

Press Release

[For Immediate Release]

Success Universe Announces 2017 Interim Results

Strengthen Diversified Businesses to Capture Market Potential

Overview

- Revenue was HK\$284.8 million and gross profit was HK\$21.0 million for the first half of 2017
- Loss attributable to owners of the Company was HK\$21.1 million for the first half of 2017
- The Group's flagship investment project, Ponte 16, continued to strengthen its entertainment mix and the Adjusted EBITDA* was HK\$136.3 million in the first half of 2017
- A new commercial property in Wanchai was acquired during the first half of 2017, in accordance with the strategy of generating steady recurring rental income to broaden the Group's revenue stream

30 August 2017, Hong Kong - Success Universe Group Limited ("Success Universe" or the "Company", Stock Code: 00487.HK, together with its subsidiaries, collectively the "Group") today announces the consolidated interim results for the six months ended 30 June 2017.

RESULTS

For the six months ended 30 June 2017, revenue of the Group was HK\$284.8 million, decreased by 18% from HK\$347.1 million for the same period of 2016. Gross profit increased by 67% to HK\$21.0 million (2016: HK\$12.5 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group, for the first half of 2017 was HK\$7.2 million, decreased by 32% from HK\$10.6 million for the last corresponding period. Loss attributable to owners of the Company for the reporting period amounted to HK\$21.1 million (2016: HK\$12.6 million), whilst loss per share was 0.43 HK cents (2016: 0.26 HK cents). The decline in results was mainly attributable to the (i) decrease of the Group's share of profit of the associates relating to Ponte 16; and (ii) decrease in operating revenue and increase in loss of the Group's travel business.

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

Interim Dividend

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: nil).

REVIEW OF OPERATIONS

Travel Business

Revenue of the segment decreased to HK\$269.7 million for the six months ended 30 June 2017 (2016: HK\$344.0 million). Loss in this segment amounted to HK\$8.3 million (2016: HK\$3.6 million), including an impairment loss on intangible assets of HK\$2.2 million (2016: HK\$3.3 million) which was recognised for the reporting period.

With its well-established brand and network in Canada, Jade Travel expanded its products offerings and penetrated into the retail segment in order to capture the business opportunities arising from economic recovery and the growing demand for leisure travel. Featuring the online booking platforms and the 24-hour customer hotline service, the retail segment gained widespread exposure in the new market during the reporting period, setting a stronger foundation for the Group's comprehensive travel solutions.

Lottery Business

The Group and its lottery business partners have, similar to most of its peers, continued to temporarily suspend the paperless lottery sales agency services voluntarily in response to the promulgation of the Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet (《關於開展擅自利用互聯網銷售彩票行為自查自糾工作有關問題的通知》) by the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sports of China which was issued in January 2015.

For the six months ended 30 June 2017, lottery business recorded a modest performance with revenue amounted to HK\$11.9 million, representing an increase of 291% as compared with HK\$3.0 million for the same period of 2016. It was primarily attributable to the receipt of commission and service income contributed by the provision of technology services platform. Loss of HK\$1.2 million was recorded in the segment (2016: HK\$10.8 million).

Property Investment Business

Strategically stepping into property investment business in 2016, the Group believes that the market demand of prime office premises in the central commercial location will stay thriving in the upcoming years. In February 2017, the Company entered into a sale and purchase agreement with an independent third party to acquire a property in Sing-Ho Finance Building, Wanchai at a consideration of HK\$19.5 million and the acquisition was completed in April 2017. Together with the property in Admiralty Centre, the two acquired commercial properties generated steady recurring rental income and strengthened the Group's income base to

support its further development, as well as provided capital appreciation potential to the Group.

Revenue of the property investment business for the reporting period amounted to HK\$3.3 million, while segment profit was HK\$2.3 million.

Investment Project – Ponte 16

Thanks to the stabilisation of China's economic growth and the opening of new projects in Cotai Strip, Macau's economy has begun to rebound since last year and 2017 is expected to be a recovering year for Macau's gaming industry. For the reporting period, Macau's gross gaming revenue increased by 17% year-on-year which was led by the stable growth of the VIP and mass segments, as well as the improving tourist mix contributed by more visitors from Korea and Japan.

Faced the challenges and intensive competition driven by new supply of hotel rooms and gaming tables, Ponte 16 has been actively enhancing its entertainment portfolio and marketing strategy in order to maintain its competitive edge. During the reporting period, Ponte 16 has introduced a new game zone "G Racing Simulators" that offers 16 stations of 4K racing simulation of the Macau Grand Prix Racing Event, and invited quality street performers to share their passion for creativity and performance at the outdoor plaza of Sofitel Macau At Ponte 16, enriching the cultural atmosphere and injecting vitality in Macau's inner harbour. As a world-class integrated casino-entertainment resort with a broad range of entertainment and dining offerings, Sofitel Macau At Ponte 16 was proud to receive over 7 prominent industry prizes as of 30 June 2017.

As at 30 June 2017, the casino of Ponte 16 had 109 gaming tables, consisting of 96 mass gaming tables, 7 high-limit tables and 6 VIP tables. Adjusted EBITDA* for the reporting period decreased by 5% to HK\$136.3 million (2016: HK\$143.2 million). With the completion of renovation and upgrades in hotel rooms in 2017, the average occupancy rate of Sofitel Macau At Ponte 16 achieved 89% for the first half of the year.

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

PROSPECTS

In the second half of 2017, it is believed that the global economy and Asian market will sustain their growth momentum. Stimulated by the delighting news of the inclusion of China's domestic equities (A shares) in Morgan Stanley Capital International's benchmark Emerging Markets Index, which is an important step of China's integration with the global financial system, China economy is expected to boost modestly with new capital flows from the global market. Being a major player with a comprehensive portfolio of offerings in the entertainment and tourist-related industries, the Group will continuously enhance its products and services qualities and strengthen its diversified business platforms, in order to capture the opportunities and benefit from the improving market sentiment.

The Macau and China governments have been highly supportive towards the long-term development of the tourist-related industries, while the signing of the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Bay Area signifying a closer co-operation that benefits the infrastructure connectivity and market integration among them. The visitation to Macau is expected to steadily increase, supporting the growth of mass market gaming and tourist-related industries, and thus Ponte 16 will continue its efforts to create value by providing more innovative excitements to visitors during their stay in Macau and remain at the forefront in this vibrant entertainment industry.

Being one of the largest travel agencies in Canada, Jade Travel is planning to enrich its online booking offerings by strategical collaboration with several leading domestic and international online travel portals and directories, aiming at providing individual travellers with more comprehensive travel solutions. Together with the 24-hour customer hotline service, Jade travel is able to achieve better resource allocation and to cover a more wide-reaching customer base.

For the lottery business, since the relevant policies relating to the online lottery sales have not yet been issued, there are still high degree of uncertainties in the future of online lottery market condition. The Group will continue to closely monitor the future development of the lottery business.

Looking ahead, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, "The Group remains committed in gaining a stronger foothold in the entertainment and tourist-related industries in the Asia-Pacific region, and continues to adopt a prudent but optimistic approach towards the formulation and implementation of corporate strategies, whereas closely monitor market movements to identify new opportunities and timely adjust its strategies."

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About Success Universe Group Limited

Success Universe Group Limited (together with its subsidiaries, collectively the “Group”) is a listed company on The Stock Exchange of Hong Kong Limited (Stock Code: 00487.HK) and is the listed arm of Success Universe Group. The Group operates travel, lottery businesses and property investment businesses, and is involved in entertainment-related sector through its flagship investment project – Ponte 16. Riding on a strong foundation and the tremendous synergies across business segments and the flagship investment project, the Group aims to become a leading player in the entertainment and tourist-related industries.

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