SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

INTERIM RESULTS

The board of directors (the "Board") of Success Universe Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018 together with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2018

		Unaudited	
		For the six months ended	
	Note	**30/6/2018**	30/6/2017
		HK$'000	*HK$'000*
Continuing Operations			
Revenue	*3*	**478,549**	272,971
Cost of sales		**(466,319)**	(262,838)
Gross profit		**12,230**	10,133
Other revenue and gains	*4*	**415**	10,124
Fair value gain on investment properties	*9*	**22,300**	692
Administrative expenses		**(43,253)**	(46,911)
Other operating expenses	*5(c)*	**(236)**	(2,202)
Loss from operations		**(8,544)**	(28,164)
Finance costs	*5(a)*	**(591)**	(1,349)
Share of results of joint ventures		**332**	269
Share of results of associates		**23,008**	7,153
Profit/(loss) before taxation	*5*	**14,205**	(22,091)
Taxation	*6*	**–**	–
Profit/(loss) for the period from continuing operations		**14,205**	(22,091)
Discontinued Operation			
Loss from discontinued operation		**–**	(1,170)
Profit/(loss) for the period		**14,205**	(23,261)
Attributable to:			
Owners of the Company		**14,655**	(21,073)
Non-controlling interests		**(450)**	(2,188)
Profit/(loss) for the period		**14,205**	(23,261)
Earnings/(loss) per share			
From continuing and discontinued operations	*8(a)*		
– Basic and diluted		**0.30 HK cents**	(0.43) HK cents
From continuing operations	*8(b)*		
– Basic and diluted		**0.30 HK cents**	(0.40) HK cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018

	Unaudited	
	For the six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
Profit/(loss) for the period	**14,205**	(23,261)
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(346)**	1,702
Total other comprehensive (loss)/income for the period, net of tax	**(346)**	1,702
Total comprehensive income/(loss) for the period	**13,859**	(21,559)
Attributable to:		
Owners of the Company	**14,374**	(19,289)
Non-controlling interests	**(515)**	(2,270)
Total comprehensive income/(loss) for the period	**13,859**	(21,559)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	**Unaudited at 30/6/2018** ***HK$'000***	Audited at 31/12/2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**28,296**	30,300
Intangible assets		**3,544**	3,927
Investment properties	*9*	**438,600**	292,000
Interests in associates		**560,095**	537,087
Interests in joint ventures		**4,743**	4,411
		1,035,278	867,725
Current assets			
Stock of properties	*10*	**81,880**	–
Trade and other receivables	*11*	**19,898**	18,602
Pledged bank deposits		**9,697**	10,064
Cash and cash equivalents		**28,610**	149,656
		140,085	178,322
Current liabilities			
Trade and other payables	*12*	**18,997**	16,697
Deferred income		**254**	265
Bank loan	*13*	**114,500**	–
Financial guarantee contract		**644**	644
Tax payable		**94**	–
		134,489	17,606
Net current assets		**5,596**	160,716
Total assets less current liabilities		**1,040,874**	1,028,441

	Unaudited at 30/6/2018 *HK$'000*	Audited at 31/12/2017 *HK$'000*
Non-current liabilities		
Deferred income	**1,054**	1,097
Loan payable	**26,171**	27,232
Financial guarantee contract	**1,934**	2,256
	29,159	30,585
Net assets	**1,011,715**	997,856
Capital and reserves		
Share capital	**49,265**	49,265
Reserves	**975,739**	961,365
Total equity attributable to owners of the Company	**1,025,004**	1,010,630
Non-controlling interests	**(13,289)**	(12,774)
Total equity	**1,011,715**	997,856

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standards ("HKAS(s)") 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 2017 as contained in the Company's Annual Report 2017 (the "Annual Report 2017").

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2017, except for the impact of the adoption of the new and revised HKASs, Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations described below.

In the current interim period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("New HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2018:

HKFRS (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKAS 40 (Amendments)	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The application of the New HKFRSs has no material impact on these interim condensed consolidated financial statements and there are no significant changes to the accounting policies applied in these interim financial statements, except for the following as below:

HKFRS 9 "Financial Instruments"

The Group has initially adopted HKFRS 9 "Financial Instruments" from 1 January 2018. HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Based on the assessment by the Group, there would be no retrospective item that existed and no significant cumulative effect of the initial application of HKFRS 9 at 1 January 2018 in accordance with the transition requirement.

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

— Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortise cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

There is no reclassification or remeasurement of the financial assets, including cash and cash equivalents, pledged bank deposits as well as trade and other receivables for the adoption of HKFRS 9.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" ("ECL(s)") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents, loan receivables as well as trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expect cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for fixed rate financial assets as well as trade and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognised a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 180 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— Failure to make payments of principal or interest on their contractually due dates;

— An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— An actual or expected significant deterioration in the operating results of the debtor; and

— Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

As at 1 January 2018, no additional credit loss allowance has been recognised in the condensed consolidated financial statements.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired included the following observable events:

— Significant financial difficulties of the debtor;

— A breach of contract, such as a default or delinquency interest or principal payments;

— It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

— Information relating to comparative periods has not been restated.

— The assessments have been made on the basis of the facts and circumstances that exist at 1 January 2018 (the date of initial application of HKFRS 9 by the Group) for the determination of the business model within which a financial asset is held.

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

HKFRS 15 "Revenue from Contracts with Customers"

Under HKFRS 15, revenue from sales of goods and provision of services as well as rental income will be recognised when the customer obtains control of the promised goods or services in the contract. Management has assessed the impact of the adoption of HKFRS 15 and the adoption of HKFRS 15 does not have a significant impact on the recognition of revenue of the Group.

3. SEGMENT INFORMATION

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

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

The Group has presented the following two reportable segments:

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

— Property investment business: receiving rental income from leasing office premises and sale of properties in Hong Kong.

The lottery business was discontinued for the year ended 31 December 2017. The segment information reported below does not include any amounts for this discontinued operation.

(a) Segment results and assets

In accordance with HKFRS 8 "Operating Segments", 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 joint ventures and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation is not allocated to reportable segments.

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

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

All assets are allocated to reportable segments other than tax recoverable, interests in associates and joint ventures. Unallocated corporate assets mainly included part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

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

Continuing operations

	Travel		Property Investment		Total	
	Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended	
	30/6/2018	30/6/2017	**30/6/2018**	30/6/2017	**30/6/2018**	30/6/2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers and reportable segment revenue	**475,026**	269,673	**3,523**	3,298	**478,549**	272,971
Reportable segment profit/(loss)	**(2,377)**	(8,312)	**24,735**	2,257	**22,358**	(6,055)
Share of results of joint ventures					**332**	269
Share of results of associates					**23,008**	7,153
Unallocated corporate income					**408**	10,101
Unallocated corporate expenses					**(31,901)**	(33,453)
Finance costs					**–**	(106)
Consolidated profit/(loss) before taxation					**14,205**	(22,091)
Taxation					**–**	–
Consolidated profit/(loss) for the period					**14,205**	(22,091)

	Travel		Property Investment		Total	
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	At	At	**At**	At	**At**	At
	30/6/2018	31/12/2017	**30/6/2018**	31/12/2017	**30/6/2018**	31/12/2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**51,485**	51,089	**522,852**	294,142	**574,337**	345,231
Unallocated corporate assets						
– Interests in associates					**560,095**	537,087
– Interests in joint ventures					**4,743**	4,411
– Corporate assets					**36,188**	159,318
					1,175,363	1,046,047

(b) Other segment information

Continuing operations

	Travel		Property Investment		Other corporate entities		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2018	30/6/2017	**30/6/2018**	30/6/2017	**30/6/2018**	30/6/2017	**30/6/2018**	30/6/2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**3**	2	**–**	7	**87**	16	**90**	25
Depreciation on property, plant and equipment	**(283)**	(321)	**–**	–	**(1,652)**	(1,761)	**(1,935)**	(2,082)
Impairment loss recognised on intangible assets	**(236)**	(2,202)	**–**	–	**–**	–	**(236)**	(2,202)
Fair value gain on investment properties	**–**	–	**22,300**	692	**–**	–	**22,300**	692
Finance costs	**–**	–	**(591)**	(1,243)	**–**	(106)	**(591)**	(1,349)
Additions to non-current assets*	**83**	12	**148,000**	21,107	**309**	19	**148,392**	21,138

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

4. OTHER REVENUE AND GAINS

Continuing operations

	Unaudited	
	For the six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
Other revenue:		
Interest income on bank deposits	**90**	25
Total interest income on financial assets not at fair value through profit or loss	**90**	25
Management fee income	**–**	84
Other income	**3**	15
	93	124
Other gain:		
Amortisation of financial guarantee contract	**322**	10,000
Total	**415**	10,124

5. PROFIT/(LOSS) BEFORE TAXATION

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

Continuing operations

		Unaudited For the six months ended	
		30/6/2018	30/6/2017
		HK$'000	*HK$'000*
(a)	**Finance costs**		
	Interest on bank loans	**591**	1,243
	Interest on loan from a director and controlling shareholder	**–**	106
	Total interest expenses on financial liabilities not at fair value through profit or loss	**591**	1,349
(b)	**Staff costs**		
	Salaries, wages and other benefits (including directors' emoluments)	**18,369**	20,081
	Contributions to defined contribution retirement plan	**1,001**	704
		19,370	20,785
(c)	**Other items**		
	Auditors' remuneration	**600**	600
	Depreciation on owned property, plant and equipment	**1,935**	2,082
	Gross rental income from investment properties	**3,523**	3,298
	Less: Direct operating expenses incurred for investment properties that generated rental income during the period	**(448)**	(455)
	Operating lease rentals		
	– properties	**3,961**	3,865
	– plant and equipment	**284**	242
	Impairment losses recognised on intangible assets*	**236**	2,202

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

6. TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Continuing operations

	Unaudited For the six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
Current tax	**–**	–

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2018 and 2017 as the Group has no estimated assessable profits for the periods.

Canadian subsidiaries are subject to Canadian Corporate Income Tax which comprises federal and provincial income taxes. The net federal income tax is calculated at 15% (2017: 15%) and the provincial income tax is calculated at the rates prevailing in the relevant provinces. No provision for Canadian Corporate Income Tax has been made for the periods ended 30 June 2018 and 2017 as the Group has no assessable profits arising in Canada.

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

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: nil).

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

8. EARNINGS/(LOSS) PER SHARE

(a) From continuing and discontinued operations:

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

	Unaudited For the six months ended	
	30/6/2018	30/6/2017
	HK$'000	*HK$'000*
Profit/(loss):		
Profit/(loss) for the period attributable to the owners of the Company	**14,655**	(21,073)
	'000 shares	*'000 shares*
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	**4,926,491**	4,926,491

Diluted earnings/(loss) per share for the periods ended 30 June 2018 and 2017 was the same as the basic earnings/(loss) per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

(b) From continuing operations:

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

	Unaudited For the six months ended **30/6/2018** ***HK$'000***	 30/6/2017 *HK$'000*
Profit/(loss):		
Profit/(loss) for the period attributable to the owners of the Company	**14,655**	(21,073)
Add: Loss for the period attributable to the owners of the Company from discontinued operation	**–**	936
	14,655	(20,137)

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

Diluted earnings/(loss) per share for the periods ended 30 June 2018 and 2017 was the same as the basic earnings/(loss) per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

9. INVESTMENT PROPERTIES

Fair value	***HK$'000***
At 1 January 2017 (Audited)	191,708
Addition	21,107
Increase in fair value recognised in the consolidated statement of profit or loss	79,185
At 31 December 2017 and 1 January 2018 (Audited)	292,000
Addition	148,000
Increase in fair value recognised in the consolidated statement of profit or loss	22,300
Transfer to stock of properties *(note 10)*	(23,700)
At 30 June 2018 (Unaudited)	**438,600**

The Group's properties interest held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for an investment properties. The fair value of investment properties located in Hong Kong is determined using combination of income capitalisation method and direct comparison method by reference to recent sales price of comparable properties on a price per saleable square foot basis.

For the six months ended 30 June 2018, the investment properties were classified as level 3 under the fair value hierarchy (31 December 2017: level 3).

There were no transfers into or out of level 1, 2 and 3 during the period. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

For the six months ended 30 June 2018, the Group had pledged one of its investment properties with a carrying amount of approximately HK$281.4 million (31 December 2017: approximately HK$269.0 million) to secure a bank loan granted to the Group (note 13).

10. STOCK OF PROPERTIES

	HK$'000
At 1 January 2018	–
Acquisition of assets through acquisition of subsidiaries	58,180
Transfer from investment properties *(note 9)*	23,700
At 30 June 2018 (Unaudited)	**81,880**

11. TRADE AND OTHER RECEIVABLES

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

	Unaudited At 30/6/2018 *HK$'000*	Audited At 31/12/2017 *HK$'000*
Current	**7,926**	4,921
31 to 60 days overdue	**1,817**	834
61 to 90 days overdue	**1,918**	962
Over 90 days overdue	**733**	546
Trade receivables	**12,394**	7,263
Other receivables	**731**	651
Prepayments and deposits	**6,773**	10,688
	19,898	18,602

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 days to customers of travel business (31 December 2017: average credit period of 30 days). For the customer of property investment business, no credit period was granted.

12. TRADE AND OTHER PAYABLES

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

	Unaudited At 30/6/2018 *HK$'000*	Audited At 31/12/2017 *HK$'000*
Current	**8,380**	4,562
31 to 60 days	**1,079**	325
61 to 90 days	**174**	211
Over 90 days	**456**	723
Trade payables	**10,089**	5,821
Accrued charges and other payables	**8,908**	10,876
Financial liabilities measured at amortised cost	**18,997**	16,697

13. BANK LOAN

	Unaudited At 30/6/2018 *HK$'000*	Audited At 31/12/2017 *HK$'000*
Bank loan, secured	**114,500**	–
Carrying amount repayable:		
On demand or within one year	**114,500**	–
	114,500	–
Less: Amounts shown under current liabilities	**(114,500)**	–
Amounts shown under non-current liabilities	**–**	–

The Group had pledged one of its investment properties to secure the bank loan granted to the Group (note 9). The bank loan is carrying an interest rate at Hong Kong interbank offered rate (HIBOR) plus 2% per annum. The weighted average effective interest rate on the bank loan was approximately 3.44% per annum for the six months ended 30 June 2018 (31 December 2017: approximately 2.46% per annum).

14. EVENT AFTER THE REPORTING PERIOD

In August 2018, the Group entered into a preliminary sale and purchase agreement with an independent third party to acquire a commercial property in Wanchai at a consideration of HK$106.8 million. The said acquisition is expected to be completed in October 2018.

15. COMPARATIVE

The comparative consolidated statement of profit or loss has been re-presented as the lottery business segment discontinued in the prior year. In the opinion of the directors of the Company, such reclassification provides a more appropriate presentation on the Group's business segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The global economy had a good start in the first half of 2018 and generally performed well, despite of a number of potential headwinds. With the stable growth momentum in the Macau gaming industry and positive development trend in the global travel and tourism sectors, the Group achieved encouraging results for the reporting period. Although the rising trade tensions between major economies create downside risk for the second half of the year, the Group will continue to strengthen its competitiveness by exploring new opportunities to capture the enormous market potential, and remain attentive to the changes of global political and economic conditions.

Results

For the six months ended 30 June 2018, revenue from continuing operations of the Group was approximately HK$478.5 million, increased by approximately 75% from approximately HK$273.0 million for the same period of 2017. Gross profit increased by approximately 21% to approximately HK$12.2 million (2017: approximately HK$10.1 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group, for the first half of 2018 was approximately HK$23.0 million, increased by approximately 222% from approximately HK$7.2 million for the last corresponding period. Profit attributable to owners of the Company from both continuing and discontinued operations for the reporting period amounted to approximately HK$14.7 million (2017: loss attributable to owners of the Company from both continuing and discontinued operations was approximately HK$21.1 million), whilst earnings per share from both continuing and discontinued operations was 0.3 HK cents (2017: loss per share from both continuing and discontinued operations was 0.43 HK cents).

Turnaround from loss to profit was mainly attributable to the increase in (i) fair value gain on investment properties of the Group; and (ii) the Group's share of profit of the associates relating to Ponte 16.

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 2018 (2017: nil).

Increase in Shareholding of Controlling Shareholder

During the period under review, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", the Chairman of the board of Directors, an executive Director and a controlling shareholder of the Company) increased his beneficial interest in the Company from approximately 52.10% to approximately 71.52% of the total issued share capital of the Company by acquiring 956,633,525 shares of the Company (the "Shares Acquisition") at a total cash consideration of HK$210,459,375.50. The Shares Acquisition demonstrated Mr. Yeung's confidence to the prospect of the Group's businesses. For details of the Shares Acquisition, please refer to the voluntary announcement dated 30 May 2018 issued by the Company.

Review of Operations

Travel Business

The Group operates Jade Travel Ltd. ("Jade Travel"), one of the largest travel agencies in Canada, through dedicated business segments providing professional services to cater customers with different demands. Air Booking Center was established in early 2017 to serve corporate customers, while the traditional brand "Jade Tours" targets at retail and tour customers.

For the first half of 2018, Jade Travel achieved an encouraging performance with a revenue increase of approximately 76%, driven by the substantial growth of the wholesale segment and the stable revenue contributed by the retail segment. During the reporting period, Jade Travel was dedicated in product enrichment and refinement, as well as conducting extensive publicity on various social media platforms. Jade Travel also continued to work closely with leading regional and international online travel portals, including the most well-known and widely-used portals in China, for the penetration of its broad range of travel products. These platforms match Jade Travel's featured and personalised travel packages with travellers who demand for in-depth and unique travel experiences with extra fine delicacies and entertainment arrangements.

Revenue of the segment increased to approximately HK$475.0 million for the six months ended 30 June 2018 (2017: approximately HK$269.7 million). Loss in this segment was substantially decreased by approximately 71% to approximately HK$2.4 million from approximately HK$8.3 million for the last corresponding period, including an impairment loss on intangible assets of approximately HK$0.2 million (2017: approximately HK$2.2 million) which was recognised for the reporting period.

Property Investment Business

With a primary focus on commercial real estate investment, the Group has built a portfolio of commercial properties in prime locations in Hong Kong for capital appreciation potential and steady rental income. Hong Kong's office market continues to witness robust demand, enabling the Group to record promising results benefited from fair value gain on the commercial portfolio. In April 2018, the Group further enriched its portfolio with the completion of acquisition of several commercial properties in Wanchai.

In addition, in May 2018, the Group completed the acquisition of the entire issued share capital of and the related shareholders' loans to two companies which hold indirectly two commercial properties in Admiralty Centre from a company which is direct wholly and beneficially owned by Mr. Yeung. Details please refer to the announcement dated 13 February 2018 and the circular dated 6 April 2018 both issued by the Company.

Revenue of the property investment business for the reporting period amounted to approximately HK$3.5 million, representing an increase of approximately 7% as compared with approximately HK$3.3 million for the last corresponding period, while segment profit was approximately HK$24.7 million (2017: approximately HK$2.3 million) which was mainly due to recognition of a fair value gain on investment properties of approximately HK$22.3 million (2017: approximately HK$0.7 million).

Investment Project – Ponte 16

The gaming market in Macau continued its thriving rebound momentum for the first half of 2018, while the total visitations were up by approximately 8% year-on-year ("yoy") to approximately 16.8 million. Macau's gross gaming revenue also achieved a substantial growth of approximately 19% yoy, with patrons returning to the tables across both the VIP and mass market segments. This improving market provided a positive environment for the operations of Ponte 16.

While the opening of new projects in Cotai Strip have attracted higher volume of visitors to Macau, Ponte 16's exclusive location next to the World Heritage Site recognised by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and its easy accessibility to tourism clusters constantly attracts travellers who love embracing Macau's prolific local cultures and history. The average occupancy rate of Sofitel Macau At Ponte 16 maintained at a high level at over 90% for the first half of the year.

As at 30 June 2018, the casino of Ponte 16 had 109 gaming tables, consisting of 96 mass gaming tables, 7 high-limit tables and 6 VIP tables, maintaining a balanced mix. Adjusted EBITDA* for the reporting period increased by approximately 26% to approximately HK$171.8 million (2017: approximately HK$136.3 million).

As a world-class integrated casino-entertainment resort located in the Inner Harbour of Macau, Ponte 16 is committed to uphold its high quality services to the valuable customers. As of 30 June 2018, Sofitel Macau At Ponte 16 received 14 honourable international and regional awards, including "TripAdvisor 2018 – Certificate of Excellence" by TripAdvisor, "Most Wanted Award" by Hotels.com Loved by Guests Awards 2018, "Customer Satisfaction Award" by Rakuten Travel, "Certificate of Popularity for the Year 2017 – Mistral Restaurant" by Mei Tuan and Dian Ping, and "Unique Luxury Hotel of the Year – China" by The Luxury Travel Guide Awards 2018. Sofitel Macau At Ponte 16's dedication in upholding corporate social responsibility and environmental protection was awarded "Macao Green Hotel Awards 2018 – Silver" by the Environmental Protection Bureau (DSPA) of Macau and the Macao Government Tourism Office. Privé was awarded "Ctrip Gourmet Award" by Ctrip and "U Favorite Food Awards 2018 – My Favorite Hotel Restaurant Award (Macau)" by U Magazine, and So SPA won "Luxury Beauty Spa Award" by 2018 World Luxury Spa Awards.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2018, the Group had net current assets of approximately HK$5.6 million (31 December 2017: approximately HK$160.7 million) and net assets of approximately HK$1,011.7 million (31 December 2017: approximately HK$997.9 million).

On 1 December 2008, Mr. Yeung provided a HK$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK$290 million on 14 April 2009 (the "Revised Mr. Yeung's Loan Facility") and the final repayment date of the loan and all other sums owing to Mr. Yeung under the Revised Mr. Yeung's Loan Facility was further extended from 31 October 2016 to 31 October 2018 by a supplemental letter of agreement dated 15 March 2016. As at 30 June 2018, the Company had no outstanding loan owed to Mr. Yeung under the Revised Mr. Yeung's Loan Facility (31 December 2017: nil).

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

In 2016, the Group obtained a secured bank facility which bears interest at Hong Kong interbank offered rate (HIBOR) plus 2% per annum. The proceeds of the facility were for the Group's general operation. As at 30 June 2018, the outstanding bank loan was approximately HK$114.5 million (31 December 2017: nil).

Apart from the aforesaid loans, as at 30 June 2018, there was a loan from non-controlling shareholder of approximately CAD4.3 million, equivalent to approximately HK$26.2 million (31 December 2017: approximately CAD4.3 million, equivalent to approximately HK$27.2 million). The loan was interest-free and unsecured.

As at 30 June 2018, total equity attributable to owners of the Company was approximately HK$1,025.0 million (31 December 2017: approximately HK$1,010.6 million). The gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 11% as at 30 June 2018 (31 December 2017: 0%).

Pledge of Assets

As at 30 June 2018, the Group had secured the following assets:

(a) the Group pledged the time deposits of approximately CAD1.5 million and USD0.1 million, totally equivalent to approximately HK$9.7 million (31 December 2017: approximately CAD1.5 million and USD0.1 million, totally equivalent to approximately HK$10.1 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million and a standby letter of credit of approximately USD0.1 million, totally equivalent to approximately HK$9.6 million (31 December 2017: a standby letter of credit and overdraft facility of approximately CAD1.5 million and a standby letter of credit of approximately USD0.1 million, totally equivalent to approximately HK$10.0 million) for the operation of the Group;

(b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2017: all) of its shares in Pier 16 – Property Development Limited ("Pier 16 – Property Development", an associate of the Group) to a bank in respect of the loan facilities granted to Pier 16 – Property Development (the "Loan Facilities"); and

(c) the Group pledged one of its investment properties with a carrying amount of approximately HK$281.4 million (31 December 2017: approximately HK$269.0 million) to secure against a bank loan granted to the Group.

Contingent Liabilities

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

The outstanding loan under the Loan Facilities as at 30 June 2018 was approximately HK$535.0 million (31 December 2017: approximately HK$635.0 million).

Human Resources

As at 30 June 2018, the Group had a total of 105 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

In the second half of 2018, uncertainties over the global economy continue to linger and cast shadows over consumer sentiments, in particular of volatility in the financial markets, monetary policies, restrictive trade measures, Brexit negotiation and the tension between China and the United States of America ("USA"). Under such complicated conditions of the global economy, the Group will stay cautious and prudent towards the formulation and implementation of long-term corporate strategies.

On the back of its favourable economic conditions, China is expected to keep its economy on a stable and healthy track, and the Group remains confident in the outlook for Macau. With its unique geographical advantages and transportation network, the opening of the Hong Kong-Zhuhai-Macau Bridge will significantly improve the accessibility for travellers from Hong Kong, Southern and Eastern China, while the Belt and Road Initiative and the Greater Bay Area integration plan will further increase the visitation to Macau from worldwide tourists. The Group believes the demand for leisure, tourism and travel from both Asia and China will continue to grow, driving the increase of overnight visitors with higher spending power and longer length of stay. In order to capture the growing momentum, Ponte 16 will continue to maintain its competitiveness by delivering comprehensive entertainment experiences during their stay in Macau.

This year, along with the celebration of the 10th anniversary of Ponte 16, a series of promotions and privilege offers have been rolled out in the first half of 2018 to recognise the loyalty and support of its customers. Moving on, Ponte 16 is devoted to promote the historical and cultural heritage of Macau whilst offering preeminent accommodation experience with distinctive cultural connotation. Ponte 16 will uphold its leading position as casino-entertainment resort located in the exclusive Inner Harbour of Macau.

To enhance Jade Travel's business development, the Group plans to explore business opportunities in the USA, on top of its existing market in Canada. Taking advantage of its online business platform, Jade Travel will continue to explore the strategic collaboration opportunities with the leading domestic and international online travel portals, and put more weight on designing packages to destinations all over the world aiming at responding to the diverse interests of customers.

Supported by the solid demand from the business sector, the property market in Hong Kong continued to achieve modest growth in rental in most area and recorded upward trend of properties value. Under this positive environment, the Group's property investment portfolio is expected to generate a steady growing income stream and provide capital appreciation potential to the Group. In August 2018, the Group entered into a preliminary sale and purchase agreement with an independent third party to acquire a commercial property in Wanchai. The said acquisition is expected to be completed in October 2018. Please refer to the announcement dated 23 August 2018 issued by the Company for further details of the said acquisition.

Looking forward, although the global economic conditions in the near term are likely to be challenging, the Group remains cautiously optimistic about the medium-to-long-term outlook of the economy. Adhering to its prudent financial management discipline, the Group will closely monitor the market movements and keep up with the evolving marketplace, with an endeavour to create long-term value for its stakeholders through its balanced and diversified business portfolio.

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

During the six months ended 30 June 2018, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2018.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2018 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng Limited, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

On behalf of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Ma Ho Man, Hoffman
Deputy Chairman

Hong Kong, 30 August 2018

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