

Press Release

[For Immediate Release]

Success Universe Announces 2023 Annual Results

Profit Attributable to Owners of The Company Amounted to HK\$169.3 million

Overview

- Revenue was approximately HK\$101.9 million and gross profit was approximately HK\$16.8 million for 2023
- Profit attributable to owners of the Company was approximately HK\$169.3 million
- Revenue of the travel business decreased by approximately 12% to approximately HK\$99.2 million, while the gross profit margin increased from approximately 8.7% to approximately 14.2%. Profit of approximately HK\$4.3 million was recorded, including a reversal of impairment loss on intangible assets of approximately HK\$2.0 million
- Revenue of the property investment business remained stable as compared to the previous year, while the segment loss was approximately HK\$14.2 million, mainly due to the recognition of a fair value loss on investment properties and a write-down of carrying amount of the Group's stock properties
- The Adjusted EBITDA* of Ponte 16, the Group's flagship investment project, increased substantially to approximately HK\$334.1 million; while the Group's shared profit of the associates relating to Ponte 16 was approximately HK\$143.7 million

27 March 2024, Hong Kong - Success Universe Group Limited (“Success Universe” or the “Company”, Stock Code: 00487.HK, together with its subsidiaries, collectively the “Group”) today announces the consolidated annual results for the year ended 31 December 2023.

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

RESULTS

For the year ended 31 December 2023, revenue of the Group was approximately HK\$101.9 million, decreased by approximately 11% from approximately HK\$114.8 million for the last corresponding year. Gross profit increased by approximately 35% to approximately HK\$16.8 million (2022: approximately HK\$12.4 million). A fair value gain on the Group's overseas listed equity securities of approximately HK\$95.4 million ("Substantial Fair Value Gain on Securities") was recognised for 2023 (2022: fair value loss of approximately HK\$174.1 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates"), for 2023 was approximately HK\$143.7 million (2022: share of loss of approximately HK\$42.1 million). Profit attributable to owners of the Company for the year ended 31 December 2023 was approximately HK\$169.3 million (2022: loss of approximately HK\$287.1 million), whilst earnings per share was 3.44 HK cents (2022: loss per share of 5.83 HK cents).

DIVIDENDS

No interim dividend was paid in 2023 (2022: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 2023 (2022: nil).

REVIEW OF OPERATIONS

Travel Business

Jade Travel Ltd. ("Jade Travel") is one of the largest Canadian travel agencies which offers professional travel solutions to customers in both wholesale and retail markets. In November 2023, data from the United Nations World Tourism Organisation ("UNWTO") indicated that international tourism had made significant strides in recovering from the challenges posed by COVID-19. Many world destinations exceeded pre-pandemic arrival levels in 2023, with the Middle East, Europe and Africa leading the recovery; however, due to a slower reopening to international travel, the Asia Pacific region only reached 65% of pre-pandemic levels in 2023 and lagged behind other regions.

According to data from the International Air Transport Association (IATA), total air traffic in 2023 measured in revenue passenger kilometres reached 94.1% of pre-pandemic levels in 2019 (the "2019 Levels"), while air passenger market in total surging by 36.9% compared to 2022. However, China's international capacity still lagged and below the 2019 Levels, despite of its strong 138.8% domestic traffic growth recorded from 2022 to 2023.

Although the number of flight routes in the Asia Pacific region had not fully returned to pre-pandemic levels, the Group capitalised on the recovery of domestic and international air travel

through Jade Travel's online auto-ticketing system and online ticketing platform, enhancing its service, performance and profitability. Combined with restructuring efforts made in recent years, Jade Travel has continuously improved its financial performance. Revenue of the travel business segment for the year ended 31 December 2023 decreased by approximately 12% to approximately HK\$99.2 million (2022: approximately HK\$112.1 million) while gross profit margin increased from approximately 8.7% to approximately 14.2%. Profit of approximately HK\$4.3 million was recorded in this segment (2022: approximately HK\$3.3 million), including a reversal of impairment loss on intangible assets of approximately HK\$2.0 million which was recognised for the year ended 31 December 2023 (2022: approximately HK\$2.8 million).

Property Investment Business

Throughout 2023, Hong Kong's commercial property market faced challenges from a series of interest rate hikes and a slow recovery, discouraging potential investors. Concerns over a global recession, geopolitical conflicts, and the possibility of further rise in interest rate continued to weigh on market sentiment. Nevertheless, the property market in Hong Kong remains resilient, although not without its challenges, as the Greater Bay Area continues to develop. To enhance the city's competitiveness, the Hong Kong government has also introduced initiatives to attract both Mainland China's and international talents, professionals, investors and businesses.

Revenue of the property investment business for the year ended 31 December 2023 amounted to approximately HK\$2.7 million (2022: approximately HK\$2.6 million). Segment loss was approximately HK\$14.2 million (2022: approximately HK\$15.9 million) which was mainly due to recognition of a fair value loss on investment properties and a write-down of carrying amount of the Group's stock of properties in the aggregate amount of approximately HK\$19.0 million for the year ended 31 December 2023 (2022: approximately HK\$20.6 million).

Investment Project – Ponte 16

Macau's remarkable recovery journey in 2023 brought with it a wave of optimism and vitality. The official lifting of COVID-19-related restrictions by the Macau government in January 2023 unleashed a torrent of visitors, especially during key Chinese travel seasons, such as the Chinese New Year, Labour Day, summer holidays, National Day and Christmas holidays. Data from the Macau government revealed a staggering approximately 28.2 million visitor arrivals in 2023, representing a resurgence to approximately 70% of the 2019 Levels. Notably, the recovery gained significant momentum in the latter half of the year, with visitor numbers in December back to approximately 96% of the 2019 figure. The resurgence of visitors in Macau is nothing short of extraordinary.

This influx of visitors had a profoundly positive impact on Macau's gross gaming revenue ("GGR"), which skyrocketed to approximately MOP183.1 billion in 2023, marking an astonishing annual increase of approximately 334%. The fiscal year's performance was fortified by a robust year-end finish, with December's GGR reaching approximately MOP18.6 billion, representing a surge of a remarkable approximately 433% year-on-year and an increase

of approximately 15.7% over November, and December became the second-highest month for GGR in 2023. Notably, the recovery in mass-market GGR not only reached pre-pandemic levels but also played a crucial role in driving Macau's overall resurgence, becoming a fundamental element that supplements the Macau government's vision of further developing Macau as a World Center of Tourism and Leisure with increasing diversity.

Driven by the triumphant return of visitors to Macau, Ponte 16, the world-class integrated casino-entertainment resort nestled in the culturally vibrant Inner Harbour, showed remarkable success in 2023. Its strategic location seamlessly connects to Mainland China and Hong Kong through numerous border checkpoints, enhancing accessibility, particularly when coupled with convenient transportation networks.

Committed to fostering Macau's cultural, travel and entertainment sectors, Ponte 16 continuously improved and expanded its "OLA 澳優遊" ("OLA"), the all-in-one platform featuring travel information and promotions within Macau's community. Ponte 16 collaborated with local businesses, including merchants and hotels, to offer discounts and privileges to customers via OLA, which not only generates lucrative prospects for participating merchants but also encourages cross-sector spending, bolstering the Macau Peninsula's economy. Capitalising on its proximity and connectivity, OLA's reach extended to encompass enterprises in the Greater Bay Area, notably in Zhuhai. Since its launch in late 2021, OLA has garnered around 130 merchant partners, encompassing approximately 200 merchant outlets and around 13,300 registered members, significantly enhancing Ponte 16's market presence and propelling its robust recovery.

In 2023, Ponte 16 actively engaged in and endorsed various initiatives to promote local art and cultural events, and the transformation of Macau into a World Center of Tourism and Leisure. This extensive involvement included collaborations with the Macau government on diverse exhibitions and events, which aimed at revitalising local communities, reinforcing the Group's commitment to creating positive social value. These exhibitions and events included "When Tat Chi Met Chi Tat Duo Exhibition", "The Macau Distinguished Gentlemen's Ride Event", "Festival of the Drunken Dragon", "OUTLOUD International Street Art Festival", "2023 Light Up Macao" as well as the Christmas Market.

As at 31 December 2023, the casino of Ponte 16 had 109 gaming tables in operation, consisting of 103 mass tables and 6 high-limit tables. The average occupancy rate of Sofitel Macau At Ponte 16 reached approximately 83% for the year ended 31 December 2023 (2022: approximately 48%), considering the substantial 23.5% increase in overall hotel room supply in Macau during the year. For the year ended 31 December 2023, an Adjusted EBITDA* of approximately HK\$334.1 million was recorded (2022: Adjusted EBITDA* loss of approximately HK\$46.2 million).

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

PROSPECTS

Looking ahead to 2024, the global economy continues to face multifaceted challenges. Although the risk of a global recession has been diminished, largely due to the resilient economy of the USA, escalating geopolitical tensions is posing immediate threats. In the medium term, many developing economies are grappling with dimmer prospects due to decelerating growth in major economies, sluggish global trade, and historically tight financial conditions. Moreover, borrowing costs for developing countries are expected to remain elevated as global interest rates continue to hover at four-decade highs. On a brighter note, China is progressing steadily as backed by stimulus measures to optimise economic structures and sustain the ongoing recovery, contributing to its overall stability.

UNWTO foresees a return to pre-pandemic international tourist arrivals in 2024, with a potential 2% surpassing of the 2019 Levels. China is actively enhancing its attractiveness as an Asian tourist destination. In late 2023, China introduced a 15-day visa-free travel option for tourists from France, Germany, Italy, the Netherlands, Spain and Malaysia. Furthermore, China and Thailand announced mutual permanent visa-free arrangements beginning in March 2024. China and Singapore also reached an agreement for a reciprocal 30-day visa-free period for their citizens in 2024. China's National Immigration Administration recently unveiled visa policy reforms, simplifying entry for foreigners, including USA citizens. These initiatives strategically aim to boost inbound tourism and business travel. Jade Travel, renowned for its strong brand presence in wholesale operations and established airline partnerships in China and North America, is well-positioned to capitalise on this expanding opportunity. Jade Travel plans to broaden its product portfolio for leading domestic and international travel platforms and agencies to accommodate surging travel demands. Additionally, Jade Travel will continue to launch tailored tour packages and local itineraries, featuring exotic global destinations and offering unique experiences to catering to diverse interests. The projected recovery of the tourism industry in 2024 is expected to surpass that of 2023, indicating a promising future for both the industry and Jade Travel.

In the near term, the Hong Kong property market is projected to experience decreasing demands, primarily attributed to the current high interest rates. Nevertheless, as global interest rates have likely reached their peak, a good basis exists for a resurgence in commercial property demand, particularly in prime areas. The Group maintains a positive outlook regarding the enduring potential of Hong Kong's commercial property market. It holds confidence that its current investment portfolio will consistently yield stable returns. With a vigilant approach to monitoring market dynamics, the Group is implementing a prudent strategy to adeptly navigate current challenges while positioning itself to seize future opportunities to optimise its investment portfolio.

Macau's tourism sector continues to thrive in 2024. For the first two months of 2024 combined, Macau's GGR increased 72.7% year-on-year to approximately MOP37.8 billion, signalling a strong start to 2024. The Macao Government Tourism Office (MGTO) recorded almost 1.4 million visitor arrivals to Macau during the eight-day Chinese New Year holidays beginning on 10 February 2024, returning to approximately 98.8% of the level recorded during the same holiday period in 2019. Leveraging this resurgence in visitor numbers from both Mainland China and abroad, Ponte 16 is committed to providing guests with an exceptional accommodation experience infused with unique cultural elements. Alongside neighbouring communities, Ponte 16 offers a comprehensive array of entertainment and local activities tailored to a diverse consumer base. To enhance its presence among Asian visitors, Ponte 16 will keep on implementing targeted marketing campaigns across various popular social media and online platforms in Asia.

Looking ahead, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, "In a dynamic recovery environment, we will draw inspirations from positive developments in our sectors in 2024. We will maintain an optimistic and strategic approach to navigate the robust yet dynamic recovery, with a strong commitment to enriching our diverse business portfolio. With a strategic mindset and prudent decision-making, we remain steadfast in our mission to achieve a sustainable long-term growth and capitalise on emerging opportunities ahead."

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About Success Universe Group Limited

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

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