable location as part of the historic centre of Macau, Ponte 16 aims to introduce new elements to offer visitors a truly refreshing experience when they explore the old Macau. It plans to open a new Chinese restaurant in the fourth quarter of 2013 to offer authentic Cantonese cuisine complemented with traditional dim sum and a wide selection of Chinese wine and tea. Ponte 16 is also preparing to launch a “French Provence” themed spa by the end of the year to provide guests with an exquisite journey towards relaxation and well-being.

In a bid to further expand the clientele and capture the opportunities created by the re-launch of the individual traveller visa in June 2013 for Guangdong citizens to visit Hong Kong and Macau on the same trip, Ponte 16 is going to adopt a proactive online marketing strategy and tailor exclusive entertainment packages for targeted premium cardholders and members to encourage more Guangdong citizens to visit the resort. Ponte 16 will also continue to collaborate with renowned Macau local brands and tourist spots in order to attract more visitors through promoting the local culture, whilst strengthening the positioning of Ponte 16 as the only integrated casino-entertainment resort in the Inner Harbour.

Other marketing initiatives include organising photographic exhibitions and wedding fairs, which will effectively drive patronage particularly during non-peak seasons. Concerning social responsibility efforts, Ponte 16, as well as its five-star hotel, Sofitel Macau At Ponte 16, is also planning a series of green initiatives, including the use of environmentally friendly mooncake boxes made of paper certified by FSC (Forest Stewardship Council) in the upcoming Mid-Autumn Festival.

The phase 3 of the Ponte 16 development project is in progress. It will consist of an entertainment and recreation complex that houses a brand new shopping arcade, dining destinations and space for gaming expansion. The new phase will become a revenue driver for Ponte 16.

Regarding the lottery business, the Group aims to expand its lottery sales agency services network in China and enrich the information provided by its business website “128cai.com”, a website that provides the latest lottery information and hot tips to customers. The Group will also introduce a marketing campaign before the new season of the football league to attract more users to enlarge its customer base.

As for the travel business, the Group will reinforce its marketing efforts with a focus on the high-end market segment, such as FIT (Free Independent Traveller) and MICE (Meeting, Incentive, Convention and Exhibition). Its operational upgrade is set to be completed by the end of 2013. The cruise ship business is expected to remain as a stable revenue contributor for the Group.

In summary, the Group is optimistic for the long-term prospects of the travel and entertainment industries, and is committed to growing its business portfolio to create value for its shareholders, partners and customers.

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

During the six months ended 30 June 2013, 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 six months ended 30 June 2013.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2013 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng Limited, the auditors of the Company, 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.

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

Hong Kong, 29 August 2013

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 Mr. Luk Ka Yee, Patrick, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose.