



**SUCCESS**

# **SUCCESS UNIVERSE GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00487)**



**2021 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.

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.

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# Operational highlights

- Revenue was approximately HK\$35.4 million and gross profit was approximately HK\$4.3 million for the first half of 2021
- Loss attributable to owners of the Company decreased by approximately 60% to approximately HK\$52.8 million
- Due to the severe disruptions caused by the COVID-19 pandemic, revenue of the travel business decreased by approximately 90% to approximately HK\$33.4 million; segment loss decreased by approximately 66% to approximately HK\$1.9 million, including an impairment loss recognised on intangible assets of approximately HK\$1.5 million
- Revenue of the property investment business decreased by approximately 66% to approximately HK\$1.9 million, while segment profit was approximately HK\$12.0 million which was mainly due to the recognition of a fair value gain on investment properties
- Supported by market recovery in Macau, the Group's shared loss of the associates relating to Ponte 16, the Group's flagship investment project, decreased by approximately 53% to approximately HK\$30.3 million. An Adjusted EBITDA\* loss of approximately HK\$41.4 million was recorded



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

# Key financial data

HK\$'000	For the year ended 31 December	For the six months ended 30 June (Unaudited)	
	2020	2021	2020
Revenue from operations	363,831	<b>35,384</b>	333,850
Travel business	354,170	<b>33,437</b>	328,063
Property investment business	9,661	<b>1,947</b>	5,787
Profit/(loss) from operations for the year/period	9,847	<b>(18,812)</b>	(65,209)
Share of results of associates relating to Ponte 16	(145,725)	<b>(30,274)</b>	(64,036)
(Loss) for the year/period attributable to owners of the Company	(141,936)	<b>(52,764)</b>	(132,261)
(Loss) per share	(2.88) HK cents	<b>(1.07) HK cents</b>	(2.68) HK cents



# Financial performance by segment

HK\$'000	For the year ended 31 December	For the six months ended 30 June	
	2020	2021	2020
<b>Travel business</b>			
Revenue	354,170	<b>33,437</b>	328,063
Segment loss	(11,242)	<b>(1,854)</b>	(5,509)
<b>Property investment business</b>			
Revenue	9,661	<b>1,947</b>	5,787
Segment (loss)/ profit	(80,548)	<b>11,988</b>	(58,435)
<b>Ponte 16</b>			
Adjusted EBITDA* of Ponte 16	(242,900)	<b>(41,400)</b>	(93,900)
Share of results of associates relating to Ponte 16	(145,725)	<b>(30,274)</b>	(64,036)



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

# Travel business – Jade Travel

## Business review and prospects

### Business review

- The international tourism industry remained stagnant due to the volatility of the pandemic, as well as the strict border restrictions and quarantine measures that remained in place in many countries. Despite the progressive development and distribution of vaccines, the travel demands from international students and tourists were still low and thus the tourism business in Canada was still in a slump
- For the six months ended 30 June 2021, due to the severe disruptions caused by the COVID-19 pandemic, revenue of the travel business segment decreased by approximately 90% to approximately HK\$33.4 million from approximately HK\$328.1 million for the last corresponding period
- Loss in this segment decreased by approximately 66% to approximately HK\$1.9 million from approximately HK\$5.5 million for the last corresponding period, including an impairment loss on intangible assets of approximately HK\$1.5 million (2020: approximately HK\$3.3 million)



### Prospects

- 1 Governments around the globe continue to devote significant efforts in controlling the COVID-19 pandemic, and a gradual recovery can be observed in certain areas of the world. However, the outlook is subject to considerable uncertainties. As the government of Canada plans to reopen its border to international travellers, Jade Travel will remain attentive and engage with customers and business partners closely to maintain its market identity as a reliable product and service provider in North America's tourism market
- 2 Jade Travel will proactively explore and expand its product offerings in order to cater to the changing travel patterns and consumer demand



# Property investment business

## Business review and prospects

### Business review

- Hong Kong's commercial property market showed signs of gradual recovery in the first half of 2021. The overall declines in rental rates and capital values have been more moderate during the reporting period. The vacancy rates of commercial properties were relatively stable across most regions and submarkets in Hong Kong
- Thanks to Hong Kong's highly developed financial industry and improving stability as a result of effective pandemic control measures, the Group is cautiously optimistic about the long term prospects of the commercial property market in Hong Kong. Sliding rent has already abated, and it is expected that market demand and rental income will further stabilize
- Revenue of the property investment business for the reporting period amounted to approximately HK\$1.9 million, representing a decrease of approximately 66% as compared with approximately HK\$5.8 million for the last corresponding period, which was mainly due to the change of the usage of Office Units Nos. 1003 and 1004A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong from leasing to self-use.
- Segment profit was approximately HK\$12.0 million (2020: segment loss of approximately HK\$58.4 million) which was mainly due to the recognition of a fair value gain on investment properties of approximately HK\$9.6 million (2020: fair value loss of approximately HK\$53.8 million) notwithstanding a write-down of carrying amount of stock of properties amounting to approximately HK\$0.5 million for the six months ended 30 June 2021 (2020: approximately HK\$9.3 million)



### Prospects

- 1 Long term prospects in the commercial property market still has potential due to Hong Kong's solid fundamentals as an international commercial hub
- 2 The Group will remain cautiously attentive towards the market and look for suitable investment opportunities



# Ponte 16 Resort, Macau

## Business review and prospects

### Business review

- Macau's economy showed steady gradual improvements with its accumulated gross gaming revenue for the first half of 2021 amounted to approximately MOP49.0 billion, representing an increase of 45.4% as compared to the same period last year, partly attributable to encouraging performance during the Labour Day Golden Week
- Supported by market recovery, the gaming and occupancy performance of Ponte 16 saw improvements during the reporting period. Most notably, the business performance of Ponte 16 recovered to almost half of pre-pandemic levels and the average occupancy rate of Sofitel Macau at Ponte 16 reached over 90% during the Labour Day Golden Week
- As at 30 June 2021, the casino of Ponte 16 had 93 gaming tables in operation, consisting of 86 mass gaming tables and 7 high-limit tables
- An adjusted EBITDA\* loss of approximately HK\$41.4 million was recorded (2020: approximately HK\$93.9 million)



### Prospects

- 1 Macau's economy has steadily improved as Mainland China reopened borders. However, the pandemic remains a significant drag on Macau's gross gaming revenue and tourist visitations.
- 2 Since the Macau government has been actively enhancing its infrastructure network to align with China's initiative to develop the Greater Bay Area, the Group believes Macau would enjoy a first-mover advantage in the revival of tourism demand.
- 3 Ponte 16 will initiate a joint promotion with local retailers, restaurants, and souvenir shops within the Inner Harbour area in order to boost local consumption and promote this beautiful tourist hotspot



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



# Appendix



# Consolidated statement of profit or loss

For the six months ended 30 June (Unaudited)		
HK\$'000	2021	2020
<b>Revenue</b>	<b>35,384</b>	333,850
Cost of sales	(31,120)	(323,214)
<b>Gross profit</b>	<b>4,264</b>	10,636
Other revenue and gain	2,745	2,672
Fair value gain/ (loss) on investment properties	9,600	(53,800)
(Loss)/ gain arising on change in fair value of financial assets at fair value through profit or loss	(7,109)	13,456
Administrative expenses	(23,362)	(25,645)
Other operating expenses	(4,950)	(12,528)
<b>Loss from operations</b>	<b>(18,812)</b>	(65,209)
Finance costs	(4,010)	(3,349)
Share of results of joint ventures	332	333
Share of results of associates	(30,274)	(64,036)
<b>Loss before taxation</b>	<b>(52,764)</b>	(132,261)
Taxation	-	-
<b>Loss for the period</b>	<b>(52,764)</b>	(132,261)
<b>Loss for the period attributable to owners of the Company</b>	<b>(52,764)</b>	(132,261)
<b>Loss per share</b> – Basic and diluted	<b>(1.07) HK cents</b>	(2.68) HK cents

# Consolidated statement of financial position

HK\$'000	As at 30 June 2021 (Unaudited)	As at 31 December 2020
<b>Non-current assets</b>	<b>984,260</b>	<b>973,523</b>
Property, plant and equipment	264,282	270,008
Intangible assets	7,474	2,464
Investment properties	140,100	130,500
Interests in associates	565,432	556,506
Interests in joint ventures	6,972	6,640
Financial assets at fair value through other comprehensive income	-	7,405
<b>Current assets</b>	<b>368,748</b>	<b>413,591</b>
Stock of properties	110,400	110,900
Trade and other receivables	11,117	15,311
Financial assets at fair value through profit or loss	170,825	169,435
Pledged bank deposits	552	551
Cash and cash equivalents	75,854	117,394
<b>Current liabilities</b>	<b>321,059</b>	<b>323,523</b>
Trade and other payables	17,495	19,606
Bank loans	302,500	302,500
Lease liabilities	742	773
Financial guarantee contract	322	644

# Consolidated statement of financial position *(cont.)*

HK\$'000	As at 30 June 2021 (Unaudited)	As at 31 December 2020
<b>Non-current liabilities</b>	<b>80,889</b>	61,235
Lease liabilities	567	911
Loan from a director and controlling shareholder	80,000	60,000
Financial guarantee contract	322	324
<b>Net assets</b>	<b>951,060</b>	1,002,356
<b>Capital and reserves</b>		
Share capital	49,265	49,265
Reserves	901,795	953,091
<b>Total equity attributable to owners of the Company</b>	<b>951,060</b>	1,002,356



# Thank you

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