



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

(Stock code: 00487)

Embrace Infinite
SUCCESS
成就 無限 商機

2017 Annual Results



Forward-looking statements

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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Business highlights

- Revenue from continuing operations was HK\$589.9 million and gross profit was HK\$20.1 million for 2017
- Loss attributable to owners of the Company was HK\$29.8 million for 2017
- Recorded a huge non-cash fair value gain on investment properties and a substantial increase of approximately sixty times in this segment results
- Jade Travel established a new business line in wholesale by providing ticketing fulfilment service for online travel agencies, and also worked closer with several leading online travel portals to provide more competitive price on ticket sales
- The Adjusted EBITDA* of Ponte 16, the Group's flagship investment project, was HK\$225.3 million for 2017, and average occupancy rate of Sofitel Macau At Ponte 16 reached 91% during the reporting year



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

Key financial data

HK\$'000	For the year ended 31 December	
	2017	2016
Revenue from continuing operations	589,935	564,848
Travel business	583,425	562,676
Property investment business	6,510	2,172
Share of results of associates relating to Ponte 16	(9,879)	17,513
Profit/(loss) for the year from continuing operations	4,369	(16,299)
Loss for the year from discontinued operation*	(37,825)	(20,766)
Loss attributable to owners of the Company	(29,810)	(30,977)
Loss per share from continuing and discontinued operations	(0.61) HK cents	(0.63) HK cents
Earnings/(loss) per share from continuing operations	0.16 HK cents	(0.29) HK cents



Financial performance by segment

HK\$'000	For the year ended 31 December	
	2017	2016
Continuing operations		
Travel business		
Revenue	583,425	562,676
Segment loss	(15,656)	(7,896)
Property investment business		
Revenue	6,510	2,172
Segment profit	83,415	1,293
Ponte 16		
Adjusted EBITDA* of Ponte 16	225,300	277,400
Share of results of associates relating to Ponte 16	(9,879)	17,513
Discontinued operation – Lottery Business		
Revenue	19,097	8,284
Loss for the year	(37,825)	(20,766)

Travel business – Jade Travel

Business review and prospects

Business review

- Developed two business segments in order to provide more professional services to customers:
 - Air Booking Center was established in early 2017 to serve the corporate customers
 - Jade Tours targets at retail and tours customers
- Wholesale segment:
 - Worked closer with several leading domestic and international online travel portals to provide more competitive price on ticket sales
 - Established a new business line to provide ticketing fulfilment service for online travel agencies
- Retail segment:
 - Extended product offerings to provide featured and personalised travel packages
- Revenue of the segment increased to HK\$583.4 million for the year (2016: HK\$562.7 million). Loss amounted to HK\$15.7 million (2016: HK\$7.9 million), including an impairment loss on intangible assets of HK\$4.6 million (2016: HK\$3.2 million)



Prospects

- 1 Wholesale segment: To advance the automated ticketing process on the online platform and the active advertising strategies on social media and APPs
- 2 Retail segment: To develop a broader variety of creative and featured travel packages to maintain its competitive edge and market share



Property investment business

Business review and prospects

Business review

- 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 in February 2017 and the acquisition was completed in April 2017
- Revenue of the segment amounted to HK\$6.5 million (2016: HK\$2.2 million)
- Segment profit was HK\$83.4 million (2016: HK\$1.3 million) including the fair value gain on investment properties of HK\$79.2 million (2016: nil)



Prospects

- 1 Both rental and price for offices in the central business district in Hong Kong will be able to maintain their growth momentum
- 2 Explore good opportunity to enlarge its portfolio to capture potential capital appreciation of properties
- 3 In January 2018, the Group entered into a preliminary sale and purchase agreement with an independent third party to acquire the entire issued share capital of and the related shareholders' loans to two companies which hold several commercial properties in Wanchai



Ponte 16 Resort Macau

Business review and prospects

Business review

- The average occupancy rate of Sofitel Macau At Ponte 16 reached 91% during the year
- Continuously enhancing its entertainment portfolio:
 - Introduced the only virtual and professional car racing facility in Macau — “G Racing Simulators” which offers 16 stations of 4K racing simulation of the Macau Grand Prix Racing Event
 - Invited quality street performers to make great performances at the outdoor plaza of Sofitel Macau At Ponte 16
- Adjusted EBITDA* for the reporting year decreased by 19% to HK\$225.3 million (2016: HK\$277.4 million)
- Shared loss of the associates relating to Ponte 16 was HK\$9.9 million



Prospects

- 1 Major infrastructure improvement and the Greater Bay Area initiatives are believed to increase Macau's exposure to domestic and international visitors
- 2 The opening of new resorts and diversified entertainment offerings supported Macau to retrieve its economic growth momentum
- 3 Ponte 16 is well-prepared to introduce new adventures and interactive games in order to remain competitive in the market, and has introduced the new kids play zone featuring the European cartoon character Angry Birds, which is in the process of obtaining relevant licenses



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

Appendix



Consolidated statement of profit or loss

HK\$'000	For the year ended 31 December	
	2017	2016
Revenue from continuing operations	589,935	564,848
Cost of sales	(569,843)	(544,241)
Gross profit	20,092	20,607
Other revenue and gains	13,285	23,021
Fair value gain on investment properties	79,185	-
Administrative expenses	(92,662)	(72,671)
Other operating expenses	(4,638)	(3,185)
Loss from operations	15,262	(32,228)
Finance costs	(1,541)	(2,079)
Share of results of joint ventures	527	495
Share of results of associates	(9,879)	17,513
Profit / (loss) before taxation	4,369	(16,299)
Taxation	-	-
Profit / (loss) for the year from continuing operations	4,369	(16,299)
Loss for the year from discontinued operation	(37,825)	(20,766)
Loss for the year	(33,456)	(37,065)
Loss for the year attributable to owners of the Company	(29,810)	(30,977)
Non-controlling interests	(3,646)	(6,088)
Loss per share from continuing and discontinued operations – Basic and diluted	(0.61) HK cents	(0.63) HK cents
(Loss) / earnings per share from continuing operations – Basic and diluted	0.16 HK cents	(0.29) HK cents

Consolidated statement of financial position

HK\$'000	As at 31 December	
	2017	2016
Non-current assets	867,725	785,138
Property, plant and equipment	30,300	37,904
Intangible assets	3,927	8,021
Investment properties	292,000	191,708
Interests in associates	537,087	543,621
Interests in joint ventures	4,411	3,884
Current assets	178,322	403,296
Amount due from an associate	-	294,420
Trade and other receivables	18,602	35,014
Pledged bank deposits	10,064	9,353
Cash and cash equivalents	149,656	64,509
Current liabilities	17,606	150,349
Trade and other payables	16,697	17,604
Deferred income	265	245
Bank loan	-	122,500
Financial guarantee contract	644	10,000

Consolidated statement of financial position (cont.)

HK\$'000	As at 31 December	
	2017	2016
Non-current liabilities	30,585	31,728
Deferred income	1,097	1,060
Loans payables	27,232	30,668
Financial guarantee contract	2,256	-
Net assets	997,856	1,006,357
Capital and reserves		
Share capital	49,265	49,265
Reserves	961,365	984,269
Total equity attributable to owners of the Company	1,010,630	1,033,534
Non-controlling interests	(12,774)	(27,177)
Total equity	997,856	1,006,357



Thank you

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