



# SUCCESS UNIVERSE GROUP LIMITED

(Stock code: 00487)

## 2015 Interim Results



# Forward looking statements

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This material is for information purposes only. This presentation may contain forward-looking statements based on current assumptions and forecasts made by the management of SUCCESS UNIVERSE GROUP LIMITED.

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# Operational highlights

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- Turnover was approximately HK\$595.6 million and gross profit was approximately HK\$25.3 million for the first half of 2015
- Loss attributable to owners of the Company of approximately HK\$1.9 million was recorded for the first half of 2015
- Turnover of the lottery business amounted to approximately HK\$70.1 million, representing an increase of approximately 4% as compared with the last corresponding period
- Adjusted EBITDA\* of the Group's flagship investment project – Ponte 16 decreased by approximately 40% to approximately HK\$155.4 million, and shared profit of the associates related to Ponte 16 decreased by approximately 73% to approximately HK\$15.3 million as a result of slowdown in Macau gaming industry

# Key financials



|   | For the year ended<br>31 December | For the six months ended<br>30 June |                        |
|---|-----------------------------------|-------------------------------------|------------------------|
| HK\$'000  | 2014                              | 2014                                | 2015                   |
| Turnover from continuing operations                                   | 1,304,669                         | 686,060                             | <b>595,562</b>         |
| Lottery business  | 201,125                           | 67,608                              | <b>70,091</b>          |
| Travel business   | 1,103,544                         | 618,452                             | <b>525,471</b>         |
| Shared profit of the associates relating to Ponte 16                  | 88,047                            | 56,284                              | <b>15,270</b>          |
| Profit/(loss) for the year/period from continuing operations          | 73,470                            | 47,142                              | <b>(3,830)</b>         |
| Profit for the year/period from discontinued operation*               | 44,312                            | 878                                 | --                     |
| Profit/(loss) attributable to owners of the Company                   | 96,890                            | 47,724                              | <b>(1,878)</b>         |
| Earnings/(loss) per share from continuing and discontinued operations | 1.97 HK cents                     | 0.97HK cents                        | <b>(0.04) HK cents</b> |
| Earnings/(loss) per share from continuing operations                  | 1.48 HK cents                     | 0.96HK cents                        | <b>(0.04) HK cents</b> |



# Financial performance by segment



|   | For the year ended<br>31 December | For the six months ended<br>30 June |                |
|---|-----------------------------------|-------------------------------------|----------------|
| HK\$'000  | 2014                              | 2014                                | 2015           |
| <b>Continuing business</b>                              |                                   |                                     |                |
| <b>Lottery business</b>                                 |                                   |                                     |                |
| Revenue   | 201,125                           | 67,608                              | <b>70,091</b>  |
| Segment profit/(loss)                                   | 24,506                            | 7,825                               | <b>(5,094)</b> |
| <b>Travel business</b>                                  |                                   |                                     |                |
| Revenue   | 1,103,544                         | 618,452                             | <b>525,471</b> |
| Segment (loss)  | (27,400)                          | (11,857)                            | <b>(4,497)</b> |
| <b>Ponte 16</b>   |                                   |                                     |                |
| Adjusted EBITDA* of Ponte 16                            | 461,000                           | 260,000                             | <b>155,400</b> |
| Shared profit of the associates<br>relating to Ponte 16 | 88,047                            | 56,284                              | <b>15,270</b>  |

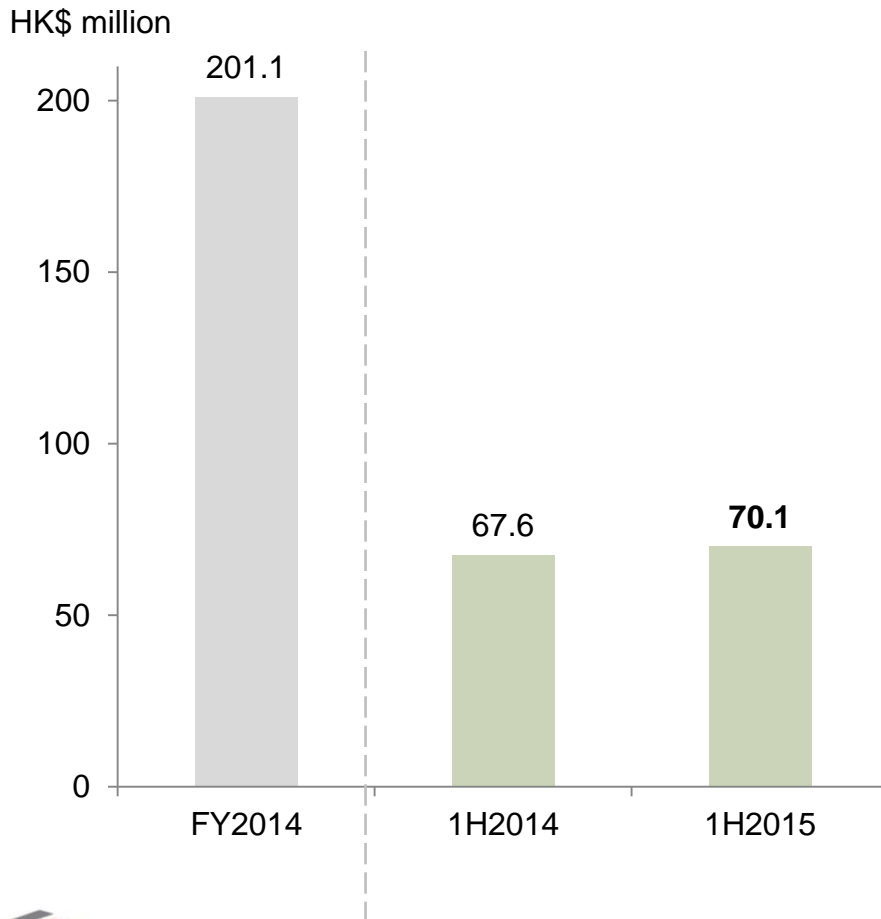
# Lottery business

## Business review and prospects



*Achieve turnover growth despite temporary suspension of paperless lottery sales agency service*

### Lottery sales performance



### Business review

- Voluntary and temporary suspension of the paperless lottery sales agency services pursuant to the “Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet” issued in January 2015, which is designed to
  - Crack down unauthorised sales of lottery through Internet
  - Provide a healthier and more reliable market in the long run
- Turnover increased from approximately HK\$67.6 million for the last corresponding period to approximately HK\$70.1 million
- Segment loss was approximately HK\$5.1 million in first half of 2015

### Prospects

- 1 Closely monitor the development and wait for further announcement on the resumption date of paperless lottery sales from the Chinese government authorities
- 2 The new technology service platform for the welfare lottery is ready for operation



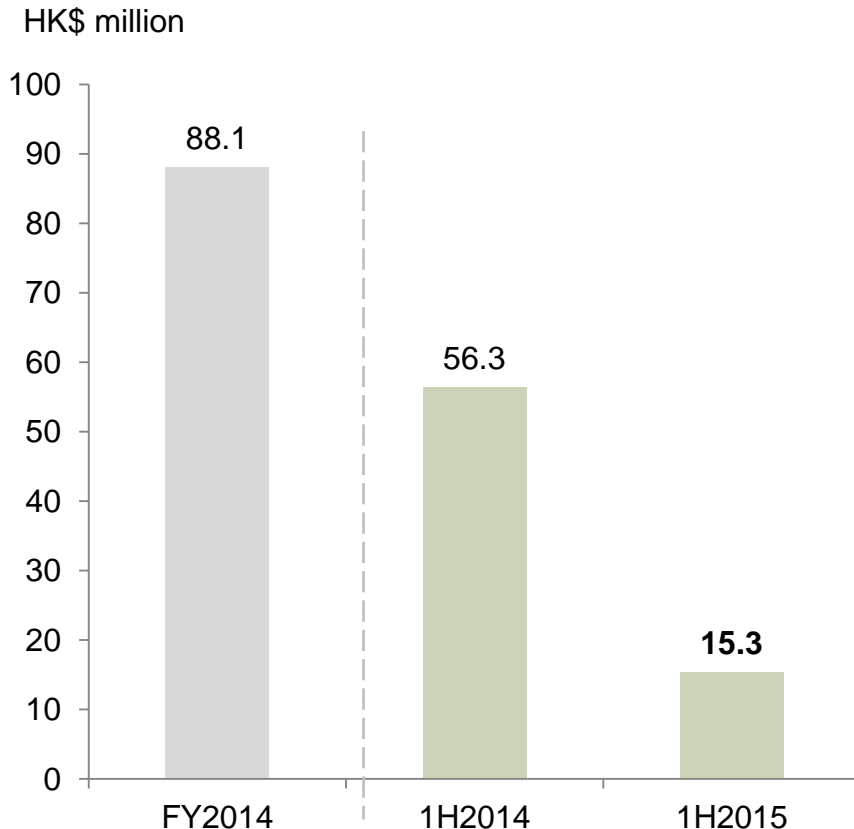
# Ponte 16 Resort Macau

## Business review and prospects



*Offer diversified gaming and non-gaming elements with a focus on the mass market*

### Shared profit relating to Ponte 16



### Business review

- Slowdown in Macau gaming industry starting from the second half of 2014, due to tighter transit visa restrictions, implementation of full smoking ban on mass market gaming areas in casinos and tighter controls on spending with UnionPay cards
- Adjusted EBITDA\* dropped from approximately HK\$260.0 million to approximately HK\$155.4 million
- Shared profit of the associates relating to Ponte 16 decreased by approximately 73% to approximately HK\$15.3 million
- Continuous effort to enhance entertainment mix: the first large-scale 3D museum in Macau, Pier 16 Macau 3D World, was opened in May 2015

### Prospects

- 1** Enhance gaming elements
  - Introduce live multi game terminals
  - Continue to target the growing mass market
- 2** Enrich non-gaming elements
  - Establish an indoor Taiwanese food hall

# Travel business

## Business review and prospects

*Continued to leverage on its well-connected network and experience in High-end MICE \* & FIT\*\* to explore the business potential in expansion of retail market*

### Business review

- Although the U.S. economy continued to show signs of recovery with improving consumer sentiment, the ripple effect from the consolidation of downstream travel agencies in the market still had adverse effect on the travel business
- Turnover of the segment was approximately HK\$525.5 million for 1H2015 (1H2014: approximately HK\$618.5 million)
- Loss in this segment posted approximately HK\$4.5 million (1H2014: approximately HK\$11.9 million) including an impairment loss on intangible assets of approximately HK\$0.4 million (1H2014: impairment loss on intangible assets of approximately HK\$3.9 million and bad debts written off of approximately HK\$2.2 million) was recognised
- Completed the disposal of approximately 10% of 665127 British Columbia Ltd# in mid-June 2015. The Group's effective beneficial interests in Jade Travel was reduced from approximately 85% to 75%

### Prospects

- Explore potential in expansion of retail market by leveraging on our well-connected network and experience in high-end MICE and FIT segments
- Restructure current outlets to gain more market exposure on the retail segment
- Establish synergies with Ponte 16 by utilising every cross-selling opportunity with this flagship investment project





# Appendix



# Consolidated Statement of Profit or Loss



|  | For the year ended<br>31 December | For the six months ended<br>30 June |                        |
|--|-----------------------------------|-------------------------------------|------------------------|
| HK\$'000   | 2014                              | 2014                                | 2015                   |
| <b>Turnover from continuing operations</b>                                     | 1,304,669                         | 686,060                             | <b>595,562</b>         |
| Cost of sales  | (1,221,959)                       | (653,254)                           | <b>(570,303)</b>       |
| <b>Gross profit</b>  | 82,710                            | 32,806                              | <b>25,259</b>          |
| Other revenue and gains  | 30,013                            | 15,248                              | <b>12,589</b>          |
| Administrative expenses  | (95,407)                          | (47,770)                            | <b>(50,117)</b>        |
| Selling expenses   | (13,697)                          | (3,894)                             | <b>(5,449)</b>         |
| Other operating expenses   | (16,380)                          | (3,934)                             | <b>(405)</b>           |
| Loss from continuing operations  | (12,761)                          | (7,544)                             | <b>(18,123)</b>        |
| Finance costs  | (2,162)                           | (1,720)                             | <b>(301)</b>           |
| Share of results of joint ventures   | 346                               | 122                                 | <b>259</b>             |
| Share of results of associates   | 88,047                            | 56,284                              | <b>15,270</b>          |
| Profit/(loss) before taxation  | 73,470                            | 47,142                              | <b>(2,895)</b>         |
| Taxation   | –                                 | --                                  | <b>(935)</b>           |
| <b>Profit/(loss) for the year/period from continuing operations</b>            | 73,470                            | 47,142                              | <b>(3,830)</b>         |
| <b>Profit for the year/period from discontinued operation</b>                  | 44,312                            | 878                                 | <b>--</b>              |
| <b>Profit/(loss) for the year/period attributable to owners of the Company</b> | 96,890                            | 47,724                              | <b>(1,878)</b>         |
| Non-controlling interests  | 20,892                            | 296                                 | <b>(1,952)</b>         |
| <b>Profit/(loss) for the year/period</b>                                       | 117,782                           | 48,020                              | <b>(3,830)</b>         |
| Earnings/(loss) per share from continuing and discontinued operations          | 1.97 HK cents                     | 0.97 HK cents                       | <b>(0.04) HK cents</b> |
| – Basic and diluted  |                                   |                                     |                        |
| Earnings/(loss) per share from continuing operations                           | 1.48 HK cents                     | 0.96 HK cents                       | <b>(0.04) HK cents</b> |
| – Basic and diluted  |                                   |                                     |                        |

# Consolidated Statement of Financial Position



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



# Consolidated Statement of Financial Position (cont.)

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

# Thank you

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