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 2019

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 2019 together with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Note	Unaudited For the six months ended **30/6/2019** ***HK$'000***	 30/6/2018 *HK$'000*
Revenue	*3*	**663,243**	478,549
Cost of sales		**(646,626)**	(466,319)
Gross profit		**16,617**	12,230
Other revenue and gain	*4*	**9,537**	415
Fair value gain on investment properties		**7,100**	22,300
Administrative expenses		**(36,806)**	(43,253)
Other operating expenses	*5(c)*	**(60)**	(236)
Loss from operations		**(3,612)**	(8,544)
Finance costs	*5(a)*	**(4,660)**	(591)
Share of results of joint ventures		**381**	332
Share of results of associates		**56,595**	23,008
Profit before taxation	*5*	**48,704**	14,205
Taxation	*6*	**–**	–
Profit for the period		**48,704**	14,205
Attributable to:			
Owners of the Company		**48,704**	14,655
Non-controlling interests		**–**	(450)
Profit for the period		**48,704**	14,205
Earnings per share			
— Basic and diluted	*8*	**0.99 HK cents**	0.30 HK cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Unaudited For the six months ended	
	30/6/2019	30/6/2018
	HK$'000	*HK$'000*
Profit for the period	**48,704**	14,205
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**2,043**	(346)
Total other comprehensive income/(loss) for the period, net of tax	**2,043**	(346)
Total comprehensive income for the period	**50,747**	13,859
Attributable to:		
Owners of the Company	**50,747**	14,374
Non-controlling interests	**–**	(515)
Total comprehensive income for the period	**50,747**	13,859

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Note	**Unaudited at 30/6/2019** *HK$'000*	Audited at 31/12/2018 *HK$'000*
Non-current assets			
Property, plant and equipment		**32,427**	26,083
Intangible assets		**6,835**	6,643
Investment properties		**450,700**	443,600
Interests in associates		**662,026**	605,074
Interests in joint ventures		**5,689**	5,308
		1,157,677	1,086,708
Current assets			
Stock of properties		**158,994**	186,218
Trade and other receivables	*9*	**33,677**	49,139
Pledged bank deposits		**10,320**	9,964
Cash and cash equivalents		**74,950**	50,720
		277,941	296,041
Current liabilities			
Trade and other payables	*10*	**29,384**	49,613
Deferred income		**254**	245
Lease liabilities		**5,054**	–
Bank loans		**232,500**	222,500
Financial guarantee contract		**644**	644
		267,836	273,002
Net current assets		**10,105**	23,039
Total assets less current liabilities		**1,167,782**	1,109,747

	Unaudited at 30/6/2019 *HK$'000*	Audited at 31/12/2018 *HK$'000*
Non-current liabilities		
Deferred income	**1,052**	1,014
Lease liabilities	**2,572**	–
Loan from a director and controlling shareholder	**44,000**	39,000
Financial guarantee contract	**1,290**	1,612
	48,914	41,626
Net assets	**1,118,868**	1,068,121
Capital and reserves		
Share capital	**49,265**	49,265
Reserves	**1,069,603**	1,018,856
Total equity attributable to owners of the Company	**1,118,868**	1,068,121

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2019 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 2018 as contained in the Company's Annual Report 2018 (the "Annual Report 2018").

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.

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

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2018, 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 2019:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

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 condensed consolidated financial statements, except for the following as below:

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of retail shops that have a lease term of 12 months or less from the date of initial application of HKFRS 16. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets recognised are as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets including in property, plant and equipment on the condensed consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office premises in Hong Kong and retail shops in Canada were determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK$10,094,000 and right-of-use assets of approximately HK$10,094,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is approximately 3.4% to 4.0%.

	At 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	10,857
Lease liabilities discounted at relevant incremental borrowing rates	10,680
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(321)
— leases of low-value assets	(265)
Lease liabilities as at 1 January 2019	10,094
Analysed as:	
Current liabilities	4,999
Non-current liabilities	5,095
	10,094

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019 ***HK$'000***	1 January 2019 *HK$'000*
Rented premises	**7,592**	10,094
Total right-of-use assets	**7,592**	10,094

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
	(audited)		
Non-current Assets			
Property, plant and equipment	26,083	10,094	36,177
Current Liabilities			
Lease liabilities	–	4,999	4,999
Non-current liabilities			
Lease liabilities	–	5,095	5,095

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 consider the business from both geographic and service perspective.

The Group has presented the following two reportable segments:

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

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

(a) Segment results, assets and liabilities

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 between segments. In this regard, the Group's CODM monitors the results and assets attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' emoluments, share of results of associates and joint ventures and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate, interest income 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 amounts due from associates and joint ventures, interests in associates and joint ventures. Unallocated corporate assets mainly included part of the property, plant and equipment as well as cash and cash equivalents of the central administration companies.

All liabilities are allocated to reportable segments other than corporate liabilities. Unallocated corporate liabilities mainly include financial guarantee contracts, part of bank loans and other payables borne by the central administration companies.

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

	Travel Unaudited For the six months ended		Property Investment Unaudited For the six months ended		Total Unaudited For the six months ended	
	30/6/2019	30/6/2018	**30/6/2019**	30/6/2018	**30/6/2019**	30/6/2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers and reportable segment revenue	**650,260**	475,026	**12,983**	3,523	**663,243**	478,549
Reportable segment (loss)/profit	**(1,170)**	(2,377)	**19,622**	24,735	**18,452**	22,358
Share of results of joint ventures					**381**	332
Share of results of associates					**56,595**	23,008
Unallocated corporate income					**733**	408
Unallocated corporate expenses					**(24,803)**	(31,901)
Finance costs					**(2,654)**	–
Consolidated profit before taxation					**48,704**	14,205
Taxation					**–**	–
Consolidated profit for the period					**48,704**	14,205

	Travel		Property Investment		Total	
	Unaudited at 30/6/2019	Audited at 31/12/2018	**Unaudited at 30/6/2019**	Audited at 31/12/2018	**Unaudited at 30/6/2019**	Audited at 31/12/2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**84,301**	90,219	**612,544**	631,507	**696,845**	721,726
Unallocated corporate assets						
— Interests in associates					**662,026**	605,074
— Interests in joint ventures					**5,689**	5,308
— Corporate assets					**71,058**	50,641
					1,435,618	1,382,749
Reportable segment liabilities	**25,286**	40,972	**125,870**	128,517	**151,156**	169,489
Unallocated corporate liabilities						
— Corporate liabilities					**165,594**	145,139
					316,750	314,628

(b) Other segment information

	Travel Unaudited For the six months ended		Property Investment Unaudited For the six months ended		Other corporate entities Unaudited For the six months ended		Total Unaudited For the six months ended	
	30/6/2019	30/6/2018	**30/6/2019**	30/6/2018	**30/6/2019**	30/6/2018	**30/6/2019**	30/6/2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**–**	3	**–**	–	**49**	87	**49**	90
Depreciation:								
— owned property, plant and equipment	**(238)**	(283)	**–**	–	**(1,449)**	(1,652)	**(1,687)**	(1,935)
— right-of-use assets	**(138)**	–	**–**	–	**(2,381)**	–	**(2,519)**	–
Impairment loss recognised on intangible assets	**(60)**	(236)	**–**	–	**–**	–	**(60)**	(236)
Fair value gain on investment properties	**–**	–	**7,100**	22,300	**–**	–	**7,100**	22,300
Finance costs	**(5)**	–	**(2,001)**	(591)	**(2,654)**	–	**(4,660)**	(591)
Additions to non-current assets*	**42**	83	**–**	148,000	**51**	309	**93**	148,392

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

(c) Disaggregation of revenue

	Unaudited For the six months ended **30/6/2019** ***HK$'000***	 30/6/2018 *HK$'000*
Revenue from contracts with customers:		
Recognised at a point in time		
Travel business:		
Sales of air tickets	**622,908**	451,483
Travel and related service fee income	**27,352**	23,543
	650,260	475,026
Property investment business:		
Sales of property	**8,490**	–
	658,750	475,026
Revenue from other sources:		
Rental income	**4,493**	3,523
Total revenue	**663,243**	478,549

4. OTHER REVENUE AND GAIN

	Unaudited For the six months ended **30/6/2019** ***HK$'000***	 30/6/2018 *HK$'000*
Other Revenue:		
Interest income on bank deposits	**49**	90
Total interest income on financial assets not at fair value through profit or loss	**49**	90
Management fee income	**357**	–
Gain on disposal of subsidiary	**8,036**	–
Other income	**773**	3
	9,215	93
Other Gain:		
Amortisation of financial guarantee contract	**322**	322
Total	**9,537**	415

5. PROFIT BEFORE TAXATION

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

	Unaudited For the six months ended	
	30/6/2019	30/6/2018
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans	**3,652**	591
Interest on loan from a director and controlling shareholder	**932**	–
Interest on lease liabilities	**76**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**4,660**	591
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	**19,037**	18,369
Contributions to defined contribution retirement plan	**1,053**	1,001
	20,090	19,370
(c) Other items		
Auditors' remuneration	**600**	600
Depreciation:		
— owned property, plant and equipment	**1,687**	1,935
— right-of-use assets	**2,519**	–
Gross rental income from investment properties	**(4,162)**	(3,523)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	**782**	448
Operating lease rentals		
— properties	**1,614**	3,961
— plant and equipment	**151**	284
Impairment losses recognised on intangible assets*	**60**	236

* *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

	Unaudited	
	For the six months ended	
	30/6/2019	30/6/2018
	HK$'000	*HK$'000*
Current tax	**–**	–

On 21 March 2018, the Legislative Council of the Hong Kong Special Administrative Region of The People's Republic of China ("PRC") passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of the corporations will be taxed at 8.25% and assessable profits above HK$2 million will be taxed at 16.5%.

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2019 and 2018 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% (2018: 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 2019 and 2018 as the Group has no assessable profits arising in Canada.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2018: 25%). No provision for PRC Enterprise Income Tax has been made for both periods as the Group has no assessable profits arising in the PRC.

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 2019 (for the six months ended 30 June 2018: nil).

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

8. EARNINGS PER SHARE

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

	Unaudited	
	For the six months ended	
	30/6/2019	30/6/2018
	HK$'000	*HK$'000*
Profit:		
Profit for the period attributable to the owners of the Company	**48,704**	14,655
	'000	*'000*
	shares	*shares*
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	**4,926,491**	4,926,491

Diluted earnings per share for the periods ended 30 June 2019 and 2018 was the same as the basic earnings per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

9. 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	Audited
	At	At
	30/6/2019	31/12/2018
	HK$'000	*HK$'000*
Current	**25,357**	37,848
31 to 60 days overdue	**1,104**	3,920
61 to 90 days overdue	**527**	234
Over 90 days overdue	**1,188**	265
Trade receivables	**28,176**	42,267
Other receivables	**187**	657
Prepayments and deposits	**5,314**	6,215
	33,677	49,139

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 2018: average credit period of 30 days). For the customer of property investment business, no credit period was granted.

10. 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 30/6/2019	Audited At 31/12/2018
	HK$'000	*HK$'000*
Current	**17,965**	31,248
31 to 60 days	**143**	435
61 to 90 days	**172**	243
Over 90 days	**273**	666
Trade payables	**18,553**	32,592
Accrued charges and other payables	**10,831**	17,021
Financial liabilities measured at amortised cost	**29,384**	49,613

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The global economy faced a confluence of risks, amid escalated trade disputes, a build-up of financial risks, and an undercurrent of geopolitical tensions in the first half of 2019. The Group's diversified business portfolio served as a solid foundation and remained resilient in the face of growing challenges to the economy. The Group keeps abreast of market changes and responds to ever-changing market demands in a timely manner, striving to maintain its competitiveness to turn challenges into opportunities for growth, prosperity and sustainable development.

Results

For the six months ended 30 June 2019, revenue of the Group was approximately HK$663.2 million, increased by approximately 39% from approximately HK$478.5 million for the same period of 2018. Gross profit increased by approximately 36% to approximately HK$16.6 million (2018: approximately HK$12.2 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 2019 was approximately HK$56.6 million, increased by approximately 146% from approximately HK$23.0 million for the last corresponding period. Profit attributable to owners of the Company for the reporting period amounted to approximately HK$48.7 million (2018: approximately HK$14.7 million), whilst earnings per share was 0.99 HK cents (2018: 0.30 HK cents).

The Group recorded an increase of around 2.4 times in the profit for the six months ended 30 June 2019 as compared with that for the last corresponding period of approximately HK$14.2 million. Notwithstanding the decrease in fair value gain on investment properties of the Group, the increase in the profit for the reporting period was mainly attributable to the increase in 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 2019 (2018: nil).

Review of Operations

Travel Business

Jade Travel Ltd. ("Jade Travel"), being one of the largest travel agencies in Canada, has developed dedicated business segments to serve wholesale and retail markets respectively to ensure its appeal to target customers, aiming at offering great convenience to global customers. Jade Travel has further developed its online presence as a primary marketing and booking channel in recent years to keep up with the fast-paced environment of the travel and tourism industry.

In view of the increasing demand for more personalised travel experiences that are specifically tailored to customers' needs, Jade Travel introduces specialty packages and local tours to destinations all over the world. Its caring customer services and professional online booking service platform support both traditional and online reservations for travellers worldwide, which expand the reach to new generations of travellers who demand a different vacation experience and 24-hour service.

With the strategic collaborations with leading domestic and international travel portals and the steady growth in the online ticketing fulfilment services for travel agencies, Jade Travel has expanded its market reach beyond North America and has gone further to Europe as well as the growing markets in Asia Pacific and China, connecting with a wider range of potential customers. Supported by technology and increasing online penetration, Jade Travel is expected to sharpen its competitive edge to grasp the growth opportunities in future.

Revenue of the segment increased by approximately 37% to approximately HK$650.3 million for the six months ended 30 June 2019 (2018: approximately HK$475.0 million). Loss in this segment was substantially decreased by approximately 51% to approximately HK$1.2 million from approximately HK$2.4 million for the last corresponding period, including an impairment loss on intangible assets of approximately HK$0.1 million (2018: approximately HK$0.2 million) which was recognised for the reporting period.

Property Investment Business

The Group has been strategically managing its investment portfolio of commercial properties in prime locations in Hong Kong. The Group stayed close to the property market and will make swift decisions in the best interests of the Group. With the refined portfolio of commercial properties in prime strategic locations, the Group continued to record a steady rental income and capital appreciation during the reporting period.

Revenue of the property investment business for the reporting period amounted to approximately HK$13.0 million, representing an increase of approximately 269% as compared with approximately HK$3.5 million for the last corresponding period, while segment profit was approximately HK$19.6 million (2018: approximately HK$24.7 million) which was mainly due to gain on disposal of properties of approximately HK$10.5 million (2018: nil) and recognition of a fair value gain on investment properties of approximately HK$7.1 million (2018: approximately HK$22.3 million).

Investment Project — Ponte 16

Macau's gross gaming revenue ("GGR") recorded a slight drop of 0.5% year-on-year for the first half of 2019. The ongoing structural growth momentum of the mass market segment was sustained by the support of the local infrastructure development like Hong Kong-Zhuhai-Macau Bridge, the rise in China's disposable income per capita and the rules eased for mainlander visa bids for Macau visits. All these factors contributed to the increase of approximately 21% year-on-year of the total visitation to Macau to approximately 20.3 million in the first half of 2019. Ponte 16 outperformed Macau's gaming industry growth with a growth of approximately 6% in its GGR for the reporting period which was mainly contributing from its mass market segment.

Surrounding by Macau's unique cultures and local heritages, Ponte 16 has been positioning as a world-class integrated casino-entertainment resort in the Inner Harbour of Macau for locals and international tourists. Based upon this location advantage, Ponte 16 has been restlessly exploring new experiences and enhancing its non-gaming entertainment facilities, and introduced Macau's first Angry Birds-themed playground — Angry Birds Play Center @ Ponte 16. In over 6,000 square feet area, the play center offers 6-themed facilities bringing the exciting scenes of the Angry Birds Movies to the real world. The collaboration with the world-famous characters has been well-received by the locals and tourists and has attracted a vast amount of visitors since the official opening in April 2019.

As at 30 June 2019, the casino of Ponte 16 had 109 gaming tables, consisting of 98 mass gaming tables, 7 high-limit tables and 4 VIP tables, maintaining a balanced mix to cater for the needs of the market. Adjusted EBITDA* for the reporting period increased by approximately 20% to approximately HK$206.1 million (2018: approximately HK$171.8 million). The average occupancy rate of Sofitel Macau At Ponte 16 maintained at a high level at around 90% for the first half of 2019.

The service quality of Sofitel Macau At Ponte 16 has also been widely recognised. As of 30 June 2019, the property received 8 honourable international and regional awards, including "2018 Guest Review Awards" by Booking.com, "Bronze Award 2018" by Rakuten Travel, "China's Best Destination Hotel" by China Hotel Golden Horse Award, "First Season Golden Wildgoose Hotel & Travel Awards — Service Excellence Hotel of the Year" by Jiemian.com, "Recommended on HolidayCheck 2019 Certificate" by Holiday Check. Sofitel Macau At Ponte 16 was also awarded "Macao Green Hotel Awards 2018 — Silver" by the Environmental Protection Bureau (DSPA) of Macau and the Macao Government Tourism Office for its strategies to raise awareness of environmental management and taking measures to improve the sustainability of the property. Regarding its dining options and amenities, the Cantonese restaurant, Le Chinois, was awarded "U Favorite Food Awards 2019 — My Favorite Hotel Restaurant Award (Macau)" by U Magazine and SO SPA, an award-winning spa brand, won the "Luxury Hammam Experience" by 2019 World Luxury Spa Awards again.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2019, the Group had net current assets of approximately HK$10.1 million (31 December 2018: approximately HK$23.0 million) and net assets of approximately HK$1,118.9 million (31 December 2018: approximately HK$1,068.1 million). There was no material change in the Group's funding and treasury policies as well as hedging policy as disclosed in the annual report of the Company for the year ended 31 December 2018. The Group's transactional foreign exchange exposure was insignificant.

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

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being the Chairman of the board of Directors, an executive 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 (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 2018 to 31 October 2020 by a supplemental letter of agreement dated 12 September 2018. As at 30 June 2019, the Company had owed to Mr. Yeung under the Revised Mr. Yeung's Loan Facility in the amount of HK$44.0 million (31 December 2018: HK$39.0 million).

During the period, the Group's secured bank facilities were increased to HK$299.5 million (31 December 2018: HK$222.5 million) which bear interest at Hong Kong interbank offered rate (HIBOR) plus a margin that was ranged from 1.7% per annum to 1.75% per annum. The proceeds of the facilities were for the Group's general operation. As at 30 June 2019, the outstanding bank loans were HK$232.5 million (31 December 2018: HK$222.5 million).

As at 30 June 2019, total equity attributable to owners of the Company was approximately HK$1,118.9 million (31 December 2018: approximately HK$1,068.1 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 25% as at 30 June 2019 (31 December 2018: approximately 25%).

Pledge of Assets

As at 30 June 2019, the Group had secured the following assets:

(a) the Group pledged the time deposits of approximately CAD1.6 million and USD0.1 million, totally equivalent to approximately HK$10.3 million (31 December 2018: approximately CAD1.6 million and USD0.1 million, totally equivalent to approximately HK$10.0 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 2018: 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$9.3 million) for the operation of the Group;

(b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2018: 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 all of its investment properties and one of its stock of properties totally with the carrying amount of approximately HK$567.7 million (31 December 2018: all of its investment properties with the carrying amount of approximately HK$443.6 million) to secure against the bank loans 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 2019 was approximately HK$335.0 million (31 December 2018: approximately HK$435.0 million).

Human Resources

As at 30 June 2019, the Group had a total of 100 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

Concerns have been growing about global economy recently, while trade and geopolitical frictions have become the principal driving force to the world's economic development. 2019 is likely to be a challenging year, the Group will remain cautious about the economic situation but is positive towards growth opportunities arising from the Mainland's further opening-up and reforms over the long-term. Leveraging the strengths of its diversified business portfolio, the Group maintains strong confidence in the future business growth potential.

The outline development plan for the Greater Bay Area commences a new phase of economic integration for the Pearl River Delta region, in which Macau will continue to maximise its advantages as a global tourism and leisure centre and service platform. The Group will seize the opportunities in the development of a world-class city cluster in the Guangdong-Hong Kong-Macao Bay Area, and the opening of the Hong Kong-Zhuhai-Macau Bridge that further enhances the accessibility to Macau for both Chinese and international visitors. Ponte 16 will continue to leverage on its position as an integrated resort offering premium hospitality and unique Macau experiences, enhancing the competitiveness of comprehensive entertainment offerings, in particular non-gaming and family-friendly entertainment.

The travel and tourism industry is fast-growing with promising outlook, while online sales channel is becoming an indispensable part. Under the prestigious brand name and strategic initiatives in an effort to evolve the business, Jade Travel strives for improvement of its service quality in a comprehensive way in order to capture business opportunities from ever-changing market trends. With advancement in the automatic ticketing system and establishment of strategic partnerships with leading travel portals, Jade Travel is expected to address travellers' diverse interests and conducive to maintain healthy and sustainable growth over the medium- to long-term.

The performance of residential and commercial property markets in Hong Kong is expected to vary. Notwithstanding an uncertain external environment, the ongoing developments in the Greater Bay Area would create new growth drivers for Hong Kong's real estate sector and breed new demands for office, retail and industrial properties. The Group's existing property investment portfolio located in prime locations in Hong Kong will be able to provide long-term and stable yields. The Group will continue to seek acquisition opportunities that provide satisfactory returns in capital appreciation of properties and stable recurrent income.

The Group has always been cautious and prudent towards the formulation and implementation of corporate strategies to create long-term value for stakeholders. Although the year ahead will be full of challenges, the Group will continue to stick to this principle and stay competitive in the rapidly changing business environment.

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

During the six months ended 30 June 2019, 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 2019.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2019 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng Limited, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 29 August 2019

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.