

Press Release

[For Immediate Release]

Success Universe Announces 2020 Interim Results

Stay Resilient for a Successful Future

Overview

- Revenue was approximately HK\$333.9 million and gross profit was approximately HK\$10.6 million for the first half of 2020
- Loss attributable to owners of the Company was approximately HK\$132.3 million
- Due to the severe disruptions caused by COVID-19, revenue of the travel business decreased by approximately 50% to approximately HK\$328.1 million; segment loss increased by approximately 371% to approximately HK\$5.5 million, including an impairment loss recognised on intangible assets of approximately HK\$3.3 million
- Revenue of the property investment business decreased by approximately 55% to approximately HK\$5.8 million, while segment loss was approximately HK\$58.4 million mainly due to recognition of a fair value loss on investment properties of approximately HK\$53.8 million and write-down of carrying amount of stock of properties amounting to approximately HK\$9.3 million
- Ponte 16, the Group's flagship investment project, recorded an Adjusted EBITDA* loss of approximately HK\$93.3 million. The financial performance of the associates relating to Ponte 16 was significantly impacted by COVID-19 and the Group shared a substantial loss of approximately HK\$64.0 million

28 August 2020, Hong Kong - Success Universe Group Limited (“Success Universe” or the “Company”, Stock Code: 00487.HK, together with its subsidiaries, collectively the “Group”) today announces the unaudited condensed consolidated interim results for the six months ended 30 June 2020.

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

RESULTS

For the six months ended 30 June 2020, revenue of the Group was approximately HK\$333.9 million, decreased by approximately 50% from approximately HK\$663.2 million for the same period of 2019. Gross profit was approximately HK\$10.6 million, decreased by approximately 36% from approximately HK\$16.6 million for the last corresponding period. The Group's shared loss of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates"), for the first half of 2020 was approximately HK\$64.0 million, whereas a profit of the Associates of approximately HK\$56.6 million was shared by the Group for the last corresponding period. Loss attributable to owners of the Company for the reporting period amounted to approximately HK\$132.3 million (2019: profit of approximately HK\$48.7 million), whilst loss per share was 2.68 HK cents (2019: earnings per share of 0.99 HK cents).

The turnaround from profit to loss was mainly attributable to (i) the Group's share of a substantial loss of the Associates, as a result of the outbreak of COVID-19 since early 2020 which has severely affected the financial performance of the Associates; and (ii) a fair value loss on the Group's investment properties as well as write-down of carrying amount of the Group's stock of properties, notwithstanding that a fair value gain on the Group's overseas listed equity securities acquired during the reporting period was recorded.

Interim Dividend

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

REVIEW OF OPERATIONS

Travel Business

Due to the severe disruptions caused by COVID-19, revenue of the travel business segment decreased by approximately 50% to approximately HK\$328.1 million, from approximately HK\$650.3 million for the last corresponding period. Loss in this segment increased by approximately 371% to approximately HK\$5.5 million from approximately HK\$1.2 million for the last corresponding period, including an impairment loss on intangible assets of approximately HK\$3.3 million (2019: approximately HK\$0.1 million) which was recognised for the reporting period.

The outbreak of COVID-19 has spread rapidly around Western and European regions since March 2020. With the closure of tourist attractions and global aviation due to travel restrictions and cities lockdown, the significant decrease in worldwide passenger numbers brings tremendous pressures on international travel and tourism industries, and resulted in massive revenue drop in travel and retail sectors in Canada. Jade Travel Ltd. ("Jade Travel") is fully aware of the change of tourists' behavioural intention for both domestic and overseas travel caused by the pandemic, and is committed to provide reliable and professional services to customers, by offering assistance in any possible way since the

start of the outbreak. Jade Travel also supports the local government's control measures and has adopted all necessary protective measures to ensure a safe and clean environment for its customers and employees.

Property Investment Business

Revenue of the property investment business for the reporting period amounted to approximately HK\$5.8 million, representing a decrease of approximately 55% as compared with approximately HK\$13.0 million for the last corresponding period, while segment loss was approximately HK\$58.4 million (2019: segment profit of approximately HK\$19.6 million), which was mainly due to recognition of a fair value loss on investment properties of approximately HK\$53.8 million (2019: fair value gain of approximately HK\$7.1 million) as well as write-down of carrying amount of stock of properties amounting to approximately HK\$9.3 million for the reporting period (2019: nil).

Investment Project — Ponte 16

With the suspension of group and individual travel visas from the Mainland, the pandemic is inevitably hitting Ponte 16's gaming performance. As at 30 June 2020, the casino of Ponte 16 had 78 gaming tables in operation, consisting of 69 mass gaming tables, 5 high-limit tables and 4 VIP tables. Due to the global travel haul, the facility utilisation and the average occupancy rate of Sofitel Macau At Ponte 16 remained low. An Adjusted EBITDA* loss of approximately HK\$93.3 million was recorded for the reporting period, whereas the Adjusted EBITDA* was approximately HK\$206.1 million for the last corresponding period. Subsequent to the reporting period, an additional shareholder's loan in proportion to the Group's attributable interest of approximately HK\$39.2 million had been provided by the Group to the Associates which was mainly used to finance the daily operations of the Associates.

COVID-19 emerged in Macau during the first quarter of 2020. To ensure public health and safety, the Macau government has taken immediate measures to prevent and control widespread of the novel coronavirus disease, including suspension of all casino operations for 15 days in February 2020. The outbreak was successfully under control with the swift actions having been taken by the Macau government. Nevertheless, entry restrictions, curtailment of transportation channels and quarantine requirements led to the fall of tourist arrivals over 80% in the first half of 2020, and has even led to a steep decrease in casino gaming revenue. Macau's accumulated gross gaming revenue ("GGR") for the first half of 2020 fell by approximately 77.4% year-on-year to approximately MOP33.7 billion while both the mass and VIP segments suffered.

With the concerns over the COVID-19 pandemic, Ponte 16 has been enhancing its operational efficiency by adopting cost control measures during the reporting period. In addition to streamlining operations, Ponte 16 has always placed the health and safety of its guests and employees as its top priority. It has proactively implemented a series of precautionary measures to maintain high level of safety and hygiene standards to safeguard its guests and employees from the risk of infection.

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

PROSPECTS

With the pandemic causing severe disruptions to the global economy, major nations have dedicated significant resources to combat the pandemic and restore economic growth, but it is not possible to determine when the pandemic would be over at this moment. The Group believes that the influences would last for a certain period, while the recovery pace will depend crucially on the development of COVID-19. The Group will remain resilient and persistent in sustaining its foothold in the market and propelling forward amid the challenges.

The global travel and tourism industries were severely impacted by the COVID-19 pandemic, the travel restrictions and borders closure are influencing consumers' behaviour and even limiting their travel plans. The full extent and the duration of the COVID-19 impact are still hard to predict, it is going to take time for the consumers' confidence to restore. The Group believes the recovery pace would be gradual and the key driver for the recovery would continue to be the pace of border re-opening and the ease of travel restrictions. Jade Travel will closely monitor the tourism market development, enhance cost management as well as operational efficiency. In order to capture the potential of market recovery, Jade Travel will continue to explore the available travel products, offering travel options and flexibility to customers with its well-established online booking service platform and communication channels to cater customers' needs.

In July 2020, the impacts brought by the new wave of pandemic further devastated the Hong Kong property market. The performance of commercial property market in Hong Kong is still clouded due to the economic downturns, rising of unemployment rate and lingering local social incidents. Despite the softening price and the reduction in trading volume, a series of relief measures supporting businesses launched by the Hong Kong government are expected to stabilise the demand for office premises. The Group remains positive on the commercial property market, and will stay close to the momentum of commercial property value and rental, leveraging on its property investment portfolio for a steady recurring income stream.

Since the GGR, hospitality, catering and other non-gaming activities in Macau heavily rely on the normalisation and tourism recovery, the Macau government has been in close contact with the Chinese authorities on easing the cross-border restrictions. The full resumption of Individual Visit Scheme for Mainland China in September 2020 should continue to benefit the recovery, but it would take time for the visitation to ramp up, while the timeline for easing of border restrictions and quarantine measures applied to Hong Kong and other countries is yet to be confirmed. Given the unexpected development of the COVID-19 pandemic, sustained tensions between the United States and China as well as other political factors, the recovery pace on Macau's GGR and tourist visitation could be dragged. Nevertheless, the Group believes that the travel and tourism industries in Macau will recover at a gradual pace as long as the pandemic is under control, and Ponte 16 will take full initiative to leverage opportunities brought up by the market rebound.

The Group acquired overseas listed equity securities during the reporting period and a fair value gain was recorded. The Group remains cautious about the outlook of global equity market and continues

to seek good investment opportunities to enrich its investment portfolios when opportunities arise.

Looking forward, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, “In face of unprecedented circumstances of the COVID-19 pandemic, the business environment is expected to remain volatile amid the rapidly changing economic and political landscapes. Success Universe has always been cautious and prudent towards the formulation of corporate strategy and financial discipline, and remains resilient in the face of economic headwinds with solid fundamentals and diversified business portfolio.”

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About Success Universe Group Limited

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

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