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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 2014**

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 2014 together with comparative figures are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		Unaudited	
	<i>Note</i>	For the six months ended	
		30/6/2014	30/6/2013
		HK\$'000	HK\$'000
Turnover	3	730,560	834,679
Cost of sales		<u>(668,099)</u>	<u>(795,745)</u>
Gross profit		62,461	38,934
Other revenue and gains	4	16,722	101,727
Administrative expenses		(78,021)	(78,014)
Selling expenses		(3,894)	(859)
Other operating expenses	5(c)	<u>(3,934)</u>	<u>(1,905)</u>
(Loss)/profit from operations		(6,666)	59,883
Finance costs	5(a)	(1,720)	(6,429)
Share of results of joint ventures		122	173
Share of results of associates		<u>56,284</u>	<u>12,088</u>
Profit before taxation	5	48,020	65,715
Taxation	6	<u>–</u>	<u>2,363</u>
Profit for the period		<u>48,020</u>	<u>68,078</u>
Attributable to:			
Owners of the Company		47,724	70,896
Non-controlling interests		<u>296</u>	<u>(2,818)</u>
Profit for the period		<u>48,020</u>	<u>68,078</u>
Earnings per share			
– Basic	8	<u>0.97 HK cents</u>	<u>1.69 HK cents</u>
– Diluted	8	<u>0.97 HK cents</u>	<u>1.69 HK cents</u>

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

For the six months ended 30 June 2014

	Unaudited	
	For the six months ended	
	30/6/2014	30/6/2013
	HK\$'000	HK\$'000
Profit for the period	48,020	68,078
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(366)</u>	<u>(2,295)</u>
Total other comprehensive loss for the period, net of tax	<u>(366)</u>	<u>(2,295)</u>
Total comprehensive income for the period	<u>47,654</u>	<u>65,783</u>
Attributable to:		
Owners of the Company	47,582	68,811
Non-controlling interests	<u>72</u>	<u>(3,028)</u>
Total comprehensive income for the period	<u>47,654</u>	<u>65,783</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	<i>Note</i>	Unaudited at 30/6/2014 HK\$'000	Audited at 31/12/2013 HK\$'000
Non-current assets			
Property, plant and equipment		74,055	74,885
Goodwill		1,313	1,313
Intangible assets		30,678	34,527
Interest in associates		1,004,058	947,774
Interest in joint ventures		1,838	1,716
		<u>1,111,942</u>	<u>1,060,215</u>
Current assets			
Inventories		1,834	1,522
Trade and other receivables	9	163,957	45,962
Tax recoverable		384	381
Pledged bank deposits		11,444	10,804
Cash and cash equivalents		82,453	80,423
		<u>260,072</u>	<u>139,092</u>
Current liabilities			
Bank overdraft – secured		1,928	–
Trade and other payables	10	137,770	33,265
Deferred income		588	875
Profit guarantee liabilities		–	5,308
Bank loans – due within one year		630	608
Financial guarantee contract		19,995	19,995
Finance leases liabilities – current portion		24	24
		<u>160,935</u>	<u>60,075</u>
Net current assets		<u>99,137</u>	<u>79,017</u>
Total assets less current liabilities		<u>1,211,079</u>	<u>1,139,232</u>

	<i>Note</i>	Unaudited at 30/6/2014 HK\$'000	Audited at 31/12/2013 HK\$'000
Non-current liabilities			
Deferred income		–	146
Bank loans – due after one year		10,912	11,148
Loans payables		16,845	17,766
Deferred tax liabilities		530	526
Financial guarantee contract		39,993	49,990
Finance leases liabilities		96	107
Loan from a director and controlling shareholder		90,000	50,000
		<u>158,376</u>	<u>129,683</u>
Net assets		<u>1,052,703</u>	<u>1,009,549</u>
Capital and reserves			
Share capital		49,265	49,265
Reserves		982,601	935,459
Total equity attributable to owners of the Company		1,031,866	984,724
Non-controlling interests		20,837	24,825
Total equity		<u>1,052,703</u>	<u>1,009,549</u>

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2014 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” (“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 2013 as contained in the Company’s Annual Report 2013 (the “Annual Report 2013”).

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 2013, except for the impact of the adoption of the new and revised HKASs, 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 2014.

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

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

The application of the above New HKFRSs had no material effect on the results and financial positions 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 HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvement to HKFRSs 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011-2013 Cycle ¹
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁵
HKFRS 9	Financial Instruments ⁵
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ³
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customer ⁴
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ³
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ³
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contribution ¹

¹ *Effective for annual periods beginning on or after 1 July 2014*

² *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

³ *Effective for annual periods beginning on or after 1 January 2016*

⁴ *Effective for annual periods beginning on or after 1 January 2017*

⁵ *No mandatory effective date yet determined but is available for adoption*

HKFRS 9 “Financial Instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

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 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 CODM consider the business from both geographic and service perspective.

The Group has presented the following three reportable segments:

- Cruise ship leasing and management business: the leasing of cruise ship and the provision of cruise ship management services.
- Travel business: sales of air tickets and provision of travel-related services.
- Lottery business: provision of sports lottery sales agency services to the sports lottery market in the People's Republic of China.

(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 result of associates and joint ventures, 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 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 current and deferred tax assets, tax recoverable, interest 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:

	Cruise ship leasing and management		Travel		Lottery		Elimination		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		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	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013	30/6/2014	30/6/2013	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	<u>44,500</u>	<u>42,000</u>	<u>618,452</u>	<u>769,359</u>	<u>67,608</u>	<u>23,320</u>	<u>-</u>	<u>-</u>	<u>730,560</u>	<u>834,679</u>
Reportable segment profit/(loss)	<u>878</u>	<u>2,145</u>	<u>(11,857)</u>	<u>(9,766)</u>	<u>7,825</u>	<u>(9,117)</u>	<u>572</u>	<u>568</u>	<u>(2,582)</u>	<u>(16,170)</u>
Share of results of joint ventures									122	173
Share of results of associates									56,284	12,088
Unallocated corporate income									12,200	94,297
Unallocated corporate expenses									(16,611)	(18,609)
Finance costs									<u>(1,393)</u>	<u>(6,064)</u>
Consolidated profit before taxation									48,020	65,715
Taxation									<u>-</u>	<u>2,363</u>
Consolidated profit for the period									<u>48,020</u>	<u>68,078</u>

	Cruise ship leasing and management		Travel		Lottery		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At	At	At
	30/6/2014	31/12/2013	30/6/2014	31/12/2013	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	86,179	90,346	66,580	69,450	166,379	38,577	319,138	198,373
Unallocated corporate assets								
- Interest in associates							1,004,058	947,774
- Interest in joint ventures							1,838	1,716
- Tax recoverable							384	381
- Corporate assets							<u>46,596</u>	<u>51,063</u>
							<u>1,372,014</u>	<u>1,199,307</u>

(b) Other segment information

	Cruise ship leasing and management		Travel		Lottery		Other corporate entities		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		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	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013	30/6/2014	30/6/2013	30/6/2014	30/6/2013	30/6/2014	30/6/2013
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Interest income	26	20	9	3	4	15	35	326	74	364
Amortisation of intangible assets	-	-	(178)	(180)	-	-	-	-	(178)	(180)
Depreciation	(2,832)	(3,018)	(469)	(540)	(899)	(1,021)	(133)	(136)	(4,333)	(4,715)
Reversal of impairment loss recognised on other receivables	-	2,836	-	-	263	-	-	-	263	2,836
Impairment loss recognised on:										
- goodwill	-	-	-	(1,905)	-	-	-	-	-	(1,905)
- intangible assets	-	-	(3,934)	-	-	-	-	-	(3,934)	-
Finance costs	-	-	(343)	(365)	-	-	(1,377)	(6,064)	(1,720)	(6,429)
Additions to non-current assets*	958	18	14	234	2,542	149	31	91	3,545	492

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

4. OTHER REVENUE AND GAINS

	Unaudited	
	For the six months ended	
	30/6/2014	30/6/2013
	HK\$'000	HK\$'000
Other Revenue:		
Interest income on bank deposits	74	364
Total interest income on financial assets not at fair value through profit or loss	74	364
Management fee income	333	541
Gain on disposal of property, plant and equipment	6	247
Gain on settlement of loans payables (Note 11)	1,827	-
Other income	4,031	4,313
	6,271	5,465
Other Gains:		
Amortisation of financial guarantee contract	9,997	9,997
Gain on derecognition of a long-term payable	-	83,429
Net exchange gain	191	-
Reversal of impairment loss recognised on other receivables	263	2,836
	10,451	96,262
	16,722	101,727

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging as follows:

	Unaudited	
	For the six months ended	
	30/6/2014	30/6/2013
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	327	365
Interest on bank overdraft	16	–
Interest on loan from a director and controlling shareholder	1,377	27
Interest on long-term payables	–	6,037
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	1,720	6,429
	<hr/> <hr/>	<hr/> <hr/>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	39,127	39,103
Contributions to defined contribution retirement plan	1,460	1,608
	<hr/>	<hr/>
	40,587	40,711
	<hr/> <hr/>	<hr/> <hr/>
(c) Other items		
Auditors' remuneration		
– audit services	718	732
– other services	280	280
Bad debts written off	2,173	–
Depreciation on owned property, plant and equipment	4,318	4,711
Depreciation on leased property, plant and equipment	15	4
Amortisation of intangible assets	178	180
Operating lease rentals of		
– properties	5,104	4,973
– plant and machinery	346	329
Net exchange loss	–	389
Impairment loss recognised on goodwill*	–	1,905
Impairment loss recognised on intangible assets*	3,934	–
	<hr/> <hr/>	<hr/> <hr/>

* 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	
	30/6/2014	30/6/2013
	HK\$'000	HK\$'000
Current tax:		
Overseas Profits Tax:		
Credit for the period	—	(2,363)
	<u> </u>	<u> </u>

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2014 and 2013 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 payment of an interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: nil).

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

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$47,724,000 (for the six months ended 30 June 2013: profit of approximately HK\$70,896,000) and on the weighted average number of approximately 4,926,491,000 ordinary shares (for the six months ended 30 June 2013: approximately 4,189,650,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share equals to the basic earnings 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:

	Unaudited At 30/6/2014 <i>HK\$'000</i>	Audited At 31/12/2013 <i>HK\$'000</i>
Current	83,489	13,862
31 to 60 days overdue	4,509	2,274
61 to 90 days overdue	1,011	2,699
Over 90 days overdue	634	602
	<hr/>	<hr/>
Trade receivables	89,643	19,437
Other receivables	57,496	16,414
Prepayments and deposits	16,818	10,111
	<hr/>	<hr/>
	163,957	45,962
	<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 60 days to customers of cruise ship leasing and management as well as lottery businesses (31 December 2013: 30 to 60 days) and 30 days to customers of travel business (31 December 2013: 30 days).

10. TRADE AND OTHER PAYABLES

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

	Unaudited At 30/6/2014 <i>HK\$'000</i>	Audited At 31/12/2013 <i>HK\$'000</i>
Current	18,005	8,796
31 to 60 days	1,224	911
61 to 90 days	499	361
Over 90 days	257	192
	<hr/>	<hr/>
Trade payables	19,985	10,260
Accrued charges and other payables	117,785	23,005
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	137,770	33,265
	<hr/> <hr/>	<hr/> <hr/>

11. ACQUISITION OF THE INTEREST IN A SUBSIDIARY

In March 2014, 665127 British Columbia Ltd. (“665127 BC Ltd.”, an indirect non-wholly owned subsidiary of the Company) entered into a share repurchase agreement with one of its non-controlling shareholders to repurchase her entire equity interest in 665127 BC Ltd., namely 600 common shares without par value, at a cash consideration of CAD6 (equivalent to approximately HK\$42) from that non-controlling shareholder (the “Share Repurchase”). The Group recognised a decrease in the equity attributable to the shareholders of the Company of approximately CAD62,000 (equivalent to approximately HK\$440,000) and a corresponding increase in non-controlling interests of approximately CAD62,000 (equivalent to approximately HK\$440,000).

Besides, the said non-controlling shareholder assigned to 1338 Successful Venture Ltd., an indirect wholly-owned subsidiary of the Company and the immediate holding company of 665127 BC Ltd., an approximately 85.1% interest in all of her right, title and interest in and to a debt of CAD300,000 (equivalent to approximately HK\$2.2 million) owed by a wholly-owned subsidiary of 665127 BC Ltd. as of the date of the Share Repurchase at a consideration of CAD1 (equivalent to approximately HK\$7). The Group recognised a gain on settlement of loans payables of approximately CAD255,000 (equivalent to approximately HK\$1.8 million) (Note 4).

Immediately after the Share Repurchase, the Company increased its effective beneficial interest in 665127 BC Ltd. from 80% to approximately 85.1%.

12. EVENT AFTER THE REPORTING PERIOD

On 2 July 2014, Capture Success Limited, an indirect non-wholly owned subsidiary of the Company, entered into an agreement with an independent third party to dispose of its cruise ship at a consideration of HK\$93.0 million. The disposal was completed on 20 August 2014.

13. COMPARATIVES

Certain comparative amounts have been reclassified to conform with the current period’s presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2014, the economy of China continued to grow steadily, and that drove the rapid development in gaming, entertainment and tourism industries in Greater China. The dual growth drivers of the Group, namely the lottery business in China and the flagship investment project Ponte 16 in Macau, were able to capture the opportunities and achieve improved performance on the back of such stable economic development. Stimulated by the global event FIFA World Cup 2014, the Group’s lottery business in China recorded a substantial growth. On the other hand, the gaming and tourist-related industries of Macau stayed buoyant, which led to encouraging results in Ponte 16.

Results

For the six months ended 30 June 2014, the Group recorded a turnover of approximately HK\$730.6 million, representing approximately 12% decrease from approximately HK\$834.7 million for the same period of 2013. Gross profit increased by approximately 60% to approximately HK\$62.5 million (2013: approximately HK\$38.9 million). Shared profit of the associates relating to Ponte 16 for the first half of 2014 was approximately HK\$56.3 million, approximately 366% increase compared with approximately HK\$12.1 million for the last corresponding period. Notwithstanding the increase in the Group's gross profit and the shared profit of the associates relating to Ponte 16, the results of the Group was affected by the non-recurrence of the gain from derecognition of a long-term payable pursuant to the exercise of option by Maruhan Corporation of approximately HK\$83.4 million recorded in the first half of 2013. Profit attributable to owners of the Company of approximately HK\$47.7 million was recorded, representing a decrease of approximately 33% (2013: approximately HK\$70.9 million). Earnings per share for the reporting period was 0.97 HK cents (2013: 1.69 HK cents).

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 2014 (2013: nil).

Review of Operations

Travel Business

The Group runs one of the largest travel agencies in North America with a focus on high-end MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) segments. During the reporting period, the North American market experienced slow recovery. The sluggish sentiment resulted in financial difficulties of a number of travel agencies in the market. Amidst such environment, turnover of the segment recorded approximately HK\$618.5 million (2013: approximately HK\$769.4 million). Loss in this segment posted approximately HK\$11.9 million (2013: approximately HK\$9.8 million) including an impairment loss on intangible assets of approximately HK\$3.9 million and bad debts written off of approximately HK\$2.2 million (2013: impairment loss on goodwill of approximately HK\$1.9 million) which were recognised for the reporting period.

Cruise Ship Business

The cruise ship, M.V. Macau Success, (in which the Group had a 55% interest as at 30 June 2014) operates from Hong Kong to international waters on a daily basis. For the six months ended 30 June 2014, turnover of the cruise ship business was approximately HK\$44.5 million, representing an increase of approximately 6% (2013: approximately HK\$42.0 million). The business recorded a profit of approximately HK\$0.9 million for the reporting period as compared with approximately HK\$2.1 million for the last corresponding period.

On 2 July 2014, the Company announced the disposal of the cruise ship at a consideration of HK\$93.0 million.

Lottery Business

The Group has successfully tapped into welfare lottery business during the reporting period, whilst offering sports lottery sales agency services in Jiangxi, Qinghai and Heilongjiang provinces.

The robust growth momentum of lottery industry in China sustained into 2014. For the first half of 2014, lottery sales in China surged by approximately 19.2% year-on-year to approximately RMB178.4 billion. Amongst which, sports lottery sales grew by approximately 24.1% to approximately RMB79.9 billion; this strong sales growth was partly attributable to the FIFA World Cup that started in June 2014. Welfare lottery sales increased by approximately 15.5% to approximately RMB98.5 billion.

With a focus to seize the growth momentum in the market during the reporting period, the lottery business of the Group achieved encouraging results. For the six months ended 30 June 2014, turnover of the lottery business amounted to approximately HK\$67.6 million, representing an increase of approximately 190% (2013: approximately HK\$23.3 million); segment profit of approximately HK\$7.8 million was recorded (2013: loss of approximately HK\$9.1 million).

To ride on the global fever for the FIFA World Cup 2014, the Group launched a broadcasting channel to provide football commentary on its specialised online portal 128cai.com as part of the marketing programmes of the Group during the reporting period. A series of football-related promotional campaigns were also organised via WeChat, a popular social media. The Group's endeavour was well-received by lottery players and successfully attracted strong sales in its sports lottery segment for the FIFA World Cup games.

In addition to the existing sports lottery sales agency services, the Group expanded into the telephone agency sales services of welfare lottery in Shanghai and Tianjin in the first half of 2014. The testing of the technology service platform for the welfare lottery is expected to be completed in the second half of 2014. The venture into welfare lottery market has opened up new revenue streams for the Group and strengthened its competitiveness in the lottery market in China.

The Group entered into a cooperation agreement with 北京中投視訊文化傳媒有限公司 (Beijing Zhongtoushixun Culture Media Co., Ltd) (“CNLive”) and 北京天潤瑞怡文化發展有限公司 (Beijing Rejoy Culture Development Co., Ltd) (“Rejoy Culture”) to promote the lottery agency sales of the Group in early 2014. This collaboration has strengthened the distribution capability of the Group by leveraging on the enormous customer base and the technology expertise of CNLive and Rejoy Culture in the mobile internet industry.

Investment Project – Ponte 16

Ponte 16, the flagship investment project of the Group, is a world-class integrated casino-entertainment resort situated in the World Heritage Site of Macau. During the reporting period, positioning Ponte 16 as a leisure and entertainment destination for tourists and families continued to be the vision of the Group.

Market conditions remained favourable in the first half of 2014. During the reporting period, total number of visitors from China to Macau increased by approximately 14.7% year-on-year to 10.2 million; Macau gross gaming revenue grew by approximately 12.6% year-on-year to approximately MOP193.1 billion, mainly fuelled by the strong momentum of the mass segment, where Ponte 16 focused its resources on in the midterm.

Adjusted EBITDA* of Ponte 16 increased by approximately 51% to approximately HK\$260.0 million for the six months ended 30 June 2014 (2013: approximately HK\$172.5 million). This was mainly attributable to the steady growth in the number of visitors to Macau as well as the increase in gaming revenue from the mass market.

As at 30 June 2014, the casino of Ponte 16 had 109 gaming tables, 84 of which were mass gaming tables, 9 were high-limit tables and 16 were VIP tables. Average occupancy rate of Sofitel Macau At Ponte 16 stayed at over 90% in the first half of 2014.

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

Thanks to the support from tourists all over the world, Sofitel Macau At Ponte 16 earned a number of reputable industry awards as of 30 June 2014, which included “China Hotel Award 2014” by China LifeStyle magazine, “2014 Certificate of Excellence” by “Daodao.com” (the official Chinese website of TripAdvisor), “Best Business Hotel 2013” by National Geographic Traveler, “Rakuten Travel Award 2013 – Entertainment Award” by Rakuten Travel (the largest online travel site in Japan), “Outstanding Hotel Partner Award 2013” and “Best Guest Review 2013” by Booking.com, “Macau Energy Saving Contest 2013 – Excellence Award of Hotel” by Companhia de Electricidade de Macau (CEM) and “2013 Macau Green Hotel Bronze Award” by Macao Environmental Protection Bureau (DSPA). The fine dining restaurant, Privé was awarded “100 Top Tables 2014” by South China Morning Post. These awards not only certified the positioning of Ponte 16 as a five-star resort, but also demonstrated its efforts on developing a greener society.

As part of the ongoing efforts of Ponte 16 in strengthening its position as an integrated cultural, leisure and entertainment destination, a series of marketing events were introduced in the reporting period. A new Cantonese restaurant, Le Chinois, was opened in January 2014 with an aim to enhance the culinary experience of guests. Ponte 16 also launched an online travel magazine “Macau Hot Spot P16” in April 2014, guiding travellers to discover the inner beauty of Macau. The magazine has been broadcasted through various popular channels such as Facebook, Youtube, Weibo, Tudou and Tencent.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2014, the Group had net current assets of approximately HK\$99.1 million (31 December 2013: approximately HK\$79.0 million) and net assets of approximately HK\$1,052.7 million (31 December 2013: approximately HK\$1,009.6 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 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 31 October 2014 to 31 October 2016 by a letter agreement dated 21 March 2014. As at 30 June 2014, the Company had owed to Mr. Yeung in the amount of approximately HK\$90.0 million (31 December 2013: approximately HK\$50.0 million).

Jade Travel Ltd. (“Jade Travel, Canada”, being an indirect non-wholly owned subsidiary of the Company which was incorporated in Canada) was granted secured bank loans which carry fixed interest rates and the loans shall be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the properties of Jade Travel, Canada and their renovation costs. In addition, Jade Travel, Canada purchased a certain asset under a finance lease which shall be repayable by consecutive monthly instalments. As at 30 June 2014, the outstanding bank loans and finance lease liabilities were approximately CAD1.6 million and CAD16,000 (equivalent to approximately HK\$11.5 million and HK\$0.1 million) respectively (31 December 2013: approximately CAD1.6 million and CAD18,000 (equivalent to approximately HK\$11.8 million and HK\$0.1 million) respectively). Besides, as at 30 June 2014, the outstanding secured bank overdraft which carries floating interest rates for Jade Travel, Canada was approximately CAD262,000 (equivalent to approximately HK\$1.9 million) (31 December 2013: nil).

Apart from the aforesaid loans and overdraft, as at 30 June 2014, there were loans from non-controlling shareholders of approximately CAD1.3 million and HK\$7.3 million, totally equivalent to approximately HK\$16.8 million (31 December 2013: approximately CAD1.4 million and HK\$7.3 million, totally equivalent to approximately HK\$17.8 million). The loans were interest-free and unsecured.

As at 30 June 2014, total equity attributable to owners of the Company was approximately HK\$1,031.9 million (31 December 2013: approximately HK\$984.7 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 approximately 10% as at 30 June 2014 (31 December 2013: approximately 6%).

Pledge of Assets

As at 30 June 2014, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately CAD1.3 million and HK\$0.7 million, totally equivalent to approximately HK\$10.3 million (31 December 2013: approximately CAD1.2 million and HK\$0.7 million, totally equivalent to approximately HK\$9.7 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million and several bank guarantees of approximately HK\$0.2 million and MOP0.5 million, totally equivalent to approximately HK\$11.7 million (31 December 2013: approximately CAD1.5 million, HK\$0.2 million and MOP0.5 million respectively, totally equivalent to approximately HK\$11.6 million) for the operations of the Group;

- (b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2013: all) of its shares in Pier 16 – Property Development Limited (“Pier 16 – Property Development”, an associate of the Group) to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities of HK\$1,900 million and RMB400 million granted to Pier 16 – Property Development (the “Syndicated Loan Facilities”);
- (c) the Group’s self-occupied properties with carrying amount of approximately CAD2.4 million (equivalent to approximately HK\$17.4 million) (31 December 2013: approximately CAD2.4 million (equivalent to approximately HK\$17.4 million)), together with a time deposit of approximately CAD0.2 million (equivalent to approximately HK\$1.1 million) (31 December 2013: approximately CAD0.2 million (equivalent to approximately HK\$1.1 million)) were pledged to a bank to secure bank loans to Jade Travel, Canada; and
- (d) the Group’s certain asset with a carrying amount of approximately CAD14,000 (equivalent to approximately HK\$0.1 million) (31 December 2013: approximately CAD18,000 (equivalent to approximately HK\$0.1 million)) was pledged to secure a finance lease to Jade Travel, Canada.

Contingent Liabilities

The Company gave a corporate guarantee (the “Guarantee”) to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Guarantee was HK\$1,176 million.

The outstanding loan under the Syndicated Loan Facilities as at 30 June 2014 was approximately HK\$923.9 million (31 December 2013: approximately HK\$1,048.8 million).

Human Resources

As at 30 June 2014, the Group had a total of 476 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits. Share options may also be granted to eligible employees of the Group as a long-term incentive.

Prospects

While the economy of China is expected to grow steadily in the second half of 2014, the travellers from China with increasing spending power will continue to fuel the gaming, entertainment and tourist-related industries in Greater China.

The Group will keep up its efforts in expanding its lottery sales agency services network in China. Through the FIFA World Cup 2014 event, the lottery sales agency services of the Group have been proven reliable and capable of generating strong sales. The Group will relentlessly advance its services to lottery players to retain loyal customers and acquire new players. The new technology service platform for welfare lottery is currently under test run, and the Group is aiming to have it completed in the second half of 2014. Coupled with the new establishment in the welfare lottery sector, the Group is confident in capturing upcoming opportunities in the lottery market in China. The Group will also enrich its specialised online lottery platform 128cai.com by introducing live programmes in the near future to provide interactive services to customers.

Ponte 16, being the only integrated casino-entertainment resort in the Inner Harbour of Macau, will constantly add new elements to enrich guest experience in the resort. The previous efforts in organising various marketing and cultural events are shown to be rewarding in reinforcing the loyalty of existing customers and attracting new ones as well as building a stronger brand of Ponte 16. As part of the marketing strategies for the second half of 2014, Ponte 16 will feature another master chef from France to offer exquisite world-class cuisine at the French restaurant, Privé.

The construction plan of phase 3 of the Ponte 16 development project (the “Project”) is currently under reviewing process by the Macau Government. Occupying a gross floor area of approximately 40,000 square meters, the Project will soon become another preferred travel and leisure destination in Macau, which will consist of a shopping arcade, an entertainment and recreation complex, dining destinations as well as gaming zones.

Capture Success Limited, being a 55% indirectly owned subsidiary of the Company, entered into an agreement to dispose of its cruise ship M.V. Macau Success (the “Disposal”) at a consideration of HK\$93.0 million in July 2014. The Disposal, completed in August 2014, enabled the Group to realise its investment in the cruise ship with a gain and to enhance its working capital. The unaudited pre-tax gain, before expenses and non-controlling interests, from the Disposal is expected to be approximately HK\$44.2 million as calculated by reference to the consideration of HK\$93.0 million and the carrying value of the cruise ship as at 31 December 2013 of approximately HK\$48.8 million, and will be recognised in the second half of 2014.

While volatility in the economy of North America is expected to prevail, the Group will rigorously assess the market environment and consolidate the travel business to maintain its competitiveness. The Group will seek sustainable growth opportunities in the travel business by capturing every cross selling opportunity with Ponte 16 and its extensive clientele in China and Macau.

Looking ahead, the Group is well-prepared to materialise the goal of becoming a leading player in the gaming, entertainment and tourist-related industries. With confidence in the long-term outlook of the above industries, the Group is committed to creating value for its shareholders and customers.

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

During the six months ended 30 June 2014, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2014.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2014 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng Limited, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 28 August 2014

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, Ms. Yeung Mo Sheung, Ann and Mr. Chin Wing Lok, Ambrose.