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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 2011**

**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 2011 together with comparative figures are as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Note	Unaudited	
		For the six months ended	
		30/6/2011	30/6/2010
		HK\$'000	HK\$'000
<b>Turnover</b>	3	<b>763,050</b>	782,853
Cost of sales		<u>(727,677)</u>	<u>(739,060)</u>
<b>Gross profit</b>		<b>35,373</b>	43,793
Other revenue and gains	4	<b>18,716</b>	21,339
Administrative expenses		<b>(68,123)</b>	(66,559)
Other operating expenses	5(c)	<u><b>(6,300)</b></u>	<u>(6,300)</u>
<b>Loss from operations</b>		<b>(20,334)</b>	(7,727)
Finance costs	5(a)	<b>(11,494)</b>	(10,600)
Share of results of jointly controlled entities		<b>(59)</b>	169
Share of results of associates		<u><b>(9,481)</b></u>	<u>(18,563)</u>
<b>Loss before taxation</b>	5	<b>(41,368)</b>	(36,721)
Income tax	6	<u><b>1,575</b></u>	<u>(126)</u>
<b>Loss for the period</b>		<u><b>(39,793)</b></u>	<u>(36,847)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>(37,612)</b>	(38,040)
Non-controlling interests		<u><b>(2,181)</b></u>	<u>1,193</u>
<b>Loss for the period</b>		<u><b>(39,793)</b></u>	<u>(36,847)</u>
<b>Loss per share</b>			
– Basic	8	<u><b>(1.54)HK cents</b></u>	<u>(1.56)HK cents</u>
– Diluted	8	<u><b>(1.54)HK cents</b></u>	<u>(1.56)HK cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Unaudited	
	For the six months ended 30/6/2011 HK\$'000	30/6/2010 HK\$'000
<b>Loss for the period</b>	<u>(39,793)</u>	<u>(36,847)</u>
<b>Other comprehensive income</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>806</u>	<u>137</u>
Total other comprehensive income for the period, net of tax	<u>806</u>	<u>137</u>
<b>Total comprehensive loss for the period</b>	<u><b>(38,987)</b></u>	<u><b>(36,710)</b></u>
<b>Attributable to:</b>		
Owners of the Company	<u>(36,998)</u>	<u>(37,978)</u>
Non-controlling interests	<u>(1,989)</u>	<u>1,268</u>
<b>Total comprehensive loss for the period</b>	<u><b>(38,987)</b></u>	<u><b>(36,710)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	<i>Note</i>	<b>Unaudited At 30/6/2011 HK\$'000</b>	Audited At 31/12/2010 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		88,335	91,923
Goodwill		6,828	6,828
Intangible assets		40,407	38,823
Interest in associates		1,155,767	1,171,087
Interest in jointly controlled entities		1,634	1,693
		<b>1,292,971</b>	1,310,354
<b>Current assets</b>			
Inventories		2,290	983
Trade and other receivables	9	45,751	47,707
Tax recoverable		2,267	184
Pledged bank deposits		8,284	8,104
Cash and cash equivalents		79,095	108,042
		<b>137,687</b>	165,020
<b>Current liabilities</b>			
Trade and other payables	10	26,505	22,536
Deferred income		974	948
Profit guarantee liabilities		9,100	9,100
Financial guarantee contract		12,600	12,600
Bank loans – due within one year		585	556
Tax payable		17	1,347
		<b>49,781</b>	47,087
<b>Net current assets</b>		<b>87,906</b>	117,933
<b>Total assets less current liabilities</b>		<b>1,380,877</b>	1,428,287

	<i>Note</i>	<b>Unaudited At 30/6/2011 HK\$'000</b>	Audited At 31/12/2010 HK\$'000
<b>Non-current liabilities</b>			
Deferred income		2,597	3,002
Profit guarantee liabilities		14,408	23,508
Loans payables		456,307	454,640
Long-term payables		209,691	205,126
Amount due to a related company		24,253	23,191
Deferred tax liabilities		29	29
Financial guarantee contract		–	6,300
Bank loans – due after one year		14,028	13,940
Loan from a director and controlling shareholder		105,000	105,000
		<u>826,313</u>	<u>834,736</u>
<b>Net assets</b>		<u>554,564</u>	<u>593,551</u>
<b>Capital and reserves</b>			
Share capital		24,390	24,390
Reserves		486,502	523,500
<b>Total equity attributable to owners of the Company</b>		<u>510,892</u>	547,890
<b>Non-controlling interests</b>		<u>43,672</u>	45,661
<b>Total equity</b>		<u>554,564</u>	<u>593,551</u>

NOTES:

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements for the six months ended 30 June 2011 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 Standard (“HKAS”) 34, “Interim Financial Reporting” 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 financial statements of the Group for the year ended 31 December 2010 as contained in the Company’s Annual Report 2010 (the “Annual Report 2010”).

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 2010, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2011.

The new HKFRSs adopted by the Group in the condensed consolidated financial statements are set out as follows:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>1</sup>
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>4</sup>
HKFRS 11	Joint Arrangements <sup>4</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>4</sup>
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income <sup>3</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 19 (2011)	Employee Benefits <sup>4</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>4</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

### 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 Group has identified the following two reportable segments:

- Cruise leasing and management business: the leasing of cruise and the provision of cruise management services.
- Travel business: sales of air tickets and provision of travel-related services.

#### (a) Segment results and assets

In accordance with HKFRS 8, 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 results of associates and jointly controlled entities, investment income 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 charge/(credit) 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.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

All assets are allocated to reportable segments other than current and deferred tax assets, tax recoverable, interest in associates, interest in jointly controlled entities and unallocated corporate assets. 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 performance assessment for the period is set out below:

	Cruise leasing and management		Travel		Total	
	Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	34,800	34,800	728,250	748,053	763,050	782,853
Inter-segment revenue	–	–	580	259	580	259
<b>Reportable segment revenue</b>	<b>34,800</b>	<b>34,800</b>	<b>728,830</b>	<b>748,312</b>	<b>763,630</b>	<b>783,112</b>
<b>Reportable segment (loss)/profit</b>	<b>(2,336)</b>	<b>1,131</b>	<b>(5,474)</b>	<b>2,582</b>	<b>(7,810)</b>	<b>3,713</b>
Interest income	6	5	8	2	14	7
Amortisation of intangible assets	–	–	(213)	(155)	(213)	(155)
Depreciation	(3,154)	(3,457)	(720)	(619)	(3,874)	(4,076)
Reversal of impairment loss recognised on other receivable	2,405	3,821	–	–	2,405	3,821
Reversal of impairment loss recognised on intangible assets	–	–	741	3,366	741	3,366
Finance costs	–	–	(851)	(402)	(851)	(402)
	Cruise leasing and management		Travel		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30/6/2011	31/12/2010	30/6/2011	31/12/2010	30/6/2011	31/12/2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Reportable segment assets</b>	<b>96,090</b>	<b>96,183</b>	<b>98,663</b>	<b>102,192</b>	<b>194,753</b>	<b>198,375</b>



(b) Reconciliation of reportable segment revenue, (loss)/profit and assets

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
<b>Revenue</b>		
Reportable segment revenue	763,630	783,112
Elimination of inter-segment revenue	(580)	(259)
	<u>763,050</u>	<u>782,853</u>
<b>Consolidated turnover</b>	<b>763,050</b>	<b>782,853</b>
<b>(Loss)/profit</b>		
Reportable segment (loss)/profit	(7,810)	3,713
Share of results of jointly controlled entities	(59)	169
Share of results of associates	(9,481)	(18,563)
Unallocated corporate income	10,805	10,652
Depreciation	(718)	(1,061)
Finance costs	(10,643)	(10,198)
Unallocated corporate expenses	(23,462)	(21,433)
	<u>(41,368)</u>	<u>(36,721)</u>
<b>Consolidated loss before taxation</b>	<b>(41,368)</b>	<b>(36,721)</b>
	Unaudited	Audited
	At	At
	30/6/2011	31/12/2010
	HK\$'000	HK\$'000
<b>Assets</b>		
Reportable segment assets	194,753	198,375
Interest in associates	1,155,767	1,171,087
Interest in jointly controlled entities	1,634	1,693
Unallocated		
– Tax recoverable	2,267	184
– Corporate assets	76,237	104,035
	<u>1,430,658</u>	<u>1,475,374</u>
<b>Consolidated total assets</b>	<b>1,430,658</b>	<b>1,475,374</b>

#### 4. OTHER REVENUE AND GAINS

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30/6/2011</b>	<b>30/6/2010</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other Revenue:</b>		
Interest income on bank deposits	<u>62</u>	<u>13</u>
Total interest income on financial assets not at fair value through profit or loss	<b>62</b>	13
Management fee income	<b>3,473</b>	3,414
Deferred income	<b>1,588</b>	2,024
Other income	<u><b>4,147</b></u>	<u>2,401</u>
	<u><b>9,270</b></u>	<u>7,852</u>
<b>Other Gains:</b>		
Amortisation of financial guarantee contract	<b>6,300</b>	6,300
Reversal of impairment loss recognised on intangible assets	<b>741</b>	3,366
Reversal of impairment loss recognised on other receivable	<u><b>2,405</b></u>	<u>3,821</u>
	<u><b>9,446</b></u>	<u>13,487</u>
	<u><b>18,716</b></u>	<u>21,339</u>

## 5. LOSS BEFORE TAXATION

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

	Unaudited	
	For the six months ended	
	30/6/2011 HK\$'000	30/6/2010 HK\$'000
<b>(a) Finance costs</b>		
Interest on other loan	3,475	1,855
Interest on loan from a related company	428	402
Interest on bank loans	423	–
Interest on loan from a director and controlling shareholder	2,603	1,271
Interest on long-term payables	4,565	7,072
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	<b>11,494</b>	<b>10,600</b>
	<hr/>	<hr/>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits (including directors' emoluments)	34,049	33,234
Contributions to defined contribution retirement plan	958	931
	<hr/>	<hr/>
	<b>35,007</b>	<b>34,165</b>
	<hr/>	<hr/>
<b>(c) Other items</b>		
Auditors' remuneration		
– audit services	744	742
– other services	250	250
Depreciation	4,592	5,137
Amortisation of intangible assets	213	155
Operating lease rentals of		
– properties	4,207	4,304
– plant and machinery	319	281
Net exchange gain	(227)	(268)
Impairment losses recognised on interest in associates*	6,300	6,300
	<hr/>	<hr/>

\* *This amount is included in "other operating expenses" on the face of the condensed consolidated income statement.*

## 6. INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

	Unaudited	
	For the six months ended	
	30/6/2011	30/6/2010
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax		
Under provision in respect of prior years	–	17
Other than Hong Kong		
(Credit)/charge for the period	(1,575)	192
	<u>(1,575)</u>	<u>209</u>
Deferred taxation relating to the origination and reversal of temporary differences	–	(83)
	<u>–</u>	<u>(83)</u>
Tax (credit)/charge for the period	<u>(1,575)</u>	<u>126</u>

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2011 and 2010 as the Group has no estimated assessable profits for the periods.

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 declaration of any interim dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: 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

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$37,612,000 (for the six months ended 30 June 2010: approximately HK\$38,040,000) and on the weighted average number of approximately 2,438,964,000 ordinary shares (for the six months ended 30 June 2010: approximately 2,438,964,000 ordinary shares) in issue during the period.

### (b) Diluted loss per share

Diluted loss per share equals to the basic loss per share as there were no potential dilutive ordinary shares outstanding for the period presented.

## 9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables, the aging analysis for trade receivables is as follows:

	<b>Unaudited</b> <b>At</b> <b>30/6/2011</b> <b>HK\$'000</b>	<b>Audited</b> <b>At</b> <b>31/12/2010</b> <b>HK\$'000</b>
Current	<b>9,300</b>	14,810
31 to 60 days overdue	<b>949</b>	902
61 to 90 days overdue	<b>492</b>	969
Over 90 days overdue	<b>263</b>	295
	<hr/>	<hr/>
Trade receivables	<b>11,004</b>	16,976
Other receivables	<b>1,173</b>	1,143
Prepayments and deposits	<b>33,574</b>	29,588
	<hr/>	<hr/>
	<b>45,751</b>	47,707
	<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 60 days to customers of cruise leasing and management business (31 December 2010: 30 to 60 days) and 30 days to customers of travel business (31 December 2010: 30 days).

## 10. TRADE AND OTHER PAYABLES

Included in trade and other payables, the aging analysis for trade payables is as follows:

	<b>Unaudited</b> <b>At</b> <b>30/6/2011</b> <b>HK\$'000</b>	<b>Audited</b> <b>At</b> <b>31/12/2010</b> <b>HK\$'000</b>
Current	<b>8,664</b>	8,276
31 to 60 days	<b>1,147</b>	787
61 to 90 days	<b>336</b>	187
Over 90 days	<b>614</b>	286
	<hr/>	<hr/>
Trade payables	<b>10,761</b>	9,536
Accrued charges and other payables	<b>15,744</b>	13,000
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	<b>26,505</b>	22,536
	<hr/>	<hr/>

All of the trade and other payables are expected to be settled within one year.

## 11. EVENT AFTER THE REPORTING PERIOD

Reference was made to the announcement dated 25 August 2011 issued by the Company, Victory Devotion Limited (“Victory Devotion”), a wholly-owned subsidiary of the Company, entered into a supplemental agreement with Up Fly Limited, a shareholder of non-controlling interests of a 70% indirectly owned subsidiary of the Company, and its ultimate beneficial owner, pursuant to which Victory Devotion agreed to provide further shareholder’s loans to Honour Rich China Development Limited (“Honour Rich”), a 70% indirectly owned subsidiary of the Company, from time to time up to not more than HK\$69,868,000 (the “Maximum Further Contribution”). The subsidiaries of Honour Rich are principally engaged in the provision of technology services platform, technical support and sports lottery sales agency services to the mobile sports lottery market in the People’s Republic of China. The provision of the Maximum Further Contribution constituted a discloseable transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group maintained a steady business performance during the first half of 2011, despite the volatility in the financial markets and concerns over the growth prospects of the global economy. The Group's travel and cruise businesses continued to contribute stable revenue to the Group during the reporting period. Meanwhile, the flagship investment project of the Group, Ponte 16, benefited from the significant growth of Macau's gaming industry and attained improved operating results. In addition, the Group announced the initiation of a new business to provide a technology services platform and technical support as well as sports lottery sales agency services to China's burgeoning mobile sports lottery market. This initiative is expected to further expand the Group's business platform and tap into the exciting growth potential in Mainland China.

### Results

The Group posted a turnover of approximately HK\$763.1 million for the six months ended 30 June 2011, representing a decrease from approximately HK\$782.9 million in the last corresponding period. Gross profit reached approximately HK\$35.4 million (2010: approximately HK\$43.8 million), while loss attributable to owners of the Company narrowed to approximately HK\$37.6 million (2010: approximately HK\$38.0 million). Loss per share was 1.54 HK cents for the reporting period, compared to loss per share of 1.56 HK cents in the first half of 2010.

Turnover from travel business decreased to approximately HK\$728.3 million in the first half of 2011, compared to approximately HK\$748.1 million in the same period of 2010, due to the sluggish economic recovery and concerns over the revival of terrorism in its core market of North America. The Group's travel business posted a segment loss of approximately HK\$5.5 million for the six months ended 30 June 2011, as compared with a segment profit of approximately HK\$2.6 million in the last corresponding period.

As a premier world-class resort destination infused with exclusive international cultural elements, Ponte 16 achieved a positive EBITDA\* with a growth of approximately 17% to approximately HK\$129.0 million in the first half of 2011. During the period under review, Ponte 16 attained continuous growth in gross gaming revenue that outpaced Macau's overall industry growth. The Group's shared loss of the associates relating to Ponte 16 reduced from approximately HK\$18.6 million in 2010 to approximately HK\$9.5 million for the reporting period.

### Interim Dividend

The directors of the Company (the "Director(s)") do not recommend the declaration of any interim dividend for the six months ended 30 June 2011 (2010: Nil).

\*EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

## **Review of Operations**

### ***Travel Business***

#### ***Impacted by the challenging environment in North America***

During the first half of 2011, concerns about stagnant economic growth and revival of terrorism have affected the travel sentiment in North America, impacting the business of the Group's travel agency companies located in Canada and the United States of America (the "Jade Travel Group"). The recent European sovereign debt crisis also undermined the growth of this business segment. Turnover in the segment decreased to approximately HK\$728.3 million, compared to approximately HK\$748.1 million in 2010. Loss in the segment amounted to approximately HK\$5.5 million, compared with a profit of approximately HK\$2.6 million in 2010.

During the reporting period, the Group continued to focus on the high-end market segment and further developed its MICE (Meeting, Incentive, Convention and Exhibition) business, eyeing the high growth potential of the market. As part of the three-pronged business strategy, the Group has continued to expand its presence in the China market and seized further cross-selling opportunities with Ponte 16 and the Group's cruise business through cooperation with various airlines and tour operators.

### ***Cruise Business***

#### ***Steady revenue contributor of the Group***

The cruise business continued to provide stable revenue to the Group in the first half of the year. The cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) recorded a turnover of approximately HK\$34.8 million (2010: approximately HK\$34.8 million). The business segment posted a loss of approximately HK\$2.3 million, as compared with a profit of approximately HK\$1.1 million in the first half of 2010, mainly due to the continuous soaring of fuel costs.

### ***Investment Project – Ponte 16***

#### ***Attained sustainable growth in the prosperous Macau gaming market***

During the first half of 2011, Ponte 16 capitalised on the surging momentum of Macau's gaming industry and sustained a growth rate of approximately 17% in EBITDA\* from the last corresponding period to approximately HK\$129.0 million. Growth in gross gaming revenue over the same period in 2010 was approximately 49%, which was higher than Macau's overall industry growth, mainly driven by the continuous growth in the VIP gaming segment.

\*EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Attributable to various marketing initiatives, the synergies created with the Group's core businesses and the strategic location in the Inner Harbour District of Macau, Ponte 16 recorded a double-digit growth in the daily average number of visitors during the reporting period as compared to that of 2010. Celebrating its third anniversary in February 2011, Ponte 16 has become increasingly popular among travellers around the world. Since the opening of the first Michael Jackson ("MJ") gallery in Asia, MJ Gallery at Ponte 16 (the "Gallery"), and the hosting of a series of iconic international events which has brought more visitors to the resort, Ponte 16 has successfully raised its profile internationally. During the period under review, Ponte 16 has further attained a more diversified customer mix with visitors from different countries on the rise. The occupancy rate at the award-winning five-star hotel, Sofitel Macau At Ponte 16, also remained consistently high throughout the period.

Pursuant to the settlement agreement to terminate the legal proceedings between Pier 16 – Property Development Limited ("Pier 16 – Property Development") and the remaining occupant of the construction site of phase 3 of the Ponte 16 development project (the "Phase 3 Project") in early 2011, Ponte 16 recovered possession of the whole construction site of the Phase 3 Project during the period under review. Planning on the development of the Phase 3 Project, which will bring to visitors a new suite of shopping, dining and entertainment facilities, is proceeding.

As of 30 June 2011, the casino of Ponte 16 has a total of 109 gaming tables, 82 of which are mass gaming tables, nine are high-limit tables and 18 are VIP tables.

A testament to its commitment to providing world-class services and facilities, Sofitel Macau At Ponte 16 garnered various industry awards in the first half of 2011. The magnificent resort hotel was named "2010 China's Best Hotel Manager" by LifeStyle Magazine, "Customer Satisfaction Award (Macau)" by Japanese travel site, Rakuten Travel, "The Best Theme Hotel in Chinese Hospitality Award" by China Hotel Gold Champion Award of Year 2011, "China's Top 10 Most Popular Resort Hotels of 2011" by Golden-Pillow Award of China Hotels and "2011 Best Business Hotel in Macau" by National Geographic Traveler, China edition.

## **Financial Review**

### ***Liquidity, Financial Resources and Gearing***

As at 30 June 2011, the Group had net current assets of approximately HK\$87.9 million (31 December 2010: approximately HK\$117.9 million) and net assets of approximately HK\$554.6 million (31 December 2010: approximately HK\$593.6 million).

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung"), 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 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended to 30 October 2012 by a letter agreement dated 23 June 2010. As at 30 June 2011, the Company had utilised the loan facility in the amount of HK\$105.0 million (31 December 2010: HK\$105.0 million).



On 22 October 2009, the Company as borrower and New Shepherd Assets Limited (“New Shepherd”), a wholly-owned subsidiary of the Company, as security provider entered into an agreement in relation to a HK\$250 million revolving credit facility (the “Revolving Credit Facility”) with a financial institution (the “Lender”) as lender, which is a third party independent of the Company. The Revolving Credit Facility carries a floating interest rate and the loan under such facility shall be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development in connection with the cash flow requirements of Pier 16 – Property Development and its subsidiaries. As at 30 June 2011, the Company had utilised the Revolving Credit Facility in the amount of HK\$246.0 million (31 December 2010: HK\$246.0 million).

As at 30 June 2011, Jade Travel Ltd. (“Jade Travel, Canada”), an 80% indirectly owned subsidiary of the Company which was incorporated in Canada, was granted secured bank loans which carry a fixed interest rate and the loans shall be repayable by consecutive monthly installments. The proceed of the loans was to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 30 June 2011, the outstanding loans were equivalent to approximately HK\$14.6 million (31 December 2010: equivalent to approximately HK\$14.5 million).

Apart from the aforesaid loans, as at 30 June 2011, the Group had an interest-bearing loan from a related company of equivalent to approximately HK\$24.3 million (31 December 2010: equivalent to approximately HK\$23.2 million). The loan is unsecured and charged with interest at the rate of 4% per annum and has no fixed terms of repayment.

As at 30 June 2011, there were loans from shareholders of non-controlling interests of approximately HK\$18.1 million (31 December 2010: approximately HK\$16.4 million) and other loans payable of approximately HK\$192.2 million (31 December 2010: approximately HK\$192.2 million). These loans are interest-free, unsecured and will not be repaid within the next 12 months.

Total equity attributable to owners of the Company as at 30 June 2011 was approximately HK\$510.9 million (31 December 2010: approximately HK\$547.9 million). Accordingly, 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 approximately 76% as at 30 June 2011 (31 December 2010: approximately 71%).

#### ***Provision of Further Financial Assistance to Pier 16 – Property Development***

Reference was made to the announcement dated 25 June 2010 issued by the Company, there was no further additional shareholders’ loans provided to Pier 16 – Property Development during the reporting period (31 December 2010: approximately HK\$134.9 million, which were mainly to finance the construction cost of and the repayment of indebtedness by Pier 16 – Property Development).

### ***Pledge of Assets***

As at 30 June 2011, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately HK\$8.3 million (31 December 2010: approximately HK\$8.1 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$10.4 million (31 December 2010: approximately HK\$10.2 million) for the operations of the Group;
- (b) World Fortune Limited, an indirect subsidiary of the Company, pledged all (31 December 2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of syndicated loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd pledged 51% (31 December 2010: 51%) of the entire issued share capital from time to time of Favor Jumbo Limited, an indirect wholly-owned subsidiary of the Company, to the Lender in respect of the Revolving Credit Facility granted to the Company; and
- (d) the Group's self-occupied properties with carrying amount of equivalent to approximately HK\$21.9 million (31 December 2010: equivalent to approximately HK\$21.6 million) was pledged to a bank to secure bank loans to Jade Travel, Canada.

### ***Contingent Liabilities***

As at 30 June 2011, the Company gave a corporate guarantee for the syndicated loan facilities of HK\$1,600 million granted to an associate of the Group (31 December 2010: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2010: HK\$860 million). The total loan outstanding and bank guarantee facility from the syndicated loan facilities for the associate as at 30 June 2011 were HK\$680 million and HK\$240 million respectively (31 December 2010: HK\$800 million and HK\$240 million respectively).

### **Human Resources**

As at 30 June 2011, the Group had a total of 428 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long-term incentive.

### **Prospects**

Looking ahead, the Chinese economy is expected to remain robust although tightening measures aimed at taming inflation and preventing asset bubbles may cause slight moderation in its growth rate.

The vibrant Mainland economy will continue to be a strong growth driver for the Group's travel and entertainment-related businesses. To capitalise on these growth opportunities, the Group will seek to further expand its foothold in China and explore new cross-selling opportunities for both its core businesses and Ponte 16.

As the most dynamic gaming market in the world, Macau offers exciting growth potential for all industry players. The opening of new resorts has enriched the entertainment scene of Macau as a whole and boosted the overall tourist arrivals for the entire market. While Ponte 16 is set to continue to benefit from the growing momentum of Macau's gaming industry, it believes the combination of its unique positioning and quality services is a winning strategy in the market. As such, the premier resort destination will continue to strengthen its unique global status by exploring new Hollywood elements to enhance its exclusive entertainment offering.

To replicate the success of the Gallery and to provide visitors with a more exciting and unique experience, a luxury MJ-themed VIP mansion will be opened at Sofitel Macau At Ponte 16, which will further differentiate Ponte 16 from its peers in the enclave.

In September and October 2011, Ponte 16 will join hands with renowned international auction house, Julien's Auctions, to stage a Hollywood-themed exhibition tour in five cities in Mainland China, followed by an exhibition and auction of the same theme in Macau. These events will bring in another series of collectibles from superstars around the world, including MJ, Bruce Lee, Marilyn Monroe and Madonna, as well as costumes and props from movies such as Batman. It will again place Ponte 16 under the spotlight of the world and further enhance its reputation in the industry.

Furthermore, Ponte 16 is planning on the development of the Phase 3 Project, which will include a shopping arcade that offers an array of shops and restaurants as well as new entertainment facilities. This new phase will not only further diversify the shopping, dining and entertainment experiences to be offered by Ponte 16, but will also serve as another stable revenue contributor of it.

Reference was made to the announcement dated 25 August 2011 issued by the Company, in light of the rapid growth potential of China's lottery industry, with a CAGR\* of lottery sales revenue of approximately 25% in the last ten years and a growth of 31% in the first half year of 2011 to RMB101 billion as compared to that of 2010, the Group believes that there will be ample opportunities for players who possess well-connected networks and sound business strategy. In an attempt to seize the enormous growth opportunities in China's burgeoning lottery industry, the Group has embarked on a new business to provide a technology services platform and technical support as well as sports lottery sales agency services to China's mobile sports lottery market through the subsidiaries of a 70%-owned joint venture company. The management of the Group is confident that the mobile sports lottery business will be another growth driver for the Group.

For the Jade Travel Group, the business environment for its North American operations may remain relatively challenging in the second half of 2011 as concerns over the shed momentum of the economic recovery and the European sovereign debt crisis may have a discouraging impact on consumer sentiment in the market. Although the uncertainties over the economic

\*CAGR : *Compound Annual Growth Rate*

outlook may affect demands for outbound tours from North America, the strong Chinese economy will lead to opportunities in inbound tours from China. The granting of “Approved Destination Status” to Canada by the Mainland China authorities has further opened up opportunities. To channel business to the Jade Travel Group, the Group is actively identifying business partners with sound credibility in China.

With a positive economic outlook for Mainland China, Hong Kong and Macau, the Group will continue to strengthen its business platform and competitive edge by continuing the implementation of its three-pronged strategy and investing in new businesses. In the long-run, the Group is poised to benefit from its expanded business portfolio which will enhance value for its shareholders, partners and customers.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 June 2011, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, the Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices 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 2011.

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results for the six months ended 30 June 2011 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng, 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**  
**Ma Ho Man, Hoffman**  
*Deputy Chairman*

Hong Kong, 30 August 2011

*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 Mr. Luk Ka Yee, Patrick, Mr. Yim Kai Pung and Ms. Yeung Mo Sheung, Ann.*