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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 2017**

INTERIM RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 together with comparative figures are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

		Unaudited	
		For the six months ended	
	Note	30/6/2017	30/6/2016
		HK\$'000	HK\$'000
Revenue	3	284,844	347,059
Cost of sales		<u>(263,886)</u>	<u>(334,540)</u>
Gross profit		20,958	12,519
Other revenue and gains	4	10,825	13,265
Administrative expenses		(57,837)	(47,868)
Selling expenses		(1,078)	(623)
Other operating expenses	5(c)	(2,202)	(3,289)
Loss from operations		(29,334)	(25,996)
Finance costs	5(a)	(1,349)	(530)
Share of results of joint ventures		269	250
Share of results of associates		7,153	10,592
Loss before taxation	5	(23,261)	(15,684)
Taxation	6	–	–
Loss for the period		(23,261)	(15,684)
Attributable to:			
Owners of the Company		(21,073)	(12,613)
Non-controlling interests		(2,188)	(3,071)
Loss for the period		(23,261)	(15,684)
Loss per share			
– Basic	8	(0.43) HK cents	(0.26) HK cents
– Diluted	8	(0.43) HK cents	(0.26) HK cents

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2017

	Unaudited	
	For the six months ended	
	30/6/2017	30/6/2016
	HK\$'000	HK\$'000
Loss for the period	(23,261)	(15,684)
Other comprehensive income/(loss)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>1,702</u>	<u>(205)</u>
Total other comprehensive income/(loss) for the period, net of tax	<u>1,702</u>	<u>(205)</u>
Total comprehensive loss for the period	<u>(21,559)</u>	<u>(15,889)</u>
Attributable to:		
Owners of the Company	<u>(19,289)</u>	<u>(12,325)</u>
Non-controlling interests	<u>(2,270)</u>	<u>(3,564)</u>
Total comprehensive loss for the period	<u>(21,559)</u>	<u>(15,889)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	<i>Note</i>	Unaudited at 30/6/2017 HK\$'000	Audited at 31/12/2016 HK\$'000
Non-current assets			
Property, plant and equipment		36,001	37,904
Intangible assets		6,082	8,021
Investment properties	9	213,507	191,708
Interests in associates		553,996	543,621
Interests in joint ventures		4,153	3,884
		<hr/> 813,739	<hr/> 785,138
Current assets			
Amount due from an associate		196,000	294,420
Trade and other receivables	10	71,568	35,014
Pledged bank deposits		9,708	9,353
Cash and cash equivalents		50,959	64,509
		<hr/> 328,235	<hr/> 403,296
Current liabilities			
Trade and other payables	11	45,028	17,604
Deferred income		256	245
Bank loan		74,000	122,500
Financial guarantee contract	12	644	10,000
		<hr/> 119,928	<hr/> 150,349
Net current assets		<hr/> 208,307	<hr/> 252,947
Total assets less current liabilities		<hr/> 1,022,046	<hr/> 1,038,085

	<i>Note</i>	Unaudited at 30/6/2017 HK\$'000	Audited at 31/12/2016 HK\$'000
Non-current liabilities			
Deferred income		1,059	1,060
Loans payables		33,611	30,668
Financial guarantee contract	<i>12</i>	2,578	–
		<u>37,248</u>	<u>31,728</u>
Net assets		<u>984,798</u>	<u>1,006,357</u>
Capital and reserves			
Share capital		49,265	49,265
Reserves		964,980	984,269
		<u>1,014,245</u>	<u>1,033,534</u>
Total equity attributable to owners of the Company		1,014,245	1,033,534
Non-controlling interests		<u>(29,447)</u>	<u>(27,177)</u>
		<u>984,798</u>	<u>1,006,357</u>
Total equity		<u>984,798</u>	<u>1,006,357</u>

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2017 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 2016 as contained in the Company’s Annual Report 2016 (the “Annual Report 2016”).

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2016, 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 period beginning on 1 January 2017:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the New HKFRSs has no material impact on these interim condensed consolidated financial statements and there are no significant changes to the accounting policies applied in these interim financial statements.

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 three reportable segments:

- Travel business: sales of air tickets and provision of travel-related services.
- Lottery business: provision of lottery-related services to the lottery market in the People’s Republic of China (“PRC”).
- Property investment business: receiving rental income from leasing office premises in Hong Kong.

(a) Segment results and assets

In accordance with HKFRS 8 “Operating Segments”, segment information disclosed in these condensed consolidated financial statements has been prepared in a manner consistent with the information used by the Group’s CODM for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Group’s CODM monitors the results and assets attributable to each reportable segment on the following bases:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors’ salaries, share of result of associates and joint ventures and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation is not allocated to reportable segments.

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

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

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

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

	Travel		Lottery		Property Investment		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	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	269,673	344,019	11,873	3,040	3,298	-	284,844	347,059
Reportable segment (loss)/gain	(8,312)	(3,618)	(1,170)	(10,830)	2,257	-	(7,225)	(14,448)
Share of results of joint ventures							269	250
Share of results of associates							7,153	10,592
Unallocated corporate income							10,101	10,109
Unallocated corporate expenses							(33,453)	(21,662)
Finance costs							(106)	(525)
Consolidated loss before taxation							(23,261)	(15,684)
Taxation							-	-
Consolidated loss for the period							(23,261)	(15,684)
	Travel		Lottery		Property Investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At	At	At
	30/6/2017	31/12/2016	30/6/2017	31/12/2016	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	55,418	51,079	58,200	24,930	235,113	224,454	348,731	300,463
Unallocated corporate assets								
- Interests in associates							553,996	543,621
- Amount due from an associate							196,000	294,420
- Interests in joint ventures							4,153	3,884
- Corporate assets							39,094	46,046
							1,141,974	1,188,434

(b) Other segment information

	Travel Unaudited		Lottery Unaudited		Property Investment Unaudited		Other corporate entities Unaudited		Total Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2017 HK\$'000	30/6/2016 HK\$'000	30/6/2017 HK\$'000	30/6/2016 HK\$'000	30/6/2017 HK\$'000	30/6/2016 HK\$'000	30/6/2017 HK\$'000	30/6/2016 HK\$'000	30/6/2017 HK\$'000	30/6/2016 HK\$'000
Interest income	2	21	6	228	7	-	16	18	31	267
Depreciation on property, plant and equipment	(321)	(326)	(503)	(877)	-	-	(1,761)	(1,117)	(2,585)	(2,320)
Impairment loss recognised on intangible assets	(2,202)	(3,289)	-	-	-	-	-	-	(2,202)	(3,289)
Fair value gain on investment properties	-	-	-	-	692	-	-	-	692	-
Finance costs	-	(5)	-	-	(1,243)	-	(106)	(525)	(1,349)	(530)
Additions to non-current assets*	12	86	65	213	21,107	-	19	22,571	21,203	22,870

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

4. OTHER REVENUE AND GAINS

	Unaudited	
	For the six months ended 30/6/2017 HK\$'000	30/6/2016 HK\$'000
Other Revenue:		
Interest income on bank deposits	31	267
Total interest income on financial assets not at fair value through profit or loss	31	267
Management fee income	84	92
Fair value gain on investment properties	692	-
Gain on disposal of property, plant and equipment	-	1,646
Other income	18	656
	825	2,661
Other Gains:		
Amortisation of financial guarantee contract	10,000	9,999
Net exchange gain	-	605
	10,000	10,604
Total	10,825	13,265

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging as follows:

	Unaudited	
	For the six months ended	
	30/6/2017	30/6/2016
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	1,243	–
Interest on bank overdraft	–	5
Interest on loan from a director and controlling shareholder	106	525
	<u>1,349</u>	<u>530</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>1,349</u>	<u>530</u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	26,932	27,026
Contributions to defined contribution retirement plan	1,443	1,532
	<u>28,375</u>	<u>28,558</u>
(c) Other items		
Auditors' remuneration	600	600
Bad debts written off	–	25
Depreciation on owned property, plant and equipment	2,585	2,320
Gross rental income from investment properties	3,298	–
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	(455)	–
Operating lease rentals		
– properties	4,623	4,283
– plant and equipment	242	214
Impairment losses recognised on intangible assets*	2,202	3,289
	<u>2,202</u>	<u>3,289</u>

* 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	
	30/6/2017	30/6/2016
	HK\$'000	HK\$'000
Current tax	–	–
	<u>–</u>	<u>–</u>

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2017 and 2016 as the Group has no estimated assessable profits for the periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2016: 25%). No provision for PRC Enterprise Income Tax has been made for the six months ended 30 June 2017 and 2016 as the Group has no assessable profits arising in the PRC.

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% (2016: 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 six months ended 30 June 2017 and 2016 as the Group has no assessable profits arising in Canada.

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

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 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	
	30/6/2017	30/6/2016
	HK\$'000	HK\$'000
Loss:		
Loss for the period attributable to the owners of the Company	<u>(21,073)</u>	<u>(12,613)</u>
	'000	'000
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 six months ended 30 June 2017 and 2016 was the same as the basic loss per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

9. INVESTMENT PROPERTIES

Fair value	HK\$'000
At 1 January 2016	–
Addition	<u>191,708</u>
At 31 December 2016 and 1 January 2017	191,708
Addition	21,107
Increase in fair value recognised in the condensed consolidated statement of profit or loss	<u>692</u>
At 30 June 2017	<u>213,507</u>

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

The investment properties were classified as level 2 under the fair value hierarchy (31 December 2016: level 2).

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

For the period ended 30 June 2017, the Group had pledged one of the investment properties with the carrying amount approximately of HK\$192.4 million to secure a bank loan granted to the Group.

10. 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
	30/6/2017	31/12/2016
	HK\$'000	HK\$'000
Current	18,408	3,514
31 to 60 days overdue	4,218	419
61 to 90 days overdue	3,378	129
Over 90 days overdue	1,716	305
	<hr/>	<hr/>
Trade receivables	27,720	4,367
Other receivables	23,182	14,676
Prepayments and deposits	20,666	15,971
	<hr/>	<hr/>
	71,568	35,014
	<hr/> <hr/>	<hr/> <hr/>

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

The Group normally allows an average credit period of 30 to 90 days to customers of lottery business (31 December 2016: average credit period of 30 to 90 days); 30 days to customers of travel business (31 December 2016: average credit period of 30 days). For the customer of property investment business, no credit period was granted.

11. 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 30/6/2017 HK\$'000	Audited At 31/12/2016 HK\$'000
Current	14,528	3,021
31 to 60 days	574	702
61 to 90 days	535	380
Over 90 days	371	654
	<hr/>	<hr/>
Trade payables	16,008	4,757
Accrued charges and other payables	29,020	12,847
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	45,028	17,604
	<hr/> <hr/>	<hr/> <hr/>

12. FINANCIAL GUARANTEE CONTRACT

HK\$'000

Carrying amount

At 1 January 2016 (Audited)	29,995
Amortisation for the year	(19,995)
	<hr/>
At 31 December 2016 and 1 January 2017 (Audited)	10,000
Fair value of financial guarantee contract issued during the period	3,222
Amortisation for the period	(10,000)
	<hr/>
At 30 June 2017 (Unaudited)	3,222
	<hr/> <hr/>

	Unaudited At 30/6/2017 HK\$'000	Audited At 31/12/2016 HK\$'000
Current liabilities	644	10,000
Non-current liabilities	2,578	–
	<hr/>	<hr/>
	3,222	10,000
	<hr/> <hr/>	<hr/> <hr/>

The Company gave a new corporate guarantee (the “New Guarantee”) to a bank in respect of the revised loan facilities of HK\$735 million and MOP273 million which was granted to Pier 16 – Property Development Limited, a 49% owned associate of the Group (“Pier 16 – Property Development”) (the “Revised Loan Facilities”) during the period. The maximum guarantee amount borne by the Company under the New Guarantee was HK\$490 million. The guarantee previously issued by the Company in the amount of HK\$1,176 million for the existing syndicated loan facilities of HK\$1,900 million and RMB400 million which was granted to Pier 16 – Property Development (the “Existing Syndicated Loan Facilities”), which had been fully repaid on 29 June 2017, was released during the period.

The outstanding loan under the Revised Loan Facilities as at 30 June 2017 was HK\$260.0 million (31 December 2016: the outstanding loan under the Existing Syndicated Loan Facilities of approximately HK\$260.9 million).

Based on the valuation performed by an independent professional valuer, who has among their staff, fellow members of the Hong Kong Institute of Surveyor, the directors of the Company considered that the fair value of the financial guarantee contract in respect of the New Guarantee was approximately HK\$3.2 million at the date of issuance of financial guarantee contract and has a corresponding increase in the Group's interests in associates as deemed capital contribution.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The global and China economies remained on track for steady growth in the first half of the year. Together with the improving consumer sentiment, the global economic growth in 2017 is expected to be modest and reasonable. In the face of a more competitive operating environment and the ever-rising expectations from stakeholders, the Group will continue to devote in the entertainment and tourist-related industries, striving to fortify its business portfolio to capture the enormous market potential.

Results

For the six months ended 30 June 2017, revenue of the Group was HK\$284.8 million, decreased by 18% from HK\$347.1 million for the same period of 2016. Gross profit increased by 67% to HK\$21.0 million (2016: HK\$12.5 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 2017 was HK\$7.2 million, decreased by 32% from HK\$10.6 million for the last corresponding period. Loss attributable to owners of the Company for the reporting period amounted to HK\$21.1 million (2016: HK\$12.6 million), whilst loss per share was 0.43 HK cents (2016: 0.26 HK cents). The decline in results was mainly attributable to the (i) decrease of the Group's share of profit of the associates relating to Ponte 16; and (ii) decrease in operating revenue and increase in loss of the Group's travel business.

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 2017 (2016: nil).

Review of Operations

Travel Business

The Group operates one of the largest travel agencies in Canada, Jade Travel, which mainly focuses on providing travel packages and arrangement services for the high-end MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) segments in Canada and offers seamless offline and online booking services to corporate and retail customers.

Revenue of the segment decreased to HK\$269.7 million for the six months ended 30 June 2017 (2016: HK\$344.0 million). Loss in this segment amounted to HK\$8.3 million (2016: HK\$3.6 million), including an impairment loss on intangible assets of HK\$2.2 million (2016: HK\$3.3 million) which was recognised for the reporting period.

With its well-established brand and network in Canada, Jade Travel expanded its products offerings and penetrated into the retail segment in order to capture business opportunities arising from the economic recovery and the growing demand for leisure travel. Featuring the online booking platforms and the 24-hour customer hotline service, the retail segment gained widespread exposure in the new market during the reporting period, setting a stronger foundation for the Group's comprehensive travel solutions.

Lottery Business

The Group and its lottery business partner have, similar to most of its peers, continued to temporarily suspend the paperless lottery sales agency services voluntarily in response to the promulgation of the Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet (《關於開展擅自利用互聯網銷售彩票行為自查自糾工作有關問題的通知》) by the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sports of China which was issued in January 2015.

For the six months ended 30 June 2017, lottery business recorded a modest performance with revenue amounted to HK\$11.9 million, representing an increase of 291% as compared with HK\$3.0 million for the same period of 2016. It was primarily attributable to the receipt of commission and service income contributed by the provision of technology services platform. Loss of HK\$1.2 million was recorded in the segment (2016: HK\$10.8 million).

Property Investment Business

Strategically stepping into property investment business in 2016, the Group believes that the market demand of prime office premises in the central commercial location will stay thriving in the upcoming years. In February 2017, the Company entered into a sale and purchase agreement with an independent third party to acquire a property in Sing-Ho Finance Building, Wanchai at a consideration of HK\$19.5 million and the acquisition was completed in April 2017. Together with the property in Admiralty Centre, the two acquired commercial properties generated steady recurring rental income and strengthened the Group's income base to support its further development, as well as provided capital appreciation potential to the Group.

Revenue of the property investment business for the reporting period amounted to HK\$3.3 million, while segment profit was HK\$2.3 million.

Investment Project – Ponte 16

Thanks to the stabilisation of China's economic growth and the opening of new projects in Cotai Strip, Macau's economy has begun to rebound since last year and 2017 is expected to be a recovery year for Macau's gaming industry. For the reporting period, Macau's gross gaming revenue increased by 17% year-on-year which was led by the stable growth of the VIP and mass segments, as well as the improving tourist mix contributed by more visitors from Korea and Japan.

Faced the challenges and intensive competition driven by new supply of hotel rooms and gaming tables, Ponte 16 has been actively enhancing its entertainment portfolio and marketing strategy in order to maintain its competitive edge. During the reporting period, Ponte 16 has introduced a new game zone "G Racing Simulators" that offers 16 stations of 4K racing simulation of the Macau Grand Prix Racing Event, and invited quality street performers to share their passion for creativity and performance at the outdoor plaza of Sofitel Macau At Ponte 16, enriching the cultural atmosphere and injecting vitality in Macau's inner harbour.

As at 30 June 2017, the casino of Ponte 16 had 109 gaming tables, consisting of 96 mass gaming tables, 7 high-limit tables and 6 VIP tables. Adjusted EBITDA* for the reporting period decreased by 5% to HK\$136.3 million (2016: HK\$143.2 million). With the completion of renovation and upgrades of hotel rooms in 2017, the average occupancy rate of Sofitel Macau At Ponte 16 achieved 89% for the first half of the year.

As a world-class integrated casino-entertainment resort with a broad range of entertainment and dining offerings, Sofitel Macau At Ponte 16 achieved 7 reputable industry awards as of 30 June 2017, which included "Elegant Luxury Hotel of the Year 2017" by The Luxury Travel Guide, "Silver Award" by Macao Green Hotel Award 2017 and more. Privé was awarded with "My Favorite Hotel Restaurant (Macau)" by U Magazine, "Interim Result Winner" by World Luxury Restaurant Awards 2017, and "My Favorite Hotel Restaurant" by iFood Award 2017, and So SPA was awarded with "Interim Result Winner" by World Luxury Spa Awards 2017.

In view of the maturity of the existing syndicated loan facilities (the "Existing Syndicated Loan Facilities") in the aggregate amounts of HK\$1,900 million and RMB400 million (the "Existing Facility Amount") granted 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) on 29 June 2017 and for the purposes of, among others, refinancing the Existing Syndicated Loan Facilities and financing the repayment of certain shareholders' loans previously advanced to Pier 16 – Property Development, Pier 16 – Property Development entered into an amended and restated facility agreement (the "Amended Facility Agreement") with, among others, a bank as lender in June 2017. Pursuant to the Amended Facility Agreement, the maturity date under the Existing Syndicated Loan Facilities agreement was extended to 28 June 2022 and the Existing Facility Amount was revised to the aggregate amounts of HK\$735 million and MOP273 million (the "Revised Loan Facilities").

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

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2017, the Group had net current assets of HK\$208.3 million (31 December 2016: HK\$252.9 million) and net assets of HK\$984.8 million (31 December 2016: HK\$1,006.4 million).

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

In 2016, the Group obtained a secured bank loan which bears interest at Hong Kong interbank offered rate (HIBOR) plus 2% per annum. The proceeds of the loan were for the Group’s general operation. As at 30 June 2017, the outstanding bank loan was HK\$74 million (31 December 2016: HK\$122.5 million).

Apart from the aforesaid loans, as at 30 June 2017, there were loans from non-controlling shareholders of CAD4.3 million and HK\$7.3 million, totally equivalent to HK\$33.6 million (31 December 2016: CAD4.0 million and HK\$7.3 million, totally equivalent to HK\$30.7 million). The loans were interest-free and unsecured.

As at 30 June 2017, total equity attributable to owners of the Company was HK\$1,014.2 million (31 December 2016: HK\$1,033.5 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 7% as at 30 June 2017 (31 December 2016: 12%).

Provision of Financial Assistance to Pier 16 – Property Development

References were made to the announcement dated 16 June 2017 (the “Announcement”) and the circular dated 19 July 2017 (the “Circular”) issued by the Company in relation to the provision of financial assistance to Pier 16 – Property Development (the “2017 Financial Assistance”). The estimated total exposure of the Company under the provision of the 2017 Financial Assistance was HK\$532 million.

The provision of the 2017 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. On 16 June 2017, the Company obtained a written shareholder’s approval from a shareholder, which held approximately 52.10% of the entire issued share capital of the Company as at the date of such written approval, in respect of the provision of the 2017 Financial Assistance.

For further details of the 2017 Financial Assistance, please refer to the Announcement and the Circular.

Based on the valuation performed by an independent professional valuer, the Group has recognised financial guarantee contract liability of HK\$3.2 million at the date of issuance of financial guarantee contract and has a corresponding increase in its interests in associates as deemed capital contribution.

Pledge of Assets

As at 30 June 2017, the Group had secured the following assets:

- (a) the Group pledged the time deposits of CAD1.5 million and USD0.1 million, totally equivalent to HK\$9.7 million (31 December 2016: CAD1.5 million and USD0.1 million, totally equivalent to HK\$9.4 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of CAD1.5 million and a standby letter of credit of USD0.1 million, totally equivalent to HK\$9.7 million (31 December 2016: a standby letter of credit and overdraft facility of CAD1.5 million and a standby letter of credit of USD0.1 million, totally equivalent to 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 2016: all) of its shares in Pier 16 – Property Development to a bank in respect of the Revised Loan Facilities; and
- (c) the Group pledged one of its investment properties with a carrying amount of HK\$192.4 million to secure against a bank loan granted to the Group.

Contingent Liabilities

The Company gave a new corporate guarantee (the “New Guarantee”) to a bank in respect of the Revised Loan Facilities under the 2017 Financial Assistance. The maximum guarantee amount borne by the Company under the New Guarantee was HK\$490 million. The guarantee previously issued by the Company in the amount of HK\$1,176 million for the Existing Syndicated Loan Facilities, which had been fully repaid on 29 June 2017, was released during the period.

The outstanding loan under the Revised Loan Facilities as at 30 June 2017 was HK\$260.0 million (31 December 2016: the outstanding loan under the Existing Syndicated Loan Facilities of HK\$260.9 million).

Human Resources

As at 30 June 2017, the Group had a total of 182 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.

Prospect

In the second half of 2017, it is believed that the global economy and Asian market will sustain their growth momentum. Stimulated by the delighting news of the inclusion of China's domestic equities (A shares) in Morgan Stanley Capital International's benchmark Emerging Markets Index, which is an important step of China's integration with the global financial system, China economy is expected to boost modestly with new capital flows from the global market. Being a major player with a comprehensive portfolio of offerings in the entertainment and tourist-related industries, the Group will continuously enhance its products and services qualities and strengthen its diversified business platforms, in order to capture the opportunities and benefit from the improving market sentiment.

The Macau and China governments have been highly supportive towards the long-term development of the tourist-related industries, while the signing of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area signifying a closer co-operation that benefits the infrastructure connectivity and market integration among them. The visitation to Macau is expected to steadily increase, supporting the growth of mass market gaming and tourist-related industries, and thus Ponte 16 will continue its efforts to create value by providing more innovative excitements to visitors during their stay in Macau and remain at the forefront in this vibrant entertainment industry.

Being one of the largest travel agencies in Canada, Jade Travel is planning to enrich its online booking offerings by strategical collaboration with several leading domestic and international online travel portals and directories, aiming at providing individual travellers with more comprehensive travel solutions. Together with the 24-hour customer hotline service, Jade travel is able to achieve better resource allocation and to cover a more wide-reaching customer base.

For the lottery business, since the relevant policies relating to the online lottery sales have not yet been issued, there are still high degree of uncertainties in the future of online lottery market condition. The Group will continue to closely monitor the future development of the lottery business.

Looking ahead, the Group remains committed in gaining a stronger foothold in the entertainment and tourist-related industries in the Asia-Pacific region, and continues to adopt a prudent but optimistic approach towards the formulation and implementation of corporate strategies, whereas closely monitor market movements to identify new opportunities and timely adjust its strategies.

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

During the six months ended 30 June 2017, 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 set out in the Corporate Governance Code as 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 2017, save for deviation from the code provision E.1.2 which states that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this, his duly appointed delegate, to attend.

Mr. Yeung Hoi Sing, Sonny, being the Chairmen of the Board, the nomination committee and the executive committee (the “Executive Committee”) of the Board, was unable to attend the annual general meeting of the Company held on 8 June 2017 (the “2017 AGM”) due to another business engagement. However, Dr. Ma Ho Man, Hoffman, the Deputy Chairman of the Board who is also a member of the Executive Committee, attended and chaired the 2017 AGM, and he together with the chairman and/or other members of the audit committee (the “Audit Committee”), the remuneration committee and the nomination committee of the Board as well as the external auditors of the Company were available to answer questions at the 2017 AGM.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2017 have been reviewed by the Audit Committee and HLB Hodgson Impey Cheng Limited, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 30 August 2017

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.