

INTERIM REPORT 2013



SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)
Stock Code: 00487

SHAPING
THE FUTURE



CONTENTS

| | |
|----|---|
| 02 | Corporate Information |
| 03 | Operational Highlights |
| 04 | Condensed Consolidated Income Statement |
| 05 | Condensed Consolidated Statement of Comprehensive Income |
| 06 | Condensed Consolidated Statement of Financial Position |
| 08 | Condensed Consolidated Statement of Changes in Equity |
| 09 | Condensed Consolidated Statement of Cash Flows |
| 10 | Notes to the Condensed Consolidated Financial Statements |
| 43 | Independent Review Report |
| 45 | Management Discussion and Analysis |
| 53 | Disclosure of Interests |
| 56 | Disclosure under Rules 13.20 and 13.22 of the Listing Rules |
| 57 | Purchase, Sale or Redemption of the Company's Listed Securities |
| 57 | Corporate Governance |
| 57 | Codes for Securities Transactions by Directors |
| 58 | Information in Respect of Directors |
| 58 | Audit Committee |
| 58 | Review of Interim Results |



CORPORATE INFORMATION

Directors

Executive Directors

Mr. Yeung Hoi Sing, Sonny (*Chairman*)
Dr. Ma Ho Man, Hoffman
(*Deputy Chairman*)

Non-executive Director

Mr. Choi Kin Pui, Russelle

Independent Non-executive Directors

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

Company Secretary

Ms. Chiu Nam Ying, Agnes

Financial Controller

Mr. Wong Chi Keung, Alvin

Authorised Representatives

Dr. Ma Ho Man, Hoffman
Ms. Chiu Nam Ying, Agnes

Audit Committee

Mr. Chin Wing Lok, Ambrose
(*Chairman*)
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann

Remuneration Committee

Mr. Luk Ka Yee, Patrick (*Chairman*)
Mr. Yeung Hoi Sing, Sonny
Mr. Choi Kin Pui, Russelle
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

Nomination Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)
Mr. Choi Kin Pui, Russelle
Mr. Luk Ka Yee, Patrick
Ms. Yeung Mo Sheung, Ann
Mr. Chin Wing Lok, Ambrose

Executive Committee

Mr. Yeung Hoi Sing, Sonny (*Chairman*)
Dr. Ma Ho Man, Hoffman

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Advisers on Hong Kong Laws

Iu, Lai & Li

Legal Advisers on Bermuda Laws

Conyers Dill & Pearman

Principal Bankers

Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited
Royal Bank of Canada
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

Principal Share Registrar and Transfer Agent in Bermuda

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Suite 1601-2 & 8-10, 16/F.
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Share Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 00487

Website

www.successug.com



OPERATIONAL HIGHLIGHTS

- Profit attributable to owners of the Company was approximately HK\$70.9 million
- EBITDA* of Ponte 16 surged by approximately 26% to approximately HK\$179.4 million, benefiting from a promising performance in mass market
- Turnover of cruise ship business increased to approximately HK\$42.0 million due to the increase in leasing and management fee income
- Turnover of travel business was approximately HK\$769.4 million
- Lottery business expanded its sports lottery sales agency services network in China with a turnover of approximately HK\$23.3 million

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

| | Note | Unaudited | |
|---|------|--------------------------|-----------------------|
| | | For the six months ended | |
| | | 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 |
| Turnover | 4 | 834,679 | 854,334 |
| Cost of sales | | (795,745) | (810,753) |
| Gross profit | | 38,934 | 43,581 |
| Other revenue and gains | 5 | 101,727 | 21,305 |
| Administrative expenses | | (78,014) | (78,468) |
| Selling expenses | | (859) | – |
| Other operating expenses | 6(c) | (1,905) | (6,300) |
| Profit/(loss) from operations | | 59,883 | (19,882) |
| Finance costs | 6(a) | (6,429) | (10,150) |
| Share of results of jointly controlled entities | | 173 | 75 |
| Share of results of associates | | 12,088 | (252) |
| Profit/(loss) before taxation | 6 | 65,715 | (30,209) |
| Income tax credit/(expenses) | 7 | 2,363 | (393) |
| Profit/(loss) for the period | | 68,078 | (30,602) |
| Attributable to: | | | |
| Owners of the Company | | 70,896 | (28,327) |
| Non-controlling interests | | (2,818) | (2,275) |
| Profit/(loss) for the period | | 68,078 | (30,602) |
| Earnings/(loss) per share | | | |
| – Basic | 9 | 1.69 HK cents | (0.72) HK cents |
| – Diluted | 9 | 1.69 HK cents | (0.72) HK cents |

The accompanying notes form an integral part of these condensed consolidated financial statements.

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 | (2,295) | 81 |
| Total other comprehensive (loss)/income for the period, net of tax | (2,295) | 81 |
| Total comprehensive income/(loss) for the period | 65,783 | (30,521) |
| Attributable to: | | |
| Owners of the Company | 68,811 | (28,258) |
| Non-controlling interests | (3,028) | (2,263) |
| Total comprehensive income/(loss) for the period | 65,783 | (30,521) |

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

| | Note | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|--|------|--|---|
| Non-current assets | | | |
| Property, plant and equipment | 10 | 78,165 | 83,544 |
| Goodwill | 11 | 1,957 | 3,862 |
| Intangible assets | 12 | 35,347 | 37,875 |
| Interest in associates | 13 | 933,349 | 921,260 |
| Interest in jointly controlled entities | 14 | 1,522 | 2,029 |
| | | 1,050,340 | 1,048,570 |
| Current assets | | | |
| Inventories | | 1,787 | 1,830 |
| Trade and other receivables | 15 | 40,351 | 41,264 |
| Amount due from an associate | 13 | – | 748 |
| Tax recoverable | | 2,485 | – |
| Pledged bank deposits | 16 | 10,927 | 10,419 |
| Cash and cash equivalents | 16 | 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 | 17 | 29,901 | 26,762 |
| Deferred income | | 886 | 945 |
| Profit guarantee liabilities | 18 | 5,308 | 9,100 |
| Bank loans – due within one year | 19 | 598 | 620 |
| Loans payables – current portion | 20 | 39,486 | 187,336 |
| Long-term payables – current portion | 21 | 89,466 | 225,464 |
| Financial guarantee contract | 22 | 19,995 | 19,995 |
| Finance leases liabilities | | | |
| – current portion | 23 | 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 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2013

| | Note | 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 | 18 | – | 5,308 |
| Bank loans – due after one year | 19 | 11,595 | 12,686 |
| Loans payables | 20 | 17,275 | 17,933 |
| Deferred tax liabilities | | 459 | 489 |
| Financial guarantee contract | 22 | 59,988 | 69,985 |
| Finance leases liabilities | 23 | 120 | – |
| Loan from a director and controlling shareholder | | 50,000 | – |
| | | 140,028 | 107,503 |
| Net assets | | 928,675 | 765,995 |
| Capital and reserves | | | |
| Share capital | 24 | 46,155 | 40,649 |
| Reserves | | 861,187 | 700,985 |
| Total equity attributable to owners of the Company | | 907,342 | 741,634 |
| Non-controlling interests | | 21,333 | 24,361 |
| Total equity | | 928,675 | 765,995 |

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

| | Attributable to owners of the Company | | | | | | | Non-controlling interests HK\$'000 | Total equity HK\$'000 |
|---|---------------------------------------|---------------------------|-----------------------------------|--|------------------------------|--------------------------------|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Distributable reserve HK\$'000 | Capital redemption reserve HK\$'000 | Exchange reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | | |
| At 1 January 2012 (Audited) | 24,390 | 908,785 | 52,333 | 976 | (423) | (515,904) | 470,157 | 31,899 | 502,056 |
| Issue of rights shares | 16,259 | 292,676 | - | - | - | - | 308,935 | - | 308,935 |
| Expenses incurred in connection with the issue of rights shares | - | (7,621) | - | - | - | - | (7,621) | - | (7,621) |
| Total comprehensive income/(loss) for the period | - | - | - | - | 69 | (28,327) | (28,258) | (2,263) | (30,521) |
| At 30 June 2012 (Unaudited) | 40,649 | 1,193,840 | 52,333 | 976 | (354) | (544,231) | 743,213 | 29,636 | 772,849 |
| At 1 January 2013 (Audited) | 40,649 | 1,193,840 | 52,333 | 976 | 752 | (546,916) | 741,634 | 24,361 | 765,995 |
| Issue of consideration shares | 5,506 | 91,391 | - | - | - | - | 96,897 | - | 96,897 |
| Total comprehensive income/(loss) for the period | - | - | - | - | (2,085) | 70,896 | 68,811 | (3,028) | 65,783 |
| At 30 June 2013 (Unaudited) | 46,155 | 1,285,231 | 52,333 | 976 | (1,333) | (476,020) | 907,342 | 21,333 | 928,675 |

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

| | Note | Unaudited | |
|--|------|--------------------------|-----------|
| | | For the six months ended | |
| | | 30/6/2013 | 30/6/2012 |
| | | HK\$'000 | HK\$'000 |
| Net cash used in operating activities | | (23,482) | (12,142) |
| Net cash generated from investing activities | | 1,095 | 338,907 |
| Net cash (used in)/generated from financing activities | | (69,193) | 71,157 |
| Net (decrease)/increase in cash and cash equivalents | | (91,580) | 397,922 |
| Cash and cash equivalents at the beginning of the period | | 239,581 | 72,410 |
| Effect of foreign exchange rate changes | | 525 | 9 |
| Cash and cash equivalents at the end of the period | 16 | 148,526 | 470,341 |

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. Organisation and Principal Activity

The Company was incorporated as an exempted company with limited liability in Bermuda on 27 May 2004 under the Companies Act 1981 of Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding.

2. 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 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 dollars (“HK\$”). Unless otherwise specifically stated, all amounts are presented in thousand.

3. 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 |

3. Summary of Significant Accounting Policies *(Continued)*

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.

3. Summary of Significant Accounting Policies *(Continued)*

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

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.

3. Summary of Significant Accounting Policies *(Continued)*

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.

4. 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 (“PRC”).

4. Segment Information *(Continued)*

(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.

4. Segment Information (Continued)

(a) Segment results and assets (Continued)

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 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 | For the six months ended 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 | For the six months ended 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 | For the six months ended 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 | For the six months ended 30/6/2013 HK\$'000 | 30/6/2012 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) |

4. Segment Information (Continued)

(a) Segment results and assets (Continued)

| | 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 | 866 |
| 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) |

5. Other Revenue and Gains

| | Unaudited | |
|---|--------------------------|-----------------------|
| | For the six months ended | |
| | 30/6/2013 HK\$'000 | 30/6/2012 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 |

6. 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 HK\$'000 | 30/6/2012 HK\$'000 |
| (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 | 6,037 | 5,249 |
| Total interest expenses on financial liabilities not at fair value through profit or loss | 6,429 | 10,150 |
| (b) Staff costs | | |
| Salaries, wages and other benefits (including directors' emoluments) | 39,103 | 39,529 |
| Contributions to defined contribution retirement plan | 1,608 | 1,709 |
| | 40,711 | 41,238 |
| (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 loss recognised on interest in associates* | – | 6,300 |
| Impairment loss recognised on goodwill* | 1,905 | – |

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

7. Income Tax In the Condensed Consolidated Income Statement

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

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.

8. 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.

9. 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.

10. Property, Plant and Equipment

| | HK\$'000 |
|---|---------------|
| Carrying amount as at 1 January 2012 (Audited) | 89,040 |
| Additions | 4,959 |
| Disposals | (6) |
| Depreciation | (5,364) |
| Exchange alignment | (29) |
| Carrying amount as at 30 June 2012 (Unaudited) | 88,600 |
| Carrying amount as at 1 January 2013 (Audited) | 83,544 |
| Additions | 492 |
| Depreciation | (4,715) |
| Exchange alignment | (1,156) |
| Carrying amount as at 30 June 2013 (Unaudited) | 78,165 |

11. Goodwill

| | HK\$'000 |
|---|----------------|
| Cost | |
| At 1 January 2012, 31 December 2012, 1 January 2013 and 30 June 2013 | 8,332 |
| Accumulated impairment losses | |
| At 1 January 2012, 31 December 2012 and 1 January 2013 | (4,470) |
| Impairment loss for the period | (1,905) |
| At 30 June 2013 | (6,375) |
| Carrying amount | |
| At 30 June 2013 (Unaudited) | 1,957 |
| At 31 December 2012 (Audited) | 3,862 |

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|----------------------------|--|---|
| Cruise ship management CGU | 1,313 | 1,313 |
| Travel CGU | 644 | 2,549 |
| | 1,957 | 3,862 |

The recoverable amount of the CGU is determined on value in use calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. An impairment loss of approximately HK\$1,905,000 was recognised for the six months ended 30 June 2013 (for the six months ended 30 June 2012: nil) since the recoverable amount of travel CGU is lower than its carrying amount.

11. Goodwill (Continued)

Key assumptions used for value in use calculations:

| | Travel CGU | | Cruise ship management CGU | |
|-------------------------|----------------------|-----------------------|----------------------------|-----------------------|
| | At 30/6/2013 % | At 31/12/2012 % | At 30/6/2013 % | At 31/12/2012 % |
| - Growth rate | 2 | 3 | Zero | Zero |
| - Pre-tax discount rate | 13.82 | 11.24 | 5 | 5 |

The pre-tax discount rates reflect specific risks relating to the relevant segment.

12. Intangible Assets

| | Trademark HK\$'000 | Client list HK\$'000 | Total HK\$'000 |
|---|-----------------------|-------------------------|-------------------|
| Cost | | | |
| At 1 January 2012 | 33,075 | 9,246 | 42,321 |
| Exchange alignment | 739 | 206 | 945 |
| At 31 December 2012 and 1 January 2013 | 33,814 | 9,452 | 43,266 |
| Exchange alignment | (2,096) | (586) | (2,682) |
| At 30 June 2013 | 31,718 | 8,866 | 40,584 |
| Accumulated amortisation and impairment losses | | | |
| At 1 January 2012 | (1,971) | (4,511) | (6,482) |
| Charge for the year | - | (418) | (418) |
| Impairment loss | - | (361) | (361) |
| Reversal of impairment loss | 2,015 | - | 2,015 |
| Exchange alignment | (44) | (101) | (145) |
| At 31 December 2012 and 1 January 2013 | - | (5,391) | (5,391) |
| Charge for the period | - | (180) | (180) |
| Exchange alignment | - | 334 | 334 |
| At 30 June 2013 | - | (5,237) | (5,237) |
| Carrying amount | | | |
| At 30 June 2013 (Unaudited) | 31,718 | 3,629 | 35,347 |
| At 31 December 2012 (Audited) | 33,814 | 4,061 | 37,875 |

12. Intangible Assets *(Continued)*

Trademark

In accordance with HKAS 36 “Impairment of Assets” (“HKAS 36”), the Group completed its interim impairment test for the trademark by comparing its recoverable amount to its carrying amount as at 30 June 2013. The Group has conducted a valuation of the trademark based on the value in use calculations. With reference to the valuations carried out by Roma Appraisals Limited (“Roma”), an independent professional valuer, who has among the staff, fellow members of the Hong Kong Institute of Surveyors, no impairment loss was recognised for the six months ended 30 June 2013 (for the six months ended 30 June 2012: a reversal of impairment loss of equivalent to approximately HK\$1,973,000) as its recoverable amount was higher than its carrying amount. The carrying amount of the trademark as at 30 June 2013 was equivalent to approximately HK\$31,718,000 (31 December 2012: equivalent to approximately HK\$33,814,000).

The valuation of the trademark is based on the relief-from-royalty method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the trademark in the travel CGU and a pre-tax discount rate of 18.06% (31 December 2012: 17.04%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 2% (31 December 2012: 3%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

Client list

The directors of the Company assessed that the client list having 15 years of useful lives from the date of acquisition. The Group has completed its interim impairment test for the client list by comparing the recoverable amount of the client list to its carrying amount as at 30 June 2013. The Group has conducted a valuation of the client list based on the value in use calculations. With reference to the valuations carried out by Roma, no impairment loss was recognised for the six months ended 30 June 2013 (for the six months ended 30 June 2012: a reversal of impairment loss of equivalent to approximately HK\$305,000) as its recoverable amount was higher than its carrying amount. The carrying amount of the client list as at 30 June 2013 was equivalent to approximately HK\$3,629,000 (31 December 2012: equivalent to approximately HK\$4,061,000).

12. Intangible Assets (Continued)

Client list (Continued)

The valuation of the client list is based on the contributory charge method and uses cash flow projections based on financial estimates covering a five-year period, the expected sales deriving from the client list in the travel CGU and a pre-tax discount rate of 20.02% (31 December 2012: 18.76%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 2% (31 December 2012: 3%). This growth rate does not exceed the long-term average growth rate for travel markets in which the Group operates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

13. Interest in Associates

| | Note | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|---|------|--|---|
| Deemed capital contribution | (b) | 99,978 | 162,978 |
| Goodwill | (c) | 19,409 | 19,409 |
| | | 119,387 | 182,387 |
| Amounts due from associates | (d) | 813,962 | 802,621 |
| | | 933,349 | 985,008 |
| Less: impairment loss | (e) | – | (63,000) |
| | | 933,349 | 922,008 |
| Less: Amount shown under current assets | | – | (748) |
| Amount shown under non-current assets | | 933,349 | 921,260 |

13. Interest in Associates (Continued)

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

| Name of associate | Place of incorporation/ operations | Particulars of issued and paid up share capital | Proportion of ownership interest | | | Principal activity |
|---|---------------------------------------|---|----------------------------------|-----------------------|------------------------|--|
| | | | Group's effective interest % | Held by the Company % | Held by a subsidiary % | |
| Pier 16 – Entertainment Group Corporation Limited | Macau | 2 shares of MOP24,000 and MOP1,000 respectively | 49 | – | 49 | Provision of management services for casino operations |
| Pier 16 – Gaming Promotion, Limited | Macau | 1 share of MOP50,000 | 49 | – | 49 | Provision of gaming promotion services |
| Pier 16 – Management Limited | Macau/ Hong Kong and Macau | 2 shares of MOP24,000 and MOP1,000 respectively | 49 | – | 49 | Hotel operations |
| Pier 16 – Property Development Limited (“Pier 16 – Property Development”) | Macau | 100,000 shares of MOP100 each | 49 | – | 49 | Property holding |

- (b) The deemed capital contribution is referenced to the financial guarantee contract (note 22) granted by the Group to the associates.

(c) Goodwill

Because goodwill is included in the carrying amount of the interest in associates and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing in HKAS 36. Instead, the entire carrying amount of the interest in associates is tested for impairment as set out in note 13(e) below.

- (d) The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. Their carrying amounts are not materially different from their fair value.

13. Interest in Associates (Continued)

(e) Impairment test for interest in associates

The Group completed its interim impairment test for interest in associates by comparing the recoverable amount of interest in associates to its carrying amount as at 30 June 2013. The Group has engaged Roma to carry out a valuation of the interest in associates as at 30 June 2013 based on the value in use calculations. This valuation uses cash flow projections based on financial estimates covering a five-year period, and a pre-tax discount rate of 16.45% (31 December 2012: 16.09%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 4.90% (31 December 2012: 4.90%) for the casino and hotel industries in which are operated by associates. Management has considered the above assumptions and valuation and also taken into account the business plan going forward.

The following is summary of aggregate amounts of assets, liabilities, revenues, and results of the Group's associates:

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|-------------------------|--|---|
| Non-current assets | 2,301,479 | 2,414,443 |
| Current assets | 646,286 | 644,164 |
| Current liabilities | (344,467) | (368,740) |
| Non-current liabilities | (3,231,145) | (3,342,287) |
| Equity | (627,847) | (652,420) |

| | Unaudited For the six months ended | |
|---------------|---|-------------------------------|
| | 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 |
| Revenues | 526,170 | 625,515 |
| Profit/(loss) | 24,670 | (514) |

14. Interest in Jointly Controlled Entities

| | Note | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|--|------|--|---|
| Share of net assets | | 852 | 679 |
| Amount due from a jointly controlled entity | (b) | 11,370 | 12,050 |
| Less: Impairment loss | (c) | 12,222 (10,700) | 12,729 (10,700) |
| | | 1,522 | 2,029 |

(a) Details of the Group's interest in the jointly controlled entities are as follows:

| Name of joint venture | Form of business structure | Place of incorporation | Particulars of issued and paid up share capital | Group's effective interest % | Principal activity |
|---|----------------------------------|---------------------------|---|---------------------------------------|-----------------------|
| Surplus Win Enterprises Limited | Incorporated | British Virgin Islands | 2 shares of US\$1 each | 50 | Investment holding |
| Double Diamond International Limited | Incorporated | British Virgin Islands | 100 shares of US\$1 each | 40 | Operation of pier |

(b) The amount due from a jointly controlled entity is unsecured, interest-free and has no fixed terms of repayment.

14. Interest in Jointly Controlled Entities *(Continued)*

- (c) The Group has advanced HK\$12 million to the jointly controlled entity to finance the acquisition of certain assets. The advance was unsecured and interest-free. In the opinion of the directors of the Company, the amount will not be repaid within twelve months from 30 June 2013 and is therefore classified as non-current assets. As at 30 June 2013, the accumulated impairment loss of interest in jointly controlled entities was HK\$10.7 million (31 December 2012: HK\$10.7 million) and is considered to be adequate as there are no indication for further impairment. The recoverable amount of this advance is determined based on the net cash flows from operations estimated by management for the coming five years.
- (d) The following is summary of aggregate amounts of assets, liabilities, revenues and results of the jointly controlled entities:

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|---------------------|--|---|
| Non-current assets | 29,633 | 29,293 |
| Current assets | 635 | 1,840 |
| Current liabilities | (22,955) | (24,253) |
| Total equity | 7,313 | 6,880 |

| | Unaudited For the six months ended | |
|------------------------|---|-------------------------------|
| | 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 |
| Income | 580 | 541 |
| Expenses | (146) | (352) |
| Profit before taxation | 434 | 189 |
| Taxation | – | – |
| Profit for the period | 434 | 189 |

15. Trade and Other Receivables

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

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|--------------------------|--|---|
| 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 |
| Trade receivables | 15,127 | 16,056 |
| Other receivables | 1,051 | 1,112 |
| Prepayments and deposits | 24,173 | 24,096 |
| | 40,351 | 41,264 |

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).

16. Pledged Bank Deposits/Cash and Cash Equivalents

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|---|--|---|
| Cash and bank balances | 57,526 | 127,125 |
| Non-pledged bank deposits | 91,000 | 112,456 |
| Pledged bank deposits | 10,927 | 10,419 |
| | 159,453 | 250,000 |
| Less: Pledged bank deposits | (10,927) | (10,419) |
| Cash and cash equivalents in the condensed consolidated statements of cash flows and financial position | 148,526 | 239,581 |

Included in cash and bank balances as at 30 June 2013 is an amount denominated in Renminbi ("RMB") of approximately RMB5.0 million (equivalent to approximately HK\$6.4 million) (31 December 2012: approximately RMB3.0 million, equivalent to approximately HK\$3.8 million). Remittance of RMB out of PRC is subject to exchange restrictions imposed by the PRC government.

17. Trade and Other Payables

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

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|--|--|---|
| 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 |
| Trade payables | 11,630 | 10,736 |
| Accrued charges and other payables | 18,271 | 16,026 |
| Financial liabilities measured at amortised cost | 29,901 | 26,762 |

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

18. Profit Guarantee Liabilities

| | HK\$'000 | |
|---|--|---|
| Carrying amount | | |
| At 1 January 2013 (Audited) | | 14,408 |
| Payment to SBI Macau Holdings Limited ("SBI Macau") under the profit guarantee | | (9,100) |
| At 30 June 2013 (Unaudited) | | 5,308 |
| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
| Current liabilities | 5,308 | 9,100 |
| Non-current liabilities | – | 5,308 |
| | 5,308 | 14,408 |

The profit guarantee liabilities are carried at amortised cost.

19. Bank Loans

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|---------------------|--|---|
| Bank loans, secured | 12,193 | 13,306 |

The maturity of the above borrowings is as follow:

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|--|--|---|
| Carrying amount repayable: | | |
| Within one year | 598 | 620 |
| More than one year, but no exceeding two years | 633 | 656 |
| More than two years, but not more than five years | 1,869 | 2,070 |
| More than five years | 9,093 | 9,960 |
| | 12,193 | 13,306 |
| Less: Amounts shown under current liabilities | (598) | (620) |
| Amounts shown under non-current liabilities | 11,595 | 12,686 |

The non-revolving term loans carry fixed interest rates and shall be repayable by consecutive monthly instalments. The loans are secured by the Group's properties located in Canada with a carrying amount equivalent to approximately HK\$17.9 million (31 December 2012: equivalent to approximately HK\$20.7 million).

20. Loans Payables

| | Note | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|---|-------|--|---|
| Loans from non-controlling shareholders | | | |
| – Mrs. Yung Yuen Ping Kwok | (i) | 2,569 | 2,739 |
| – SABC Holdings Ltd. | (ii) | 7,400 | 7,888 |
| – Up Fly Limited | (iii) | 7,306 | 7,306 |
| | | 17,275 | 17,933 |
| Loans from Maruhan Corporation (“Maruhan”) | (iv) | – | 147,850 |
| Loan from SBI Macau | (v) | 39,486 | 39,486 |
| | | 56,761 | 205,269 |
| Less: Amounts shown under current liabilities | | (39,486) | (187,336) |
| Amounts shown under non-current liabilities | | 17,275 | 17,933 |

Notes:

- (i) Mrs. Yung Yuen Ping Kwok is a non-controlling shareholder of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (ii) SABC Holdings Ltd. is a non-controlling shareholder of an 80% indirectly owned subsidiary of the Company, namely 665127 British Columbia Ltd.. The loan is unsecured, interest-free and not expected to be settled within one year.
- (iii) Up Fly Limited is a non-controlling shareholder of a 70% indirectly owned subsidiary of the Company, namely Honour Rich China Development Limited. The loan is unsecured, interest-free and not expected to be settled within one year.

20. Loans Payables (Continued)

Notes: (Continued)

- (iv) The amount represented the shareholder's loan of approximately HK\$66,468,000 due by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company, to Golden Sun Profits Limited ("Golden Sun"), an indirect subsidiary of the Company, taken up by Maruhan upon the completion of the World Fortune Disposal (as defined in note 5(b)(iii) to the Annual Report 2012) on 29 October 2007 and further shareholder's loan of approximately HK\$81,382,000 for the year ended 31 December 2012 advanced by Maruhan to World Fortune pursuant to the World Fortune Shareholders' Agreement (as defined in note 5(b)(iii) to the Annual Report 2012). The loans were settled at the date of completion of the Acquisition (as defined in note 25).
- (v) As mentioned in note 5(b)(iv) to the Annual Report 2012, pursuant to a deed of assignment dated 8 August 2008, Favor Jumbo Limited, an indirect wholly-owned subsidiary of the Company assigned the loan of approximately HK\$39,486,000 due by Golden Sun to SBI Macau. The loan is unsecured, interest-free and has been reclassified as current liabilities.

The carrying amounts of the loans payables are approximately to their fair value.

21. Long-term Payables

| | Note | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|--|------|--|---|
| Present value of liabilities of | | | |
| – Maruhan Put Option | (i) | – | 142,035 |
| – SBI Macau Put Option | | 89,466 | 83,429 |
| Amount shown under current liabilities | | 89,466 | 225,464 |

Note:

- (i) The present value of the Maruhan Put Option was settled at the date of completion of the Acquisition (as defined in note 25).

The carrying amounts of long-term payables are approximately to their fair values.

22. Financial Guarantee Contract

| | HK\$'000 | |
|---|--|---|
| Carrying amount | | |
| At 1 January 2012 (Audited) | | 6,300 |
| Amortisation for the year | | (16,298) |
| Fair value of financial guarantee contract issued | | 99,978 |
| At 31 December 2012 and 1 January 2013 (Audited) | | 89,980 |
| Amortisation for the period | | (9,997) |
| At 30 June 2013 (Unaudited) | | 79,983 |
| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
| Current liabilities | 19,995 | 19,995 |
| Non-current liabilities | 59,988 | 69,985 |
| | 79,983 | 89,980 |

In 2012, the Company gave a corporate guarantee (“Guarantee”) to a bank 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”). 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). The contingent liabilities were disclosed in note 28.

Based on the valuation performed by Roma, the directors of the Company considered that the fair value of the financial guarantee contract was approximately HK\$100.0 million at the date of issuance of financial guarantee contract with a corresponding increase in its interest in associates as deemed capital contribution.

The carrying amount of the financial guarantee contract recognised in the Group’s condensed consolidated statements of financial position were in accordance with HKAS 39 “Financial Instruments: Recognition and Measurement” and is carried at amortised cost.

23. Finance Lease Liabilities

The Group leases property, plant and equipment under finance lease. The lease terms are 6 years with no interest underlying. The future minimum lease payment is as follows:

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|--|--|---|
| Within one year | 25 | – |
| In the second to fifth years inclusive | 94 | – |
| Over fifth years | 26 | – |
| | 145 | – |
| Less: Amount shown under current liabilities | (25) | – |
| Amount shown under non-current liabilities | 120 | – |

24. Share Capital

| | Number of shares '000 | Nominal value HK\$'000 |
|---|-----------------------------|------------------------------|
| 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 |

24. Share Capital *(Continued)*

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 (the "Rights Issue") in January 2012.

25. Acquisition of the Interest in a Subsidiary

In February 2013, Golden Sun received a notice from Maruhan in respect of the exercise of 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 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 World Fortune Shareholders' Agreement (as defined in note 5(b)(iii) of Annual Report 2012) (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 (note 20) together with the present value of the Maruhan Put Option of approximately HK\$142.0 million (note 21).

26. Related Party Transactions

- (a) The Group had the following transactions with the related parties during the period:

| | Note | Unaudited For the six months ended | |
|---|-------|---------------------------------------|-----------------------|
| | | 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 |
| Travel services income received and receivable from an associate | | – | 20 |
| Cost of sales related to travel services paid and payable to an associate | | – | 30 |
| Management fee income received and receivable from an associate | | 541 | 3,107 |
| Interest expenses paid to a director and controlling shareholder | (ii) | 27 | 754 |
| Interest expenses paid to a controlling shareholder | (iii) | – | 183 |
| Underwriting commission paid to a controlling shareholder | (iii) | – | 4,522 |

- (b) The outstanding balances with related parties at 30 June 2013 and 31 December 2012 are as follows:

| | Note | Unaudited At | Audited At |
|--|-------|-----------------------|------------------------|
| | | 30/6/2013 HK\$'000 | 31/12/2012 HK\$'000 |
| Amounts due from associates | 13(d) | 813,962 | 802,621 |
| Amount due from a jointly controlled entity | 14 | 11,370 | 12,050 |
| Other receivable from a related party | (i) | 5,867 | 5,867 |
| Loan from a director and controlling shareholder | (ii) | 50,000 | – |

26. Related Party Transactions *(Continued)*

(b) (Continued)

Notes:

- (i) The amount of receivable is from an independent third party (the “JV Partner”) for his on-lending to the joint venture company of which the Company and the JV Partner held 70% and 30% interests respectively (the “JV Company”). The amount is secured by 30% equity interest of the JV Company, interest-free and has no fixed repayment terms.
- (ii) The loan is unsecured and bearing interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The final repayment date of the loan and all other sums owing to Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”, being a director and a controlling shareholder of the Company) was further extended to 31 October 2014 by a letter agreement dated 18 March 2013.
- (iii) Pursuant to the terms of the underwriting agreement entered into between Silver Rich Macau Development Limited (“Silver Rich”, a controlling shareholder of the Company and wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung) and the Company regarding the Rights Issue, in 2012, (i) Silver Rich has accepted and taken up 673,968,954 rights shares provisionally allotted by the Company at a total subscription price of HK\$128,054,101.26 (the “Subscription Monies”) and a maximum of 952,007,200 underwritten shares (the “Underwritten Shares”) were underwritten by Silver Rich; (ii) a commission of 2.5% of the aggregate subscription price in respect of the Underwritten Shares, which amounted to approximately HK\$4.5 million (the “Underwriting Commission”) has been paid by the Company to Silver Rich; and (iii) the Subscription Monies should be set off by the loans for the aggregate amount of approximately HK\$104.7 million which was charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited and approximately HK\$23.4 million which was charged with interest at the rate of 4% per annum (the “Assigned Loans”).

On 12 January 2012, the Subscription Monies have been set off by the Assigned Loans with the sum of HK\$128,054,101.26 and on 18 January 2012, the Rights Issue has been completed and the Underwriting Commission has been paid by the Company to Silver Rich.

26. Related Party Transactions (Continued)

(c) Key management personnel compensation

Compensation for key management personnel, including amounts paid to the Company's directors, senior management of the Company and certain of the highest paid employees, is as follows:

| | Unaudited For the six months ended | |
|---|---------------------------------------|-----------------------|
| | 30/6/2013 HK\$'000 | 30/6/2012 HK\$'000 |
| Salaries and other short-term employee benefits | 3,429 | 2,749 |
| Retirement benefit scheme contributions | 53 | 35 |
| Total emoluments are included in "staff costs" | 3,482 | 2,784 |

27. Commitments

- (a) There is no capital commitments outstanding at 30 June 2013 not provide for in the condensed consolidated financial statements (31 December 2012: nil).
- (b) At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases for the Group are payable as follows:

| | Unaudited At 30/6/2013 HK\$'000 | Audited At 31/12/2012 HK\$'000 |
|-------------------------------------|--|---|
| Within one year | 5,444 | 3,110 |
| In second to fifth years, inclusive | 5,526 | 1,595 |
| Over fifth years | 224 | – |
| | 11,194 | 4,705 |

The Group lease certain office premises and equipment under operating leases. The leases typically run for period ranging from two to six years. None of leases includes contingent rentals.

28. Contingent Liabilities

In 2012, the Company gave a Guarantee to a bank in respect of the Syndicated Loan Facilities. 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).

29. 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 to a bank, for and on behalf of the syndicate of lenders, in respect of the Syndicated Loan Facilities;
- (c) The Group's self-occupied properties with a carrying amount of 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 Ltd., an 80% indirectly owned subsidiary of the Company which was incorporated in Canada ("Jade Travel (Canada)"); and
- (d) The Group's certain asset with a carrying amount of equivalent to approximately HK\$0.1 million (31 December 2012: nil) was pledged to secure a finance lease to Jade Travel (Canada).

30. Seasonality

The turnover of the Group's travel business is subject to seasonal fluctuations, with peak demand during the holiday season whereas the Group's cruise ship leasing and management together with lottery businesses are subject to relatively lower degree of seasonal volatility.

31. Comparatives

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

INDEPENDENT REVIEW REPORT



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**TO THE BOARD OF DIRECTORS OF
SUCCESS UNIVERSE GROUP LIMITED**
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 42, which comprise the condensed consolidated statement of financial position of Success Universe Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2013 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hon Koon Fai, Alex

Practicing Certificate Number: P05029

Hong Kong, 29 August 2013

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.

Review of Operations *(Continued)*

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.

Review of Operations *(Continued)*

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 LP 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 China LifeStyle 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.

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

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).

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.

Financial Review *(Continued)*

Liquidity, Financial Resources and Gearing *(Continued)*

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.

Financial Review *(Continued)*

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.

Prospects *(Continued)*

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.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests in Securities

As at 30 June 2013, the Directors or chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Interest in the shares of the Company ("Share(s)")

| Name of Director | Long position/ Short position | Nature of interest | Number of Shares held | Approximate percentage of shareholding % |
|--|----------------------------------|--------------------|--------------------------|---|
| Mr. Yeung Hoi Sing, Sonny (<i>Note</i>) | Long position | Corporate interest | 2,346,557,462 | 50.84 |

Note: Mr. Yeung Hoi Sing, Sonny, an executive Director and the Chairman of the Company, was deemed to have corporate interest in 2,346,557,462 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme and Directors' Rights to Acquire Shares or Debentures

Pursuant to the share option scheme adopted by the shareholders of the Company on 20 August 2004 (the "Share Option Scheme"), the Board may at a consideration of HK\$1 offers to grant share options to selected eligible persons to subscribe for Shares as incentives or rewards for their contribution to the Group. The exercise price of any share option will be determined by the Board at its absolute discretion, but in any event shall not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date on which the relevant option is offered; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date on which the relevant option is offered; and (iii) the nominal value of the Share.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

The Share Option Scheme became effective on 8 November 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption of the Share Option Scheme, i.e. 20 August 2004.

No options under the Share Option Scheme had been granted to any person since its adoption and up to 30 June 2013.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in Securities

As at 30 June 2013, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have, interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in the Shares

| Name of substantial shareholder | Long position/ Short position | Capacity | Number of Shares held | Approximate percentage of shareholding % |
|---|----------------------------------|------------------------------------|--------------------------|---|
| Silver Rich Macau Development Limited | Long position | Beneficial owner | 2,346,557,462 | 50.84 |
| Fiducia Suisse SA <i>(Note 1)</i> | Long position | Trustee | 2,346,557,462 | 50.84 |
| Mr. David Henry Christopher Hill <i>(Note 1)</i> | Long position | Interest of controlled corporation | 2,346,557,462 | 50.84 |
| Mrs. Rebecca Ann Hill <i>(Note 2)</i> | Long position | Interest of spouse | 2,346,557,462 | 50.84 |
| Ms. Liu Siu Lam, Marian <i>(Note 3)</i> | Long position | Interest of spouse | 2,346,557,462 | 50.84 |
| Maruhan Corporation | Long position | Beneficial owner | 956,633,525 | 20.73 |

Notes:

1. The entire issued share capital of Silver Rich Macau Development Limited is held by Fiducia Suisse SA, which is a trustee of a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny. Fiducia Suisse SA is wholly-owned by Mr. David Henry Christopher Hill. Accordingly, each of Fiducia Suisse SA and Mr. David Henry Christopher Hill was deemed to be interested in 2,346,557,462 Shares held by Silver Rich Macau Development Limited.
2. Mrs. Rebecca Ann Hill, being the spouse of Mr. David Henry Christopher Hill, was deemed to be interested in 2,346,557,462 Shares in which Mr. David Henry Christopher Hill had a deemed interest.
3. Ms. Liu Siu Lam, Marian, being the spouse of Mr. Yeung Hoi Sing, Sonny, was deemed to be interested in 2,346,557,462 Shares in which Mr. Yeung Hoi Sing, Sonny had a deemed interest.

Substantial Shareholders' Interests in Securities (Continued)

Interest in the Shares (Continued)

Save as disclosed above, as at 30 June 2013, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Based on the disclosure obligations under Rules 13.20 and 13.22 of the Listing Rules, the financial assistance, which was made by the Group by way of the shareholder's loans provided by World Fortune Limited ("World Fortune"), an indirect subsidiary of the Company, and a corporate guarantee given by the Company in respect of the payment obligation of Pier 16 – Property Development Limited ("Pier 16 – Property Development", being a 49% owned associate of World Fortune) under syndicated loan facilities granted to Pier 16 – Property Development (the "Financial Assistance"), continued to exist as at 30 June 2013. Pier 16 – Property Development is principally engaged in the investment, development and, through its subsidiaries, operating Ponte 16, a world-class integrated casino-entertainment resort located in Macau. The Financial Assistance is mainly used for the development and operations of Ponte 16.

The amounts of the Financial Assistance as at 30 June 2013 were set out below:

| Name of associate | Shareholder's loans HK\$'million | Corporate guarantee HK\$'million | Aggregate Financial Assistance HK\$'million |
|-------------------|-------------------------------------|-------------------------------------|--|
|-------------------|-------------------------------------|-------------------------------------|--|

| | | | |
|--------------------------------|-----|-------|-------|
| Pier 16 – Property Development | 881 | 1,176 | 2,057 |
|--------------------------------|-----|-------|-------|

The shareholder's loans provided by World Fortune are unsecured, interest-free and have no fixed terms of repayment.

Further details are set out in notes 13 and 28 to the condensed consolidated financial statements.

Set out below is a consolidated balance sheet of Pier 16 – Property Development and the Group’s attributable interests in this associate according to its management account for the period ended 30 June 2013:

| | Consolidated balance sheet HK\$’000 | Group’s attributable interests HK\$’000 |
|-------------------------|--|--|
| Non-current assets | 2,301,479 | 1,127,725 |
| Current assets | 646,286 | 316,680 |
| Current liabilities | 344,467 | 168,789 |
| Non-current liabilities | 3,231,145 | 1,583,261 |

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 Listing Rules during the six months ended 30 June 2013.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiry of all Directors, each of whom has confirmed his/her compliance with the required standard set out in the Code of Conduct and the Model Code throughout the six months ended 30 June 2013.

INFORMATION IN RESPECT OF DIRECTORS

There was no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the date of the Annual Report 2012 of the Company and up to the date of this report.

AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”) comprises the non-executive Director, Mr. Choi Kin Pui, Russelle, and the three independent non-executive Directors, Mr. Luk Ka Yee, Patrick, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose, with terms of reference prepared in accordance with the requirements of the Listing Rules. The Audit Committee is chaired by Mr. Chin Wing Lok, Ambrose who possesses appropriate professional accounting qualification as required under the Listing Rules.

The primary duties of the Audit Committee include, inter alia, monitoring integrity of the financial statements of the Company and ensuring objectivity and credibility of financial reporting, reviewing effectiveness of the internal control system of the Group, overseeing the relationship with the external auditors of the Company as well as ensuring maintenance of good corporate governance standard and procedures by the Company.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2013 have been reviewed by the Audit Committee 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
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 29 August 2013