

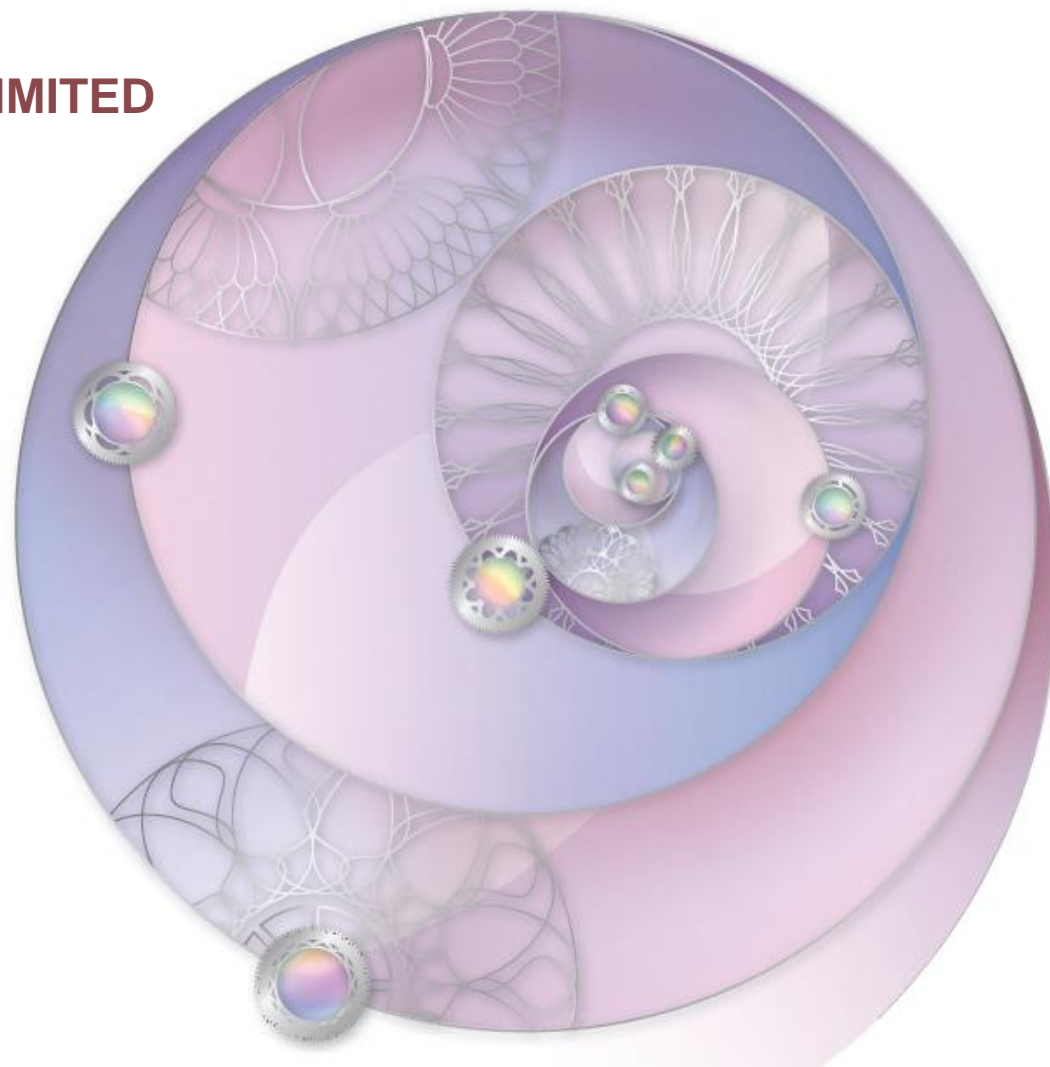


SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00487)



2020 Interim 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.

Various known and unknown risks, uncertainties and other factors may lead to substantial differences among the actual future results, financial position, development or performance of the Company and the estimates given here. The Company accepts no obligation to continue to report or update these forward-looking statements or adjust them to future events or development.

This material may not be reproduced, distributed or transmitted to any other person or incorporated in any way into another documents or other materials without prior written consent of SUCCESS UNIVERSE GROUP LIMITED.

Operational highlights

- Revenue was approximately HK\$333.9 million and gross profit was approximately HK\$10.6 million for the first half of 2020
- Loss attributable to owners of the Company was approximately HK\$132.3 million
- Due to the severe disruptions caused by COVID-19, revenue of the travel business decreased by approximately 50% to approximately HK\$328.1 million; segment loss increased by approximately 371% to approximately HK\$5.5 million, including an impairment loss recognised on intangible assets of approximately HK\$3.3 million
- Revenue of the property investment business decreased by approximately 55% to approximately HK\$5.8 million, while segment loss was approximately HK\$58.4 million mainly due to recognition of a fair value loss on investment properties of approximately HK\$53.8 million and write-down of carrying amount of stock of properties amounting to approximately HK\$9.3 million
- Ponte 16, the Group's flagship investment project, recorded an Adjusted EBITDA* loss of approximately HK\$93.3 million. The financial performance of the associates relating to Ponte 16 was significantly impacted by COVID-19 and the Group shared a substantial loss of approximately HK\$64.0 million

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



Key Financial Data

HK\$'000	For the year ended 31 December	For the six months ended 30 June	
	2019	2020	2019
Revenue from operations	1,147,371	333,850	663,243
Travel business	1,128,574	328,063	650,260
Property investment business	18,797	5,787	12,983
Share of results of associates relating to Ponte 16	116,757	(64,036)	56,595
(Loss)/profit for the year/period from operations	74,194	(132,261)	48,704
(Loss)/profit for the year/period attributable to owners of the Company	74,194	(132,261)	48,704
(Loss)/earnings per share from operations	1.51 HK cents	(2.68) HK cents	0.99 HK cents



Financial performance by segment

HK\$'000	For the year ended 31 December	For the six months ended 30 June	
	2019	2020	2019
Travel business			
Revenue	1,128,574	328,063	650,260
Segment (loss)	(3,935)	(5,509)	(1,170)
Property investment business			
Revenue	18,797	5,787	12,983
Segment (loss)/profit	10,968	(58,435)	19,622
Ponte 16			
Adjusted (EBITDA* loss)/EBITDA* of Ponte 16	377,500	(93,300)	206,100
Share of results of associates relating to Ponte 16	116,757	(64,036)	56,595

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



Travel business – Jade Travel

Business review and prospects

Business review

- The outbreak of COVID-19 has spread rapidly around Western and European regions since March 2020, and was highly disruptive to the economies of the United States and neighbouring countries
- Jade Travel is fully aware of the change of tourists' behavioural intention for both domestic and overseas travel caused by the pandemic, while the implementations of immigration control and compulsory quarantine measures have significantly minimised public movement
- Revenue of the travel business segment decreased by approximately 50% to approximately HK\$328.1 million (2019: approximately HK\$650.3 million)
- Loss in this segment increased by approximately 371% to approximately HK\$5.5 million (2019: approximately HK\$1.2 million), including an impairment loss on intangible assets of approximately HK\$3.3 million (2019: approximately HK\$0.1 million) which was recognised for the reporting period

Prospects

1

The full extent and the duration of the COVID-19 impact are still hard to predict, it is going to take time for the consumers' confidence to restore. The Group believes the recovery pace would be gradual and the key driver for the recovery would continue to be the pace of border re-opening and the ease of travel restrictions.

2

Jade Travel will closely monitor the tourism market development, enhance cost management as well as operational efficiency

3

Jade Travel will continue to explore the available travel products, offering travel options and flexibility to customers with its well established online booking service platform and communication channels to cater customers' needs



Property investment Business

Business review and prospects

Business review

- Hong Kong's commercial property market has recorded fewer transactions since the second half of 2019 due to local social incidents. The pandemic in early 2020 has brought further pressure on the property market and led to the decline in retail trades, extensive closure of shops and rising vacancy in office leasing market
- Revenue of the property investment business for the reporting period amounted to approximately HK\$5.8 million (2019: HK\$13.0 million)
- Segment loss was approximately HK\$58.4 million (2019: segment profit of approximately HK\$19.6 million), which was mainly due to recognition of a fair value loss on investment properties of approximately HK\$53.8 million (2019: fair value gain of approximately HK\$7.1 million), as well as write-down of carrying amount of stock of properties amounting to approximately HK\$9.3 million for the reporting period (2019: nil)



Prospects

1

The performance of commercial property market in Hong Kong is still clouded due to the economic downturns, rising of unemployment rate and lingering local social incidents

2

The Group remains attentive to every challenge and economic uncertainties but believes that the rental income would be stabilised once the pandemic is over

3

The Group remains positive on the commercial property market, and will stay close to the momentum of commercial property value and rental, leveraging on its property investment portfolio for a steady recurring income stream



Ponte 16 Resort, Macau

Business review and prospects

Business review

- COVID-19 emerged in Macau during the first quarter of 2020. To ensure public health and safety, the Macau government has taken immediate measures, including suspension of all casino operations for 15 days in February 2020
- Entry restrictions, curtailment of transportation channels and quarantine requirements led to the fall of tourist arrivals over 80% in the first half of 2020, while the considerable decrease in tourist traffic has even led to a steep decrease in casino gaming revenue
- As at 30 June 2020, the casino of Ponte 16 had 78 gaming tables in operation, consisting of 69 mass gaming tables, 5 high-limit tables and 4 VIP tables. Due to the global travel haul, the facility utilisation and the average occupancy rate of Sofitel Macau At Ponte 16 remained low
- Ponte 16's adjusted EBITDA* loss amounted to approximately HK\$93.3 million (2019: Adjusted EBITDA* was approximately HK\$206.1 million)



Prospects

1

The full resumption of Individual Visit Scheme for Mainland China in September 2020 should continue to benefit the recovery, but it would take time for the visitation to ramp up

2

Given the unexpected development of the COVID-19 pandemic, sustained tensions between the United States and China as well as other political factors, the recovery pace on Macau's GGR and tourist visitation could be dragged

3

The Group believes that the travel and tourism industries in Macau will recover at a gradual pace as long as the pandemic is under control, and Ponte 16 will take full initiative to leverage opportunities brought up by the market rebound



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



Appendix



Consolidated statement of profit or loss

	For the six months ended 30 June	
HK\$'000	2020	2019
Revenue	333,850	663,243
Cost of sales	(323,214)	(646,626)
Gross profit	10,636	16,617
Other revenue and gain	2,672	9,537
Fair value (loss)/gain on investment properties	(53,800)	7,100
Gain arising on change in fair value of financial assets at fair value through profit or loss	13,456	-
Administrative expenses	(25,645)	(36,806)
Other operating expenses	(12,528)	(60)
Loss from operations	(65,209)	(3,612)
Finance costs	(3,349)	(4,660)
Share of results of joint ventures	333	381
Share of results of associates	(64,036)	56,595
(Loss)/profit before taxation	(132,261)	48,704
Taxation	-	-
(Loss)/profit for the period	(132,261)	48,704
(Loss)/profit for the period attributable to owners of the Company	(132,261)	48,704
(Loss)/earnings per share – Basic and diluted	(2.68) HK cents	0.99 HK cents



Consolidated statement of financial position

HK\$'000	As at 30 June 2020	As at 31 December 2019
Non-current assets	994,882	1,113,351
Property, plant and equipment	27,173	31,402
Intangible assets	3,280	6,892
Investment properties	391,000	444,800
Interests in associates	559,795	624,188
Interests in joint ventures	6,402	6,069
Financial assets at fair value through other comprehensive income	7,232	-
Current assets	352,597	271,684
Stock of properties	110,500	119,750
Trade and other receivables	29,509	42,827
Financial assets at fair value through profit or loss	51,840	-
Pledged bank deposits	511	10,355
Cash and cash equivalents	160,197	98,752
Current liabilities	297,649	239,387
Trade and other payables	31,691	39,424
Bank loans	262,500	194,000
Lease liabilities	2,814	5,319
Financial guarantee contract	644	644

Consolidated statement of financial position (cont.)

HK\$'000	As at 30 June 2020	As at 31 December 2019
Non-current liabilities	40,884	1,389
Lease liabilities	239	421
Loan from a director and controlling shareholder	40,000	-
Financial guarantee contract	645	968
Net assets	1,008,946	1,144,259
Capital and reserves		
Share capital	49,265	49,265
Reserves	959,681	1,094,994
Total equity attributable to owners of the Company	1,008,946	1,144,259

Thank you

SUCCESS UNIVERSE GROUP LIMITED

Suite 1601-2 & 8-10, 16/F, Great Eagle Centre
23 Harbour Road, Wanchai, Hong Kong

Tel: (852) 3101 8668

Fax: (852) 3102 9078

Website: www.successug.com