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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 2015**

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 2015 together with comparative figures are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		Unaudited	
	<i>Note</i>	For the six months ended	
		30/6/2015	30/6/2014
		HK\$'000	HK\$'000
Turnover	3	595,562	686,060
Cost of sales		<u>(570,303)</u>	<u>(653,254)</u>
Gross profit		25,259	32,806
Other revenue and gains	4	12,589	15,248
Administrative expenses		(50,117)	(47,770)
Selling expenses		(5,449)	(3,894)
Other operating expenses	5(c)	<u>(405)</u>	<u>(3,934)</u>
Loss from continuing operations		(18,123)	(7,544)
Finance costs	5(a)	(301)	(1,720)
Share of results of joint ventures		259	122
Share of results of associates		<u>15,270</u>	<u>56,284</u>
(Loss)/profit before taxation	5	(2,895)	47,142
Taxation	6	<u>(935)</u>	<u>–</u>
(Loss)/profit for the period from continuing operations		(3,830)	47,142
Profit from discontinued operation		<u>–</u>	<u>878</u>
(Loss)/profit for the period		<u>(3,830)</u>	<u>48,020</u>
Attributable to:			
Owners of the Company		(1,878)	47,724
Non-controlling interests		<u>(1,952)</u>	<u>296</u>
(Loss)/profit for the period		<u>(3,830)</u>	<u>48,020</u>
(Loss)/earnings per share			
From continuing and discontinued operations			
– Basic and diluted	8	<u>(0.04) HK cents</u>	<u>0.97 HK cents</u>
From continuing operations			
– Basic and diluted	8	<u>(0.04) HK cents</u>	<u>0.96 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Unaudited	
	For the six months ended	
	30/6/2015	30/6/2014
	HK\$'000	HK\$'000
(Loss)/profit for the period	(3,830)	48,020
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>(1,062)</u>	<u>(366)</u>
Total other comprehensive loss for the period, net of tax	<u>(1,062)</u>	<u>(366)</u>
Total comprehensive (loss)/income for the period	<u>(4,892)</u>	<u>47,654</u>
Attributable to:		
Owners of the Company	(2,880)	47,582
Non-controlling interests	<u>(2,012)</u>	<u>72</u>
Total comprehensive (loss)/income for the period	<u>(4,892)</u>	<u>47,654</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	<i>Note</i>	Unaudited at 30/6/2015 HK\$'000	Audited at 31/12/2014 HK\$'000
Non-current assets			
Property, plant and equipment		23,635	26,097
Intangible assets		13,927	15,327
Interests in associates		953,090	937,820
Interests in joint ventures		1,821	1,562
		<u>992,473</u>	<u>980,806</u>
Current assets			
Trade and other receivables	<i>9</i>	65,017	142,954
Tax recoverable		6	7
Pledged bank deposits		19,249	10,396
Cash and cash equivalents		85,949	71,574
		<u>170,221</u>	<u>224,931</u>
Current liabilities			
Bank overdraft – secured		2,231	–
Trade and other payables	<i>10</i>	23,361	38,317
Deferred income		380	135
Bank loans – due within one year		575	598
Financial guarantee contract		19,995	19,995
		<u>46,542</u>	<u>59,045</u>
Net current assets		<u>123,679</u>	<u>165,886</u>
Total assets less current liabilities		<u>1,116,152</u>	<u>1,146,692</u>

	<i>Note</i>	Unaudited at 30/6/2015 HK\$'000	Audited at 31/12/2014 HK\$'000
Non-current liabilities			
Deferred income		1,391	–
Bank loans – due after one year		8,821	9,746
Loans payables		26,297	16,896
Financial guarantee contract		19,996	29,995
Deferred tax liabilities		456	488
		<u>56,961</u>	<u>57,125</u>
Net assets		<u>1,059,191</u>	<u>1,089,567</u>
Capital and reserves			
Share capital		49,265	49,265
Reserves		1,025,807	1,028,937
		<u>1,075,072</u>	<u>1,078,202</u>
Total equity attributable to owners of the Company		1,075,072	1,078,202
Non-controlling interests		<u>(15,881)</u>	<u>11,365</u>
Total equity		<u>1,059,191</u>	<u>1,089,567</u>

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2015 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 2014 as contained in the Company’s Annual Report 2014 (the “Annual Report 2014”).

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 2014, 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 2015.

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

HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contribution
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

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 Improvements to HKFRSs 2012–2014 Cycle ²
HKAS 1 (Amendments)	Disclosure Initiative ²
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ²
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ²
HKAS 27 (Amendments)	Equity method in Separate Financial Statements ²
HKFRS 9	Financial Instruments ⁴
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ³
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities – Apply the Consolidation Exception ²

¹ *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

² *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

³ *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

⁴ *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

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 two reportable segments:

- Travel business: sales of air tickets and provision of travel-related services.
- Lottery business: provision of lottery sales agency services to the lottery market in the People’s Republic of China.

The cruise ship leasing and management segment was discontinued in prior year. The segment information reported below does not include this discontinued operation.

(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 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 tax recoverable, interests in associates and joint ventures. Unallocated corporate assets mainly included part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

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

Continuing operations

	Travel		Lottery		Total	
	Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	<u>525,471</u>	<u>618,452</u>	<u>70,091</u>	<u>67,608</u>	<u>595,562</u>	<u>686,060</u>
Reportable segment (loss)/profit	<u>(4,497)</u>	<u>(11,857)</u>	<u>(5,094)</u>	<u>7,825</u>	<u>(9,591)</u>	<u>(4,032)</u>
Share of results of joint ventures					259	122
Share of results of associates					15,270	56,284
Unallocated corporate income					10,156	12,772
Unallocated corporate expenses					(18,989)	(16,611)
Finance costs					-	(1,393)
Consolidated (loss)/profit before taxation					(2,895)	47,142
Taxation					(935)	-
Consolidated (loss)/profit for the period					<u>(3,830)</u>	<u>47,142</u>
	Travel		Lottery		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30/6/2015	31/12/2014	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	50,338	48,082	106,695	138,224	157,033	186,306
Assets relating to cruise ship leasing and management (now discontinued)					-	51,240
Unallocated corporate assets						
- Interests in associates					953,090	937,820
- Interests in joint ventures					1,821	1,562
- Tax recoverable					6	7
- Corporate assets					50,744	28,802
					<u>1,162,694</u>	<u>1,205,737</u>

(b) Other segment information

Continuing operations

	Travel Unaudited		Lottery Unaudited		Other corporate entities Unaudited		Total Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2015 HK\$'000	30/6/2014 HK\$'000	30/6/2015 HK\$'000	30/6/2014 HK\$'000	30/6/2015 HK\$'000	30/6/2014 HK\$'000	30/6/2015 HK\$'000	30/6/2014 HK\$'000
Interest income	8	9	47	4	28	35	83	48
Amortisation of intangible assets	-	(178)	-	-	-	-	-	(178)
Depreciation	(478)	(469)	(960)	(899)	(179)	(133)	(1,617)	(1,501)
Reversal of impairment loss recognised on other receivables	-	-	-	263	-	-	-	263
Impairment loss recognised on intangible assets	(405)	(3,934)	-	-	-	-	(405)	(3,934)
Finance costs	(301)	(327)	-	-	-	(1,393)	(301)	(1,720)
Additions to non-current assets*	102	14	14	2,542	180	31	296	2,587

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

4. OTHER REVENUE AND GAINS

Continuing operations

	Unaudited	
	For the six months ended	
	30/6/2015 HK\$'000	30/6/2014 HK\$'000
Other Revenue:		
Interest income on bank deposits	83	48
Total interest income on financial assets not at fair value through profit or loss	83	48
Management fee income	122	333
Gain on disposal of subsidiaries	9	-
Gain on disposal of property, plant and equipment	-	6
Gain on settlement of loans payables	-	1,827
Other income	2,376	2,665
	2,590	4,879
Other Gains:		
Amortisation of financial guarantee contract	9,999	9,998
Net exchange gain	-	108
Reversal of impairment loss recognised on other receivables	-	263
	9,999	10,369
Total	12,589	15,248

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation from continuing operations is arrived at after charging as follows:

Continuing operations

	Unaudited	
	For the six months ended	
	30/6/2015 HK\$'000	30/6/2014 HK\$'000
(a) Finance costs		
Interest on bank loans	273	327
Interest on bank overdraft	28	16
Interest on loan from a director and controlling shareholder	–	1,377
	<u>–</u>	<u>1,377</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>301</u>	<u>1,720</u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	28,039	26,649
Contributions to defined contribution retirement plan	1,957	1,373
	<u>1,957</u>	<u>1,373</u>
	<u>29,996</u>	<u>28,022</u>
(c) Other items		
Auditors' remuneration		
– audit services	627	654
– other services	280	280
Bad debts written off	–	2,173
Depreciation on owned property, plant and equipment	1,617	1,486
Depreciation on leased property, plant and equipment	–	15
Amortisation of intangible assets	–	178
Operating lease rentals of		
– properties	4,712	4,902
– plant and machinery	274	346
Net exchange loss	678	–
Impairment losses recognised on intangible assets*	405	3,934
	<u>405</u>	<u>3,934</u>

* This amount is included in "other operating expenses" on the face of the condensed consolidated statement of profit or loss.

6. TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Continuing operations

	Unaudited	
	For the six months ended	
	30/6/2015	30/6/2014
	HK\$'000	HK\$'000
Current tax:		
Overseas Profits Tax		
Charge for the period	935	–
	=====	=====

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2015 and 2014 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 2015 (for the six months ended 30 June 2014: nil).

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

8. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations:

The calculation of the basic (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Unaudited	
	For the six months ended	
	30/6/2015	30/6/2014
	HK\$'000	HK\$'000
(Loss)/profit:		
(Loss)/profit for the period attributable to the owners of the Company	(1,878)	47,724
	=====	=====
	'000	'000
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	4,926,491	4,926,491
	=====	=====

Diluted (loss)/earnings per share for the six months ended 30 June 2015 and 2014 was the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

(b) From continuing operations:

The calculation of the basic (loss)/earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	Unaudited	
	For the six months ended	
	30/6/2015	30/6/2014
	HK\$'000	HK\$'000
(Loss)/profit:		
(Loss)/profit for the period attributable to the owners of the Company	(1,878)	47,724
Less: profit for the period attributable to the owners of the Company from discontinued operation	—	(483)
	<u>(1,878)</u>	<u>47,241</u>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

Diluted (loss)/earnings per share for the six months ended 30 June 2015 and 2014 was the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

9. TRADE AND OTHER RECEIVABLES

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

	Unaudited	Audited
	At	At
	30/6/2015	31/12/2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	4,670	30,334
31 to 60 days overdue	672	12,827
61 to 90 days overdue	831	9,872
Over 90 days overdue	16,767	33,098
	<hr/>	<hr/>
Trade receivables	22,940	86,131
Other receivables	28,907	32,917
Prepayments and deposits	13,170	23,906
	<hr/>	<hr/>
	65,017	142,954
	<hr/> <hr/>	<hr/> <hr/>

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

The Group normally allows an average credit period of 30 to 90 days to customers of lottery business (31 December 2014: average credit period of 30 to 90 days) and 30 days to customers of travel business (31 December 2014: average credit period of 30 days).

10. TRADE AND OTHER PAYABLES

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

	Unaudited At 30/6/2015 <i>HK\$'000</i>	Audited At 31/12/2014 <i>HK\$'000</i>
Current	5,105	9,776
31 to 60 days	765	550
61 to 90 days	448	228
Over 90 days	1,367	439
Trade payables	7,685	10,993
Accrued charges and other payables	15,676	27,324
Financial liabilities measured at amortised cost	<u>23,361</u>	<u>38,317</u>

11. COMPARATIVES

The comparative statement of profit or loss has been re-presented as the cruise ship leasing and management segment discontinued in prior year. In the opinion of the directors of the Company, such reclassification provides a more appropriate presentation on the Group's business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The first half of 2015 continued to be a challenging period for lottery business in China and Macau gaming market, owing to some significant changes following the policy initiatives introduced by both governments. With a solid foundation and a well-balanced business portfolio, the Group will continue to weather the headwinds ahead and stay on track to pave the way for future growth amid the changing business environment.

Results

For the six months ended 30 June 2015, turnover from continuing operations of the Group was approximately HK\$595.6 million, decreased by approximately 13% from approximately HK\$686.1 million for the corresponding period of 2014. Gross profit decreased by approximately 23% to approximately HK\$25.3 million (2014: approximately HK\$32.8 million). The Group's shared profit of the associates relating to Ponte 16 for the first half of 2015 amounted to approximately HK\$15.3 million, decreased by approximately 73% from approximately HK\$56.3 million for the last corresponding period. Loss attributable to owners of the Company (continuing and discontinued operations) of approximately

HK\$1.9 million was recorded for the reporting period (2014: profit of approximately HK\$47.7 million), whilst loss per share (continuing and discontinued operations) was 0.04 HK cents (2014: earnings per share of 0.97 HK cents).

The decline in results was attributable to (i) the downside of Macau gaming sector since the second half of 2014; (ii) the non-recurrence of the FIFA World Cup 2014 effect which stimulated the turnover of the lottery business of the Group for the same period of 2014; and (iii) the voluntary and temporary suspension of the paperless lottery sales agency services of the Group pursuant to a joint promulgation of the Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet (《關於開展擅自利用互聯網銷售彩票行為自查自糾工作有關問題的通知》) by the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sport of China which was issued in January 2015 (the “Notice”).

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 2015 (2014: nil).

Review of Operations

Travel Business

The Group operates one of the largest travel agencies in North America through the Company’s indirect non-wholly owned subsidiaries incorporated in Canada and New York respectively (collectively “Jade Travel”). Jade Travel focuses on high-end MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) segments in Canada and the United States of America (the “USA”).

The economy in the USA continued to show signs of recovery with improving consumer sentiment in the first half of 2015. However, the ripple effect from the consolidation of the downstream travel agencies in the market still had adverse effect on the travel business of the Group during the reporting period. Turnover of the segment was approximately HK\$525.5 million for the six months ended 30 June 2015 (2014: approximately HK\$618.5 million). Loss in this segment posted approximately HK\$4.5 million (2014: approximately HK\$11.9 million) including an impairment loss on intangible assets of approximately HK\$0.4 million (2014: impairment loss on intangible assets of approximately HK\$3.9 million and bad debts written off of approximately HK\$2.2 million) was recognised for the reporting period.

Reference was made to the Company's announcement dated 8 June 2015 in relation to the disposal of approximately 10% of 665127 British Columbia Ltd. ("665127 BC Ltd.", being an indirect non-wholly owned subsidiary of the Company which indirectly holds the entire shareholding interests in Jade Travel), comprising a shareholder's loan of 665127 BC Ltd. of approximately CAD0.9 million (equivalent to approximately HK\$5.5 million), at the total consideration of approximately CAD0.3 million (equivalent to approximately HK\$2.1 million). The transaction was completed in mid-June 2015 and the effective beneficial interests of the Group in Jade Travel was reduced from approximately 85% to 75%.

Lottery Business

The Group and its lottery business partners have, similar to most of its peers, temporarily suspended the paperless lottery sales agency services voluntarily in response to the promulgation of the Notice (the "Suspension"). The Notice is designed to crack down those unauthorised sales of lottery through internet whilst aims at providing a healthier and more reliable market in the long run. The Group will closely monitor the development and wait for further announcement on the resumption date of paperless lottery sales from the Chinese government authorities.

For the six months ended 30 June 2015, turnover of the lottery business generated before the Suspension amounted to approximately HK\$70.1 million, representing an increase of approximately 4% as compared with approximately HK\$67.6 million for the last corresponding period. Loss of approximately HK\$5.1 million was recorded in this segment (2014: profit of approximately HK\$7.8 million).

As to the lottery business development, the testing stage of the new technology service platform for the welfare lottery was completed in the first half of 2015 and is ready for operation.

Investment Project – Ponte 16

Starting from the second half of 2014, the Macau gaming industry has recorded a noticeable slowdown that caused by several major factors, including, among others, the structural change in the composition of tourists to Macau, tighter transit visa restrictions, implementation of full smoking ban on mass market gaming areas in casinos and the tighter controls on spending with UnionPay cards. The downward trend continued to prevail into 2015, though the total number of visitors from China to Macau maintained relatively stable with a slight decline of approximately 4% year-on-year to approximately 9.8 million for the first half of 2015.

During the reporting period, Adjusted EBITDA* of the Group's flagship investment project – Ponte 16 decreased by approximately 40% to approximately HK\$155.4 million (2014: approximately HK\$260.0 million). As at 30 June 2015, the casino of Ponte 16 had 108 gaming tables, consisting of 92 mass gaming tables, 9 high-limit tables and 7 VIP tables, and also had 13 mah-jong tables. Average occupancy rate of Sofitel Macau At Ponte 16 was recorded over 85% in the first half of 2015.

Despite the onerous market environment, Ponte 16 strives to maintain its position of being one of the preferred destinations in Macau for both tourists and families. As a world-class integrated casino-entertainment resort located in the Inner Harbour of Macau, Ponte 16 continues to target the growing mass market and offer comprehensive resort experience by enhancing its entertainment mix.

Recognising its dedication in offering guests with top-notch resort experience, Sofitel Macau At Ponte 16 achieved a number of honourable industry awards during the first half of 2015 as recognition of its outstanding quality and world-class services. The accolades included “Top 25 Hotels for Romance – China” in 2015 Travellers' Choice Awards by TripAdvisor, “2015 Best Wedding Hotel – Luxury” in the 5th Annual China Hotel Awards by LifeStyle magazine and “Vantage Hotel Awards 2014-2015 – Best Hotel of Year” by Vantage magazine. Privé, the fine dining restaurant, was awarded as “100 Top Tables 2015 – A CEO's Dining Guide” by South China Morning Post, “Hong Kong & Macau Best Restaurants 2015” by Hong Kong Tatler, as well as “2015 U Favourite Food Awards – Macau Hotel Restaurant” by U Magazine. Le Chinois, the Cantonese restaurant, was awarded the “2015 U Favourite Food Awards – Macau Hotel Restaurant” by U Magazine, and “Du Shang Best Choice Dining Awards 2015” by Connect Media Company Limited. The So Spa with L'Occitane also won “2015 Country Winner – Best Luxury Hotel Spa in Macau” and “2015 Country Winner – Best Luxury Wellness Spa in Macau” by World Luxury Spa Awards.

The first large-scale 3D museum in Macau, Pier 16 Macau 3D World (“Pier 16 3D World”), was opened in May 2015, offering a virtual experience to the tourist and introducing a new attraction to Macau. With a total area of over 18,000 square feet, Pier 16 3D World features more than 150 photography points in different theme zones, where visitors can interact with various themed 3D paintings. Many of memorable MJ collections are also preserved and displayed in this new attraction.

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

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2015, the Group had net current assets of approximately HK\$123.7 million (31 December 2014: approximately HK\$165.9 million) and net assets of approximately HK\$1,059.2 million (31 December 2014: approximately HK\$1,089.6 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 31 October 2016. As at 30 June 2015, there was no amount due from the Company to Mr. Yeung under the revised loan facility (31 December 2014: nil).

Jade Travel Ltd., being an indirect non-wholly owned subsidiary of the Company which was incorporated in Canada (“Jade Travel, 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. As at 30 June 2015, the outstanding bank loans was approximately CAD1.5 million (equivalent to approximately HK\$9.4 million) (31 December 2014: approximately CAD1.5 million (equivalent to approximately HK\$10.3 million)). Besides, as at 30 June 2015, the outstanding secured bank overdraft which carries floating interest rates for Jade Travel, Canada was approximately CAD0.4 million (equivalent to approximately HK\$2.2 million) (31 December 2014: nil).

Apart from the aforesaid loans and overdraft, as at 30 June 2015, there were loans from non-controlling shareholders of approximately CAD3.0 million and HK\$7.3 million, totally equivalent to approximately HK\$26.3 million (31 December 2014: approximately CAD1.4 million and HK\$7.3 million, totally equivalent to approximately HK\$16.9 million). The loans were interest-free and unsecured.

As at 30 June 2015, total equity attributable to owners of the Company was approximately HK\$1,075.1 million (31 December 2014: approximately HK\$1,078.2 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 1% as at 30 June 2015 (31 December 2014: approximately 1%).

Pledge of Assets

As at 30 June 2015, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately CAD2.8 million and HK\$0.5 million, totally equivalent to approximately HK\$18.2 million (31 December 2014: approximately CAD1.3 million and HK\$0.5 million, totally equivalent to approximately HK\$9.4 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$10.0 million (31 December 2014: a standby letter of credit and overdraft facility of approximately CAD1.5 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$10.6 million) for the operations of the Group. The pledge of the time deposits of approximately CAD1.3 million (equivalent to approximately HK\$8.3 million) was released in July 2015;
- (b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2014: 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”); and
- (c) the Group’s self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK\$14.6 million) (31 December 2014: approximately CAD2.3 million (equivalent to approximately HK\$15.8 million)), together with a time deposit of approximately CAD0.2 million (equivalent to approximately HK\$1.0 million) (31 December 2014: approximately CAD0.2 million (equivalent to approximately HK\$1.0 million)) were pledged to a bank to secure bank loans 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 2015 was approximately HK\$422.7 million (31 December 2014: approximately HK\$564.8 million).

Human Resources

As at 30 June 2015, the Group had a total of 201 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

The increasing competition and market changes will remain influential in the operating environment and the Group's performance in the second half of 2015. During this challenging period, the Group strives to enhance its product and service qualities and strengthen its diversified business platforms, adhering to build a sustainable business model.

At the beginning of the second half in 2015, the Group started to see signs of stabilisation in the gaming business in Macau after prolonged downturn. With China's supportive policies on Macau's industry fundamentals, the Group believes that the structural changes towards mass market gaming industry and the change in the composition of tourists will sustain in a longer term. Ponte 16 will continue to implement effective strategies to capture such market trend, including the introduction of live multi game terminals to provide new gaming excitement to players, and an indoor Taiwanese food hall to further enrich travellers' culinary experience during their stay in Macau.

Having recognised the gradual economic recovery and the increasing demand for leisure travel in the North America, the Group will continue to leverage on its well-connected network and experience in high-end MICE and FIT segments to explore the business potential in expansion of retail market. With an existing network of global customers, the Group plans to restructure the current outlets to gain more market exposure on the retail segment and utilises every cross-selling opportunity with Ponte 16 to establish synergies between its travel business and flagship investment project.

The Group sees the determination of China to regulate and professionalise the lottery industry in China, and also understands the Notice will bring short-term negative impact on its lottery business. It is believed that through building a more transparent operating mechanism, the lottery industry will resume its enormous growth potential in a sustainable manner.

Looking ahead, the Group remains prudent in the formulation and implementation of corporate strategies, and believes that such strategic initiatives will stand the Group in good stead during the cycle and will lead it to a stronger foothold in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

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

During the six months ended 30 June 2015, 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 2015.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2015 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 2015

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Dr. Ma Ho Man, Hoffman (Deputy Chairman); one non-executive Director, namely Mr. Choi Kin Pui, Russelle; and three independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu.