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SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

INTERIM RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 together with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Unaudited	
	<i>Note</i>	For the six months ended	
		30/6/2021	30/6/2020
		HK\$'000	HK\$'000
Revenue	3	35,384	333,850
Cost of sales		<u>(31,120)</u>	<u>(323,214)</u>
Gross profit		4,264	10,636
Other revenue and gain	4	2,745	2,672
Fair value gain/(loss) on investment properties		9,600	(53,800)
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss		(7,109)	13,456
Administrative expenses		(23,362)	(25,645)
Other operating expenses	5(c)	<u>(4,950)</u>	<u>(12,528)</u>
Loss from operations		(18,812)	(65,209)
Finance costs	5(a)	(4,010)	(3,349)
Share of results of joint ventures		332	333
Share of results of associates		<u>(30,274)</u>	<u>(64,036)</u>
Loss before taxation	5	(52,764)	(132,261)
Taxation	6	<u>–</u>	<u>–</u>
Loss for the period		<u>(52,764)</u>	<u>(132,261)</u>
Loss for the period attributable to owners of the Company		<u>(52,764)</u>	<u>(132,261)</u>
Loss per share			
– Basic and diluted	8	<u>(1.07) HK cents</u>	<u>(2.68) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited	
	For the six months ended	
	30/6/2021	30/6/2020
	HK\$'000	HK\$'000
Loss for the period	(52,764)	(132,261)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	1,252	(2,665)
Profit/(loss) arising on change in fair value of financial assets at fair value through other comprehensive income	216	(387)
Total other comprehensive income/(loss) for the period, net of tax	1,468	(3,052)
Total comprehensive loss for the period	(51,296)	(135,313)
Total comprehensive loss for the period attributable to owners of the Company	(51,296)	(135,313)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	<i>Note</i>	Unaudited at 30/6/2021 HK\$'000	Audited at 31/12/2020 HK\$'000
Non-current assets			
Property, plant and equipment		264,282	270,008
Intangible assets		7,474	2,464
Investment properties		140,100	130,500
Interests in associates		565,432	556,506
Interests in joint ventures		6,972	6,640
Financial assets at fair value through other comprehensive income		–	7,405
		984,260	973,523
Current assets			
Stock of properties		110,400	110,900
Trade and other receivables	9	11,117	15,311
Financial assets at fair value through profit or loss		170,825	169,435
Pledged bank deposits		552	551
Cash and cash equivalents		75,854	117,394
		368,748	413,591
Current liabilities			
Trade and other payables	10	17,495	19,606
Bank loans		302,500	302,500
Lease liabilities		742	773
Financial guarantee contract		322	644
		321,059	323,523
Net current assets		47,689	90,068
Total assets less current liabilities		1,031,949	1,063,591

	Unaudited at 30/6/2021 HK\$'000	Audited at 31/12/2020 HK\$'000
Non-current liabilities		
Lease liabilities	567	911
Loan from a director and controlling shareholder	80,000	60,000
Financial guarantee contract	322	324
	<u>80,889</u>	<u>61,235</u>
Net assets	<u>951,060</u>	<u>1,002,356</u>
Capital and reserves		
Share capital	49,265	49,265
Reserves	901,795	953,091
Total equity attributable to owners of the Company	<u>951,060</u>	<u>1,002,356</u>

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2021 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 2020 as contained in the Company’s Annual Report 2020 (the “Annual Report 2020”).

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 have been prepared on the historical cost basis except for investment properties and financial instruments, which are measured at fair value.

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

2. APPLICATION OF AMENDMENTS TO 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 2020, except for the impact of the adoption of the new and revised HKASs, Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations (“New HKFRSs”) described below.

In the current interim period, the Group has applied the following New HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s financial year beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9, HKAS 39, HKFRS 7, Interest Rate Benchmark Reform – Phase 2
HKFRS 4 and HKFRS 16
(Amendments)

In addition, the Group has elected to early apply the amendment to HKFRS 16 “Covid-19-Related Rent Concessions” beyond 30 June 2021.

The application of the amendments and the New HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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.

(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, loss/gain arising on change in fair value of financial assets at fair value through profit or loss (“FVTPL”), impairment loss recognised on intangible assets which are allocated to corporate assets 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, 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 amount due from associates, interests in associates and joint ventures. Unallocated corporate assets mainly included part of the property, plant and equipment as well as intangible assets, together with 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, loan from a director and controlling shareholder and 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	
	30/6/2021 HK\$'000	30/6/2020 HK\$'000	30/6/2021 HK\$'000	30/6/2020 HK\$'000	30/6/2021 HK\$'000	30/6/2020 HK\$'000
Revenue from external customers and reportable segment revenue	<u>33,437</u>	<u>328,063</u>	<u>1,947</u>	<u>5,787</u>	<u>35,384</u>	<u>333,850</u>
Reportable segment (loss)/profit	<u>(1,854)</u>	<u>(5,509)</u>	<u>11,988</u>	<u>(58,435)</u>	<u>10,134</u>	<u>(63,944)</u>
Share of results of joint ventures					332	333
Share of results of associates					(30,274)	(64,036)
(Loss)/gain arising on change in fair value of financial assets at FVTPL					(7,109)	13,456
Impairment loss recognised on intangible assets					(3,734)	-
Unallocated corporate income					748	1,182
Unallocated corporate expenses					(18,861)	(17,826)
Finance costs					<u>(4,000)</u>	<u>(1,426)</u>
Consolidated loss before taxation					<u>(52,764)</u>	<u>(132,261)</u>
Taxation					<u>-</u>	<u>-</u>
Consolidated loss for the period					<u><u>(52,764)</u></u>	<u><u>(132,261)</u></u>

	Travel		Property Investment		Total	
	Unaudited at	Audited at	Unaudited at	Audited at	Unaudited at	Audited at
	30/6/2021	31/12/2020	30/6/2021	31/12/2020	30/6/2021	31/12/2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	45,623	51,382	251,811	242,483	297,434	293,865
Unallocated corporate assets						
– Interests in associates					565,432	556,506
– Interests in joint ventures					6,972	6,640
– Financial assets at fair value through other comprehensive income					–	7,405
– Financial assets at FVTPL					170,825	169,435
– Corporate assets					312,345	353,263
					1,353,008	1,387,114
Reportable segment liabilities	11,561	12,213	1,974	1,697	13,535	13,910
Unallocated corporate liabilities						
– Corporate liabilities					388,413	370,848
					401,948	384,758

(b) **Other segment information**

	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	
	30/6/2021	30/6/2020	30/6/2021	30/6/2020	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	–	–	–	1	3	83	3	84
Depreciation:								
– owned property, plant and equipment	(279)	(289)	–	–	(5,826)	(1,072)	(6,105)	(1,361)
– right-of-use assets	(328)	(246)	–	–	(92)	(2,394)	(420)	(2,640)
Reversal of allowance for expected credit losses on trade receivables	734	–	–	–	–	–	734	–
Impairment losses recognised on intangible assets	(1,450)	(3,278)	–	–	(3,734)	–	(5,184)	(3,278)
Fair value gain/(loss) on investment properties	–	–	9,600	(53,800)	–	–	9,600	(53,800)
Write-down of stock of properties	–	–	(500)	(9,250)	–	–	(500)	(9,250)
Finance costs	(10)	(11)	–	(1,912)	(4,000)	(1,426)	(4,010)	(3,349)
Additions to non-current assets*	6	101	–	–	418	333	424	434

* *Additions to non-current assets only include the additions to property, plant and equipment but excluded right-of-use assets for both periods.*

(c) Disaggregation of revenue

	Unaudited	
	For the six months ended	
	30/6/2021	30/6/2020
	HK\$'000	HK\$'000
Revenue from contract with customers:		
<i>Recognised at a point in time</i>		
<u>Travel business:</u>		
Sales of air tickets	33,024	323,808
Travel and related service fee income	413	4,255
	<u>33,437</u>	<u>328,063</u>
Revenue from other sources:		
Rental income	1,947	5,787
	<u>1,947</u>	<u>5,787</u>
Total revenue	<u>35,384</u>	<u>333,850</u>

4. OTHER REVENUE AND GAIN

	Unaudited	
	For the six months ended	
	30/6/2021	30/6/2020
	HK\$'000	HK\$'000
Other revenue:		
Interest income on bank deposits	3	84
Interest income from financial assets at fair value through other comprehensive income	139	375
Government grants (<i>note</i>)	640	402
Other income	1,640	1,488
	<u>2,422</u>	<u>2,349</u>
Other gain:		
Amortisation of financial guarantee contract	323	323
	<u>323</u>	<u>323</u>
Total	<u>2,745</u>	<u>2,672</u>

Note:

For the period ended 30 June 2021, the Group recognised government grants of approximately HK\$640,000 in respect of COVID-19-related subsidies which are related to Tourism and Travel Support Grant and Canada Emergency Rent Subsidy Scheme provided by the Canada government to support the enterprises which are severe disruption caused by the COVID-19 (for the six months ended 30 June 2020: approximately HK\$402,000 in respect of COVID-19-related subsidies which was related to Employment Support Scheme under the Anti-epidemic Fund provided by the Hong Kong government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees).

5. LOSS BEFORE TAXATION

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

	Unaudited	
	For the six months ended	
	30/6/2021	30/6/2020
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	2,826	3,296
Interest on loan from a director and controlling shareholder	1,174	11
Interest on lease liabilities	10	42
	<u>4,010</u>	<u>3,349</u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	9,635	12,391
Contributions to defined contribution retirement plan	724	822
	<u>10,359</u>	<u>13,213</u>
(c) Other operating expenses		
Write-down of stock of properties	500	9,250
Impairment losses recognised on intangible assets	5,184	3,278
Reversal of allowance for expected credit losses on trade receivables	(734)	–
	<u>4,950</u>	<u>12,528</u>
(d) Other items		
Auditors' remuneration	600	600
Depreciation:		
– owned property, plant and equipment	6,105	1,361
– right-of-use assets	420	2,640
Loss on disposal of financial assets at fair value through other comprehensive income	143	–
Gross rental income from investment properties	(1,947)	(5,787)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	157	490
Operating lease rentals		
– short-term lease	865	1,055
– low-value assets	56	18
	<u>865</u>	<u>1,055</u>
	<u>56</u>	<u>18</u>

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

	Unaudited	
	For the six months ended	
	30/6/2021	30/6/2020
	HK\$'000	HK\$'000
Current tax	—	—

Hong Kong Profits Tax is calculated at 16.5% (for the six months ended 30 June 2020: 16.5%) of the estimated assessable profit for the period. No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2021 and 2020 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% (2020: 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 2021 and 2020 as the Group has no assessable profits arising in Canada.

The People Republic of China (“PRC”) subsidiary is subject to PRC Enterprise Income Tax at 25% (2020: 25%). No provision for PRC Enterprise Income Tax has been made for the periods ended 30 June 2021 and 2020 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 2021 (for the six months ended 30 June 2020: nil).

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

8. LOSS PER SHARE

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

	Unaudited	
	For the six months ended	
	30/6/2021	30/6/2020
	HK\$'000	HK\$'000
Loss:		
Loss for the period attributable to the owners of the Company	<u>(52,764)</u>	<u>(132,261)</u>
	<i>'000</i>	<i>'000</i>
	<i>shares</i>	<i>shares</i>
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	<u>4,926,491</u>	<u>4,926,491</u>

Diluted loss per share for the periods ended 30 June 2021 and 2020 was the same as the basic loss 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 allowance for expected credit losses, is as follows:

	Unaudited	Audited
	At 30/6/2021	At 31/12/2020
	HK\$'000	HK\$'000
Current	2,511	2,695
31 to 60 days	322	239
61 to 90 days	222	617
Over 90 days	<u>1,237</u>	<u>1,923</u>
Trade receivables	4,292	5,474
Other receivables	916	1,556
Prepayments and deposits	<u>5,909</u>	<u>8,281</u>
	<u>11,117</u>	<u>15,311</u>

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

Included in trade receivables, the lease receivables of approximately HK\$571,000 (31 December 2020: approximately HK\$709,000) arise from properties rental income.

The Group normally allows an average credit period of 30 days to customers of travel business (31 December 2020: 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 30/6/2021 HK\$'000	Audited At 31/12/2020 HK\$'000
Current	3,757	1,705
31 to 60 days	242	106
61 to 90 days	471	135
Over 90 days	<u>1,246</u>	<u>3,776</u>
Trade payables	5,716	5,722
Accrued charges and other payables	<u>11,779</u>	<u>13,884</u>
	<u>17,495</u>	<u>19,606</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The COVID-19 pandemic has lasted for more than twenty months and continued to cloud the global economy with uncertainties. In the first half of 2021, despite increased vaccination rates and better pandemic control, the number of COVID-19 cases was still high in many countries. Meanwhile, the widely spread of more infectious COVID-19 variants in numerous regions around the world also hindered borders reopening and disrupted many industries, particularly the tourism, entertainment, and hospitality industries, which rely heavily on international travel. Furthermore, the prolonged trade disputes and geopolitical tensions cast a further gloom on the global business environment.

China's national gross domestic product for the first half of 2021 climbed by 12.7% year on year, reflecting the strong resilience of China's economy against the impacts of the COVID-19 pandemic. Similarly, Macau has also exerted excellent control on the spread of the pandemic, which facilitated the reopening of its border with Mainland China. With the suspension of international travel and its strong pandemic control, Macau became the only quarantine-free outbound travel destination for mainland Chinese tourists. In the first half of 2021, the total visitor arrivals from Mainland China to Macau amounted to over 3.56 million, increased by 52.3% as compared to the same period of last year. The return of mainland Chinese tourists also drove a steady recovery of Macau's gross gaming revenue ("GGR"), which recorded an increase of 45.4% as compared to the last corresponding period, particularly for the mass market, but the path will likely remain challenging.

With the effective and successful strategies carried out by the governments of China, Macau and Hong Kong to contain the spread of COVID-19 as well as the steady progress of mass vaccination around the globe, the Group is cautiously optimistic about the future.

Results

For the six months ended 30 June 2021, revenue of the Group was approximately HK\$35.4 million, decreased by approximately 89% from approximately HK\$333.9 million for the same period of 2020. Gross profit was approximately HK\$4.3 million, decreased by approximately 60% from approximately HK\$10.6 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 2021 was approximately HK\$30.3 million, decreased by approximately 53% from approximately HK\$64.0 million for the last corresponding period. Loss attributable to owners of the Company for the reporting period decreased by approximately 60% to approximately HK\$52.8 million (2020: approximately HK\$132.3 million), whilst loss per share was 1.07 HK cents (2020: 2.68 HK cents).

The decrease in the loss of the Group for the six months ended 30 June 2021 was mainly attributable to (i) the decrease in the Group's share of loss of the Associates; and (ii) a fair value gain on the Group's investment properties was recorded, while a fair value loss on the Group's investment properties was recorded for the last corresponding period, notwithstanding that a fair value loss on the Group's overseas listed equity securities was recorded while a fair value gain was recorded for the last corresponding period. During the reporting period, the Group purchased an aggregate of approximately 23.4 units of Bitcoin, a cryptocurrency, at an aggregate consideration of approximately USD1.3 million (equivalent to approximately HK\$10.1 million). For further details, please refer to the announcement dated 10 May 2021 issued by the Company. An impairment loss of approximately HK\$3.7 million was recognised for the six months ended 30 June 2021 (2020: nil) in the consolidated statement of profit or loss of the Group.

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 2021 (2020: nil).

Review of Operations

Travel Business

The Group operates one of the largest travel agencies in Canada, Jade Travel Ltd. ("Jade Travel"), which has dedicated segments targeting wholesale and retail markets respectively to provide customers with professional travel solutions.

In the first half of 2021, the international tourism industry remained stagnant due to the volatility of the pandemic, as well as the strict border restrictions and quarantine measures that remained in place in many countries. Despite the progressive development and distribution of vaccines, the travel demands from international students and tourists were still low and thus the tourism business in Canada was still in a slump.

For the six months ended 30 June 2021, due to the severe disruptions caused by the COVID-19 pandemic, revenue of the travel business segment decreased by approximately 90% to approximately HK\$33.4 million from approximately HK\$328.1 million for the last corresponding period. Loss in this segment decreased by approximately 66% to approximately HK\$1.9 million from approximately HK\$5.5 million for the last corresponding period, including an impairment loss on intangible assets of approximately HK\$1.5 million (2020: approximately HK\$3.3 million) which was recognised for the reporting period. Jade Travel continues its cost control measures and streamlines its operating procedures to enhance efficiency.

Property Investment Business

After the outbreak of COVID-19 and social tensions over the past two years, Hong Kong's commercial property market showed signs of gradual recovery in the first half of 2021. The overall declines in rental rates and capital values have been more moderate during the reporting period. The vacancy rates of commercial properties were relatively stable across most regions and submarkets in Hong Kong.

Thanks to Hong Kong's highly developed financial industry and improving stability as a result of effective pandemic control measures, the Group is cautiously optimistic about the long-term prospects of the commercial property market in Hong Kong. Sliding rent has already abated, and it is expected that market demand and rental income will further stabilise.

Revenue of the property investment business for the reporting period amounted to approximately HK\$1.9 million, representing a decrease of approximately 66% as compared with approximately HK\$5.8 million for the last corresponding period, which was mainly due to the change of the usage of Office Units Nos. 1003 and 1004A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong from leasing to self-use. Segment profit was approximately HK\$12.0 million (2020: segment loss of approximately HK\$58.4 million) which was mainly due to the recognition of a fair value gain on investment properties of approximately HK\$9.6 million (2020: fair value loss of approximately HK\$53.8 million) notwithstanding a write-down of carrying amount of stock of properties amounting to approximately HK\$0.5 million for the six months ended 30 June 2021 (2020: approximately HK\$9.3 million).

Investment Project – Ponte 16

Macau's economy has been seriously disrupted since the initial outbreak of the COVID-19 pandemic and its gaming and hospitality industries have gone through ups and downs. Due to clusters of COVID-19 infections in certain provinces across Mainland China in early 2021, the Chinese government discouraged the masses from travelling but staying locally during the Chinese New Year holiday, and hence the recovery of Macau's economy was slower than anticipated. Nonetheless, Macau's economy showed steady gradual improvements with its accumulated GGR for the first half of 2021 amounted to approximately MOP49.0 billion, representing an increase of 45.4% as compared to the same period of last year, partly attributable to encouraging performance during the Labour Day Golden Week. However, owing to a small outbreak of the Delta variant in Guangdong Province in June 2021 that triggered temporary tightening of the border restrictions between Macau and Guangdong Province, tourist visitation numbers in June 2021 plummeted back to its lowest point since the resumption of the Individual Visit Scheme. As a result of effective quarantine measures which have swiftly put the outbreak in Guangdong Province under control, the Guangdong-Macau border restrictions and the mandatory quarantine have been removed since July 2021.

In addition to mainland Chinese tourists, Macau locals have also been instrumental in the steady recovery of Macau's economy. Thanks to their diligent compliance with public health and safety measures and regulations, there was no locally infected case in Macau during the reporting period, which was the key to allowing Macau to reopen its border to mainland Chinese tourists.

Supported by market recovery, the gaming and occupancy performance of Ponte 16 saw improvements during the reporting period. Most notably, the business performance of Ponte 16 recovered to almost half of pre-pandemic levels and the average occupancy rate of Sofitel Macau At Ponte 16 reached over 90% during the Labour Day Golden Week.

During the reporting period, the COVID-19 pandemic continued to be a major operating concern. Ponte 16 remained diligent in safeguarding the health and safety of its guests and staff, and proactively implemented a series of precautionary measures including more frequent cleanings, limiting the number of seats available per table, as well as compulsory temperature checks, wearing of mask and health declaration. In addition, Ponte 16 implemented cost control measures and streamlined its operating procedures to enhance efficiency.

As at 30 June 2021, the casino of Ponte 16 had 93 gaming tables in operation, consisting of 86 mass gaming tables and 7 high-limit tables. For the six months ended 30 June 2021, an Adjusted EBITDA* loss of approximately HK\$41.4 million was recorded (2020: approximately HK\$93.3 million).

For the purposes of, among others, refinancing the existing loan facilities in the aggregate amounts of HK\$735 million and MOP273 million (the "Existing Loan Facilities") made available to Pier 16 – Property Development Limited ("Pier 16 – Property Development", an associate of the Group and is principally engaged in the investment, development and through its subsidiaries, operation of Ponte 16) by a bank pursuant to an amended and restated facility agreement dated 23 June 2017 (the "Existing Loan Agreement") and financing the general working capital for non-gaming operation of Pier 16 – Property Development, Pier 16 – Property Development entered into an amended and restated facility agreement (the "Amended Facility Agreement") with a bank as lender on 23 June 2021. Pursuant to the Amended Facility Agreement, the maturity date under the Existing Loan Agreement was extended to 23 June 2023 and the amounts of the Existing Loan Facilities were revised to the aggregate amounts of HK\$500 million and MOP273 million (the "Revised Loan Facilities").

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

Significant Investment

The Group continued to hold overseas listed equity securities during the reporting period to diversify its investment portfolio. As at 30 June 2021, the Group held the following significant investment which was classified as financial assets at fair value through profit or loss:

Name of investment	Trading symbol	Number of common stock held		Approximate percentage of stockholding		Investment cost		Fair value		Approximate percentage to the Group's total assets	
		as at 30 June 2021	as at 31 December 2020	as at 30 June 2021	as at 31 December 2020	as at 30 June 2021	as at 31 December 2020	as at 30 June 2021	as at 31 December 2020	as at 30 June 2021	as at 31 December 2020
				<i>Equivalent to %</i>	<i>Equivalent to %</i>	<i>Equivalent to HK\$ million</i>	<i>Equivalent to HK\$ million</i>	<i>Equivalent to HK\$ million</i>	<i>Equivalent to HK\$ million</i>	<i>%</i>	<i>%</i>
Tesla, Inc. ("Tesla")	TSLA	32,250	30,850	0.003	0.003	47	38	171	169	13	12

Tesla was incorporated in the State of Delaware, the United States of America ("US") with its common stock traded on The Nasdaq Global Select Market and became a Standard & Poor's 500 constituent officially in December 2020. Tesla is principally engaged in designing, developing, manufacturing and selling high-performance fully electric vehicles and energy generation and storage systems, and offering services related to its sustainable energy products. As disclosed in Tesla's unaudited consolidated financial statements for the six months ended 30 June 2021, total revenues of Tesla was increased by approximately 86% to approximately USD22,347 million (equivalent to approximately HK\$174,150 million) for the six months ended 30 June 2021 as compared with that for the last corresponding period, and its net income attributable to common stockholders for the six months ended 30 June 2021 was increased by approximately twelve times to approximately USD1,580 million (equivalent to approximately HK\$12,313 million) (2020: approximately USD120 million (equivalent to approximately HK\$935 million)), which were primarily due to the increase in automotive sales revenue from increased deliveries and deployments of its products.

Beginning in the first quarter of 2021, there has been a trend in many parts of the world of increasing availability and administration of vaccines against COVID-19, as well as an easing of restrictions on social, business, travel and government activities and functions. On the other hand, infection rates and regulations continue to fluctuate in various regions and there are ongoing global impacts resulting from the pandemic, including challenges and increases in costs for logistics and supply chains, such as increased port congestion, intermittent supplier delays and a shortfall of semiconductor supply.

Ultimately, Tesla cannot predict the duration of the COVID-19 pandemic. Tesla will continue to monitor macroeconomic conditions to remain flexible and to optimise and evolve its business as appropriate, and Tesla will have to accurately project demand and infrastructure requirements globally and deploy its production, workforce and other resources accordingly.

A fair value loss of approximately HK\$7.1 million was recognised for the six months ended 30 June 2021 in the consolidated statement of profit or loss of the Group (2020: fair value gain of approximately HK\$13.5 million). During the period under review, Tesla did not declare any dividend.

The significant investment is held for trading. The Group will review its investment strategy regularly in response to the changes in market situation.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2021, the Group had net current assets of approximately HK\$47.7 million (31 December 2020: approximately HK\$90.1 million) and net assets of approximately HK\$951.1 million (31 December 2020: approximately HK\$1,002.4 million). There was no material change in the Group's funding and treasury policies as disclosed in the annual report of the Company for the year ended 31 December 2020, and the Group has no hedging policy with respect to the foreign exchange exposure. The Group's transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being the Chairman of the Board, 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 2020 to 31 October 2022 by a supplemental letter of agreement dated 20 September 2019. As at 30 June 2021, the Company owed HK\$80.0 million to Mr. Yeung under the Revised Mr. Yeung's Loan Facility (31 December 2020: HK\$60.0 million).

As at 30 June 2021, the Group's secured bank facilities were HK\$339.5 million (31 December 2020: HK\$339.5 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. In addition, the Group had secured general bank facilities for issuance of standby letters of credit of (i) CAD2.0 million (31 December 2020: CAD2.0 million) which carries a commission rate of 1.2% per annum; and (ii) approximately USD0.1 million (31 December 2020: approximately USD0.1 million). The proceeds of the facilities were for the Group's general operation. As at 30 June 2021, the outstanding bank loans were HK\$302.5 million (31 December 2020: HK\$302.5 million).

As at 30 June 2021, the Group had current and non-current lease liabilities of approximately HK\$0.7 million and HK\$0.6 million (31 December 2020: approximately HK\$0.8 million and HK\$0.9 million) respectively.

As at 30 June 2021, total equity attributable to owners of the Company was approximately HK\$951.1 million (31 December 2020: approximately HK\$1,002.4 million). The net gearing ratio, which was measured on the basis of the interest-bearing borrowings (including lease liabilities), net of cash and cash equivalents, of the Group over total equity attributable to owners of the Company, was approximately 32% as at 30 June 2021 (31 December 2020: approximately 25%).

Provision of Financial Assistance to Pier 16 – Property Development

References were made to the announcement dated 18 June 2021 (the “Announcement”) and the circular dated 12 July 2021 (the “Circular”) both issued by the Company in relation to the provision of financial assistance to Pier 16 – Property Development (the “2021 Financial Assistance”). The estimated total exposure of the Company under the provision of the 2021 Financial Assistance was approximately HK\$509 million.

The provision of the 2021 Financial Assistance constituted a major transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). On 18 June 2021, the Company obtained a written shareholder’s approval from a shareholder, which held approximately 71.52% of the entire issued share capital of the Company as at the date of such written approval, in respect of the provision of the 2021 Financial Assistance.

For further details of the 2021 Financial Assistance, please refer to the Announcement and the Circular.

Pledge of Assets

As at 30 June 2021, the Group had secured the following assets:

- (a) the Group pledged all of its investment properties, one of its stock of properties as well as the leasehold land and building totally with the carrying amount of approximately HK\$464.9 million (31 December 2020: approximately HK\$459.8 million) to secure against the loan facilities of approximately HK\$339.5 million and a standby letter of credit of CAD2.0 million, totally equivalent to approximately HK\$352.2 million (31 December 2020: approximately HK\$339.5 million and CAD2.0 million, totally equivalent to approximately HK\$351.8 million) granted to the Group;

- (b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2020: all) of its shares in Pier 16 – Property Development to a bank in respect of the loan facilities granted to Pier 16 – Property Development; and
- (c) the Group pledged the time deposits of approximately USD0.1 million, equivalent to approximately HK\$0.6 million (31 December 2020: approximately USD0.1 million, equivalent to approximately HK\$0.6 million) to a bank for the issuance of a standby letter of credit of approximately USD0.1 million, equivalent to approximately HK\$0.5 million (31 December 2020: approximately USD0.1 million, equivalent to approximately HK\$0.5 million) for the operation of the Group.

Contingent Liabilities

The Company gave a corporate guarantee (the “Guarantee”) to a bank in respect of the loan facilities granted to Pier 16 – Property Development. The maximum guarantee amount borne by the Company under the Guarantee was HK\$490.0 million.

The outstanding loan under the Revised Loan Facilities as at 30 June 2021 was approximately HK\$230.0 million (31 December 2020: outstanding loan under the Existing Loan Facilities was approximately HK\$185.0 million).

Human Resources

As at 30 June 2021, the Group had a total of 73 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

Governments around the globe continue to devote significant efforts in controlling the COVID-19 pandemic, and a gradual recovery can be observed in certain areas of the world. However, the outlook is subject to considerable uncertainties.

The global tourism industry suffered an unprecedented blow and is expected to take time to bounce back to pre-pandemic levels. Stepping into the second half of 2021, this situation will likely improve. The government of Canada announced in July 2021 that they would ease travel restrictions for fully vaccinated US residents starting from August 2021, followed by tentative plans to reopen its border to international travellers from September 2021. With this silver lining, Jade Travel will remain attentive and engage with customers and business partners closely to maintain its market identity as a reliable product and service provider in North America’s tourism market. Further, Jade Travel will proactively explore and expand its product offerings in order to cater to the changing travel patterns and consumer demand.

Following its longest and deepest recession in history, the economy of Hong Kong returned to growth in the first half of 2021. The commercial property market showed signs of recovery starting from 2021. The Group believes that long term prospects in the commercial property market still has potential due to Hong Kong's solid fundamentals as an international commercial hub. As such, the Group will remain cautiously attentive towards the market and look for suitable investment opportunities.

In Macau, its economy has steadily improved as Mainland China reopened borders. There have been active discussions recently to kick-start a three-way reopening of borders among Mainland China, Macau and Hong Kong. Unfortunately, after 16 months of zero local cases, Macau reported new Delta variant cases in early August 2021. The pandemic remains a significant drag on Macau's GGR and tourist visitations. Based on the experience of successful and effective measures taken during the outbreak of COVID-19 in the first half of 2020, the Group is confident that the Macau government is capable of coping with the rebound of the pandemic.

In the long run, since the Macau government has been actively enhancing its infrastructure network to align with China's initiative to develop the Greater Bay Area, the Group believes Macau would enjoy a first-mover advantage in the revival of tourism demand. With all the catalysts rolling-in, Ponte 16 will maintain its market share by leveraging on its advantages and the vibrant cultural resources of the Inner Harbour area. Specifically, Ponte 16 will initiate a joint promotion with local retailers, restaurants, and souvenir shops within the Inner Harbour area in order to boost local consumption and promote this beautiful tourist hotspot.

Although it is anticipated that the global business environment will continue to be volatile due to the evolving situation of the COVID-19 pandemic, encouraging news such as border reopening has been released piece by piece. The Group will set its focus on maintaining a high degree of corporate agility and implementing flexible development strategies and financial prudence to maintain resilience against the ever-changing market landscape with the aim of bringing long-term and sustainable returns to its shareholders.

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

During the six months ended 30 June 2021, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2021.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2021 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, 30 August 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Mr. 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.