

Press Release

[For Immediate Release]

Success Universe Announces 2016 Annual Results

Capitalise on Growing Marketing Opportunities to Achieve Sustainable Development

Overview

- Revenue was HK\$573.1 million and gross profit was HK\$26.1 million for 2016
- Travel business recorded gross profit margin improvement with the strategic product diversification and communications platform enhancement. Revenue was HK\$562.7 million for 2016
- With the enriched entertainment mix and improved operational efficiencies, the Adjusted EBITDA* of Ponte 16, the Group's flagship investment project, was HK\$277.4 million for 2016 and its decrease was significantly narrowed
- A new segment targeting the property investment business was established with an aim of broadening the Group's revenue stream

30 March 2017, Hong Kong - Success Universe Group Limited (“Success Universe” or the “Company”, Stock Code: 00487.HK, together with its subsidiaries, collectively the “Group”) today announced the consolidated annual results for the year ended 31 December 2016.

RESULTS

For the year ended 31 December 2016, revenue of the Group was HK\$573.1 million, representing a decreased of 43% from HK\$1,010.7 million for the same period of 2015. Gross profit decreased by 30% to HK\$26.1 million (2015: HK\$37.2 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group, for the year ended 31 December 2016 amounted to HK\$17.5 million, representing a drop of 40% from HK\$29.3 million for the last corresponding year. Loss attributable to owners of the Company of HK\$31.0 million was recorded for the reporting year (2015: HK\$6.7 million), whilst loss per share was 0.63 HK cents (2015: 0.14 HK cents).

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

The decline in results was mainly attributable to (i) the decrease of the Group's share of profit of the associates relating to Ponte 16; (ii) the significant decrease in operating revenue and increase in loss of the Group's lottery business as a result of the voluntary and temporary suspension of the paperless lottery sales agency services; and (iii) the impairment loss on the carrying amount of the trademark of the Group's travel business.

Dividends

The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2016 (2015: nil).

REVIEW OF OPERATIONS

Travel Business

Revenue of the segment decreased to HK\$562.7 million for the year ended 31 December 2016 (2015: HK\$941.1 million). Loss in this segment posted HK\$7.9 million (2015: HK\$6.1 million) including impairment losses on certain assets of HK\$3.2 million (2015: HK\$2.2 million) were recognised for the reporting year.

Along with the gradual economic recovery and the increasing demand for leisure travel, the Group strategically deepened its operation in Canada by offering travel packages and personalised planning services to retail customers, launching its new online booking service platforms – business to consumer (B2C) and business to business (B2B) and setting up a 24-hour customer hotline in 2016. The retail segment achieved a satisfying progress during the reporting year, establishing a solid foundation for further development that supplements to its well-established corporate and wholesale businesses.

Lottery Business

The Group and its lottery business partners, similar to most of its peers, continued to temporarily suspend the paperless lottery sales agency services voluntarily (the "Suspension") in 2016 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 (the "Notice"). The Notice is designed to suppress unauthorised sales of lottery through internet and provide clearer regulations in building a healthier and more reliable online lottery system for the enormous market. The Group will closely monitor the development and wait for further announcement on the resumption date of paperless lottery sales from the Chinese government authorities.

For the year ended 31 December 2016, revenue of the lottery business amounted to HK\$8.3 million, representing a decrease of 88% as compared with HK\$69.6 million for the last corresponding year, loss of HK\$20.8 million was recorded in the segment (2015: HK\$19.1 million).

Property Investment Business

An indirect wholly-owned subsidiary of the Company entered into a preliminary sale and purchase agreement with an independent third party to acquire a property in Admiralty Centre, Hong Kong at a consideration of HK\$175.0 million, as announced on 11 May 2016. The formal agreement for sale and purchase of the said property was made in the end of May 2016 and the acquisition was completed in August 2016. Revenue of the property investment business for the reporting year amounted to HK\$2.2 million, while segment profit was HK\$1.3 million.

Investment Project – Ponte 16

Although 2016 continued to be challenging for the Macau gaming market, the industry demonstrated its resilience and resumed its growth momentum in the second half of the year. In response to the current market conditions, the Group continues to implement stringent cost control, while maintaining its top-class hospitality. As at 31 December 2016, 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 year was HK\$277.4 million (2015: HK\$303.7 million).

Despite the intense competition in the newer Cotai district, Ponte 16 remains one of the most popular destinations in Macau Peninsula, in respect of its strategic location that closes to the United Nations Educational, Scientific and Cultural Organisation (UNESCO) heritage site. Visitors can experience the unique local culture elements in Macau's Inner Harbour, and all-inclusive leisure and entertainment facilities at Ponte 16. Average occupancy rate of Sofitel Macau At Ponte 16 was 88% for 2016. With the provision of the delightful hospitality and world-class facilities, Sofitel Macau At Ponte 16 was proud to receive over 16 prominent industry prizes for providing luxurious experience to guests.

During the reporting year, Ponte 16 started the refurbishment of hotel rooms and introduced Macau's first handy travel smartphone service, bringing a new level of visualisation and comfort to its premium guests. To improve its customer experiences, Ponte 16 introduced various family entertainments, including exclusive 3D art jam and messy drawing workshop, as well as the Adventure Bouncer Zone featuring a large inflatable vessel where kids can set sail for ocean exploration.

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

PROSPECTS

To capture the improving sentiment in Canada, Jade Travel has fully utilised its strong brand reputation and extensive network to further develop high-margin retail business to uplift its profitability, while a new brand was established to reinforce its market share in the mature corporate and wholesale businesses, and a new office was opened in Guangzhou as the hub for the future development in China market. The Group expects that such movements would allow better resources allocation and effective strategy implementation to differentiate its tailor-made services from the peers.

The recovery momentum in GGR growth gives positive signals for the Macau economy, and the Group is optimistic about the long-term growth of the Macau gaming market. With the determination to transform Macau into the “World Centre of Tourism and Leisure”, a series of major infrastructure projects will be progressively unveiled, making Macau more accessible and competitive in attracting tourists. In the face of a more competitive operating environment and the ever-rising expectations of tourists, Ponte 16 will continue to enhance its entertainment mix by introducing new excitements to visitors during their stay in Macau.

Under the central government’s internet plus strategy, lottery sales in China going paperless become a strong growth momentum of the industry. A sound regulatory system is essential to restore the sustainable development of this massive paperless lottery market. The Group is actively seeking for business opportunities during the Suspension period and preparing to re-tap into the lottery market with its established network and resources, such as the physical sales channels in certain cities.

In addition to the acquisition of the property in Admiralty Centre, Hong Kong during the reporting year, the Group also entered into a preliminary sale and purchase agreement with an independent third party to acquire another commercial property in February 2017. The said acquisition is expected to be completed in April 2017. The Group strategically expands its property investment portfolio which will provide a steady recurring rental income and strengthen its capital base to support the Group’s further development.

In the year ahead, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, “The Group is aware of the challenges that lie ahead and remains cautious of the increasing economic uncertainties of the global economy, but capturing the right opportunities is the key to expand and grow its business. The Group will stay cautious and prudent towards the formulation and implementation of corporate strategies in 2017, whereas closely monitor market movements to identify new opportunities arisen from the market consolidation and recovery and timely adjust its strategies. We believed that such strategies will lead it to a stronger foothold in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.”

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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, lottery and property investment businesses, and is involved in gaming and entertainment-related sector through its flagship investment project – Ponte 16. Riding on a strong foundation and the tremendous synergies across business segments and the flagship investment project, the Group aims to become a leading player in the gaming, entertainment and tourist-related industries.

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