

Press Release

[For Immediate Release]

Success Universe Announces 2022 Interim Results

Overview

- Revenue was approximately HK\$54.5 million and gross profit was approximately HK\$5.3 million for the first half of 2022
- Loss attributable to owners of the Company increased to approximately HK\$125.5 million which was mainly attributable to the recognition of an unrealised fair value loss on the Group's overseas listed equity securities of approximately HK\$ 97.0 million.
- Supported by the steady recovery of the international tourism industry, revenue of the travel business segment increased by approximately 59% to approximately HK\$53.2 million; segment profit of approximately HK\$3.7 million was recorded, including a reversal of impairment loss recognised on intangible assets of approximately HK\$3.6 million
- Revenue of the property investment business amounted to approximately HK\$1.3 million, while segment profit was approximately HK\$3.1 million, including the recognition of a fair value gain on investment properties of approximately HK\$1.1 million
- The Group's shared loss of the associates relating to Ponte 16, the Group's flagship investment project, decreased by approximately 68% to approximately HK\$9.6 million. An Adjusted EBITDA* loss of approximately HK\$1.0 million was recorded

30 August 2022, 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 unaudited condensed consolidated interim results for the six months ended 30 June 2022.

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

RESULTS

For the six months ended 30 June 2022, revenue of the Group was approximately HK\$54.5 million, increased by approximately 54% from approximately HK\$35.4 million for the same period of 2021. Gross profit was approximately HK\$5.3 million, increased by approximately 24% from approximately HK\$4.3 million for the last corresponding period. The Group's shared loss of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates"), for the first half of 2022 was approximately HK\$9.6 million, decreased by approximately 68% from approximately HK\$30.3 million for the last corresponding period. Loss attributable to owners of the Company for the reporting period increased by approximately 1.4 times to approximately HK\$125.5 million (2021: approximately HK\$52.8 million), whilst loss per share was 2.55 HK cents (2021: 1.07 HK cents).

The increase in the unaudited consolidated loss of the Group for the six months ended 30 June 2022 was mainly attributable to a substantial increase in the unrealised fair value loss on the Group's overseas listed equity securities, notwithstanding the decrease in the Group's share of loss of the Associates. The unrealised fair value loss is a non-cash item and will not affect the cash flows of the Group.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

REVIEW OF OPERATIONS

Travel Business

In April 2022, the government of Canada announced further relaxation of its border control measures, including, inter alia, the removal of mandatory quarantine and the pre-arrival test for fully vaccinated travellers. As a result, the travel demand from business and international students had shown a steady rise, most notably in May and June 2022. Thanks to its well-established network with all airlines operating in Canada and its online platform which provides round-the-clock customer service, Jade Travel was able to welcome the market recovery.

For the six months ended 30 June 2022, benefitting from the re-opening of Canada's border, the revenue of the travel business segment increased by approximately 59% to approximately HK\$53.2 million from approximately HK\$33.4 million for the last corresponding period. Profit of approximately HK\$3.7 million was recorded in this segment (2021: loss of approximately HK\$1.9 million), including a reversal of impairment loss on intangible assets of approximately HK\$3.6 million (2021: an impairment loss of approximately HK\$1.5 million) which was recognised for the reporting period.

Property Investment Business

During the first half of 2022, as affected by the new wave of COVID-19 outbreak and the ongoing social distancing policies, the demand for commercial property in Hong Kong remained weak. Due to the fluctuations in global stock markets and the hiking interest rates, purchase demand for properties was further cooled down. However, the recent falling rent rate and net absorption seemed to have plateaued in light of the gradual containment and stabilisation of the fifth wave of pandemic outbreak. Investors' sentiment is expected to revive gradually after the announcement of the loosening of various border control measures by the Hong Kong government in June 2022. As Hong Kong's robust fundamentals of being one of Asia's most successful financial hubs holding strong, the Group remains cautiously confident that the commercial property market in Hong Kong will recover further eventually and its investment portfolio will consistently contribute stable returns.

Revenue of the property investment business for the six months ended 30 June 2022 amounted to approximately HK\$1.3 million (2021: approximately HK\$1.9 million). Segment profit was approximately HK\$3.1 million (2021: approximately HK\$12.0 million), including the recognition of a fair value gain on investment properties of approximately HK\$1.1 million for the reporting period (2021: approximately HK\$9.6 million).

Investment Project – Ponte 16

Macau's economy was seriously challenged during the first half of 2022 due to the outbreak of the Omicron variant. The strict prevention and control measures, which were promptly implemented in both Mainland China and Macau, had directly affected the visitation from Mainland China. This wave of Omicron outbreak was gradually under control in Mainland China which made travelling during the Labour Day Golden Week possible in May 2022. Unfortunately, Macau reported local Omicron cases soon after, which once again put a halt not only on Macau's gaming and hospitality industries but also its economy. For the first half of 2022, accumulated Macau's gross gaming revenue amounted to approximately MOP26.3 billion, representing a decrease of 46.4% as compared with the same period of last year, attributable to the outbreak-induced border closures. Total tourist visitation numbers from January to June 2022 amounted to approximately 3.5 million, representing a decrease of 11.8% compared with the same period of last year.

As at 30 June 2022, the casino of Ponte 16 had 109 gaming tables, consisting of 101 mass tables and 8 high-limit tables. The average occupancy rate of Sofitel Macau At Ponte 16 was approximately 46% for the first half of 2022. For the six months ended 30 June 2022, an Adjusted EBITDA* loss of approximately HK\$1.0 million was recorded (2021: approximately HK\$41.4 million).

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

Despite being affected by the Omicron outbreak and tightening visitation policy to preserve public health and safety in Macau, Ponte 16 continues to implement stringent cost control measures and streamline operations. Ponte 16's efforts to safeguard the health and safety of its employees and guests never stop. Precautionary measures, including, inter alia, more frequent disinfection of the premises, limiting the number of seats available per gaming table, compulsory temperature checks, wearing of surgical masks, compulsory health declaration and checking the health code of all visitors and its staff before allowing their entry, are in place to minimize the risk of infection. Ponte 16 operates in strict compliance with the anti-epidemic rules and regulations implemented by the Macau government.

Following the implementation of the New Gaming Law in June 2022, Ponte 16 kept close communication with the Macau government to ensure its operations fulfilled the highest degree of compliance and legality. Ponte 16 is committed to playing its role in contributing to a healthy and long-term development of Macau's gaming industry and community.

During the reporting period, Ponte 16 continued to operate the “OLA 澳優遊” (“OLA”), the one-stop platform featuring travel information and promotions in Macau. Ponte 16 continued to collaborate with local enterprises, including, inter alia, merchants and hotels, utilising the strong cultural resources of the Inner Harbour Area and its surrounding areas to provide discounts and privileges to its customers via OLA. OLA is committed to offering a truly wonderful cultural, travel and entertainment experience while catering for the needs of target customers and tourists, promoting the economy of the Macau Peninsula, as well as achieving synergy with local merchant partners to revitalise hospitality and tourism of Macau.

PROSPECTS

The outbreak of the Omicron variant has brought new uncertainties to the short to medium-term prospects for Macau's gaming and tourism industries. However, the Group is confident in the efforts of the Central Government as well as the governments of Hong Kong and Macau, based on the encouraging progress they made in fighting against COVID-19 pandemic recently. In early August 2022, Macau has achieved zero-COVID on a community level after the Macau government took swift actions to contain the pandemic, eventually enabling businesses including casinos to resume operations. It is clear that this new wave of COVID-19 infections has at last been put under control in Macau. Considering the successful pandemic containment as well as the temporarily loosened border restrictions, the Group is cautiously optimistic towards the second half of 2022 for the recovery of Macau's gaming and tourism industries.

In alignment with the Central Government's initiative to develop the Greater Bay Areas, Macau has been diligently developing a diverse portfolio of tourist attractions and enhancing its infrastructure network. Ponte 16 has been contributing to this goal persistently over the years and leveraging its cultural resources in the Inner Harbour Area to consolidate its unique competitive advantages in Macau. The implementation of the New Gaming Law shows Macau government's strong determination for the healthy and long-term development of the gaming industry. Looking ahead, Ponte 16 will devise its development strategies in alignment with the latest regulations and be well-prepared to embrace the recovery of Macau's economy.

The global tourism industry has been on the track to recovery since the end of 2021. As encouraged by the steady increase in the number of flights and air ticket sales, Jade Travel shall continue to expand and enhance its product offerings to serve the rising customer demand. However, it is expected that a full recovery will take more time and be dependent on the global vaccination and the birth of Omicron-effective vaccines. Nonetheless, the Group expects that the demand for leisure outbound travelling in the North American market will continue to improve, and Jade Travel's long-standing focus on such market will enable it to be one of the first to benefit from industry revival.

The continual containment of the fifth wave of COVID-19 outbreak and the recent loosening of border control measures sowed hope for the commercial property market of Hong Kong. The Group still believes in the long-term prospects of Hong Kong as a financial hub and will closely monitor the market and explore opportunities to optimise its investment portfolio for long-term capital appreciation.

Looking forward, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, "The global business environment is expected to remain volatile due to such external factors as the prevailing Omicron variant, rising global inflation and intensifying geopolitical tensions. However, as countries are gradually reopening their borders, further development of COVID-19 vaccines and the increasing vaccination rate, the Group will be cautiously optimistic that the overall business development will respond steadily. The Group will prioritise the maintenance of corporate agility and resilience, enhance its product and service offerings while adhering to financial prudence to navigate through challenges and capture opportunities, with the aim to create more value for shareholders."

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About Success Universe Group Limited

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

For investor and media enquiries, please contact:

Success Universe Group Limited

Corporate Communications Department

Email: corpcom@successug.com

Tel: 852-3101 8668

DLK Advisory Limited

Maggie Lee

Email: maggielee@dlkadvisory.com

Tel: 852-2854 8720

Alvin Tam

Email: alvintam@dlkadvisory.com

Tel: 852-2854 8728

Agnes Liu

Email: agnesliu@dlkadvisory.com

Tel: 852-2854 8722