



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00487)

2021 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.

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\$151.1 million and gross profit was approximately HK\$8.8 million for 2021
- Profit attributable to owners of the Company was approximately HK\$4.9 million
- Revenue of the travel business decreased by approximately 58% to approximately HK\$147.9 million due to the lack of international tourism resulted from the unrelieved COVID-19 pandemic and the strict travel restrictions imposed by countries. Loss in this segment decreased by approximately 85% to approximately HK\$1.7 million
- Revenue of the property investment business amounted to approximately HK\$3.3 million, representing a decrease of approximately 66%, which was mainly due to the change of usage of office units from leasing to self-use. Segment profit was approximately HK\$13.7 million, which was mainly due to the recognition of a fair value gain on investment properties of approximately HK\$8.1 million
- Supported by an encouraging market recovery and resilience, the Group's shared loss of the associates relating to Ponte 16, the Group's flagship investment project, decreased by approximately 67% to approximately HK\$48.7 million. An Adjusted EBITDA* loss of approximately HK\$57.6 million was recorded
- Overseas listed equity securities recorded a fair value gain of approximately HK\$87.7 million

Key financial data

HK\$'000	For the year ended 31 December	
	2021	2020
Revenue	151,130	363,831
Travel business	147,856	354,170
Property investment business	3,274	9,661
Profit from operations	61,025	9,847
Share of results of associates relating to Ponte 16	(48,654)	(145,725)
Profit/(loss) for the year attributable to owners of the Company	4,859	(141,936)
Earnings/(loss) per share	0.10 HK cents	(2.88) HK cents



Financial performance by segment

HK\$'000	For the year ended 31 December	
	2021	2020
Travel business		
Revenue	147,856	354,170
Segment loss	(1,654)	(11,242)
Property investment business		
Revenue	3,274	9,661
Segment profit/(loss)	13,667	(80,548)
Ponte 16		
Adjusted EBITDA* (loss) of Ponte 16	(57,600)	(242,900)
Share of results of associates relating to Ponte 16	(48,654)	(145,725)



Travel business – Jade Travel

Business review and prospects

Business review

- In Canada, the government relaxed border restrictions briefly in August 2021, and a recovery of travel demand was observed. However, towards December 2021, the discovery and outbreak of the Omicron variant has triggered the retightening of border restrictions which has mounted pressures on the Group's travel business in Canada.
- Lack of international tourism resulted from the unrelieved COVID-19 pandemic and the strict travel restrictions imposed by countries during 2021.
- Revenue of the travel business decreased by approximately 58% to approximately HK\$147.9 million (2020: approximately HK\$354.2 million).
- Loss in this segment decreased by approximately 85% to approximately HK\$1.7 million, including an impairment loss on intangible assets of approximately HK\$1.1 million which was recognised for the year ended 31 December 2021 (2020: loss in this segment of approximately HK\$11.2 million, including an impairment loss on intangible assets of approximately HK\$4.3 million and allowance for expected credit losses on trade receivables of approximately HK\$2.8 million).

Prospects

- 1 With the global rising vaccination rate, the Government of Canada will open the border to all fully vaccinated travelers effective from 1 April 2022.
- 2 With such hope, Jade Travel will remain its highly efficient operation and be responsive to changes in border policies and tourist demands, including local tours and travel bubbles, to maintain its market position as one of the leading travel service and product providers in North America.
- 3 Jade Travel is also in close and frequent discussions with its business partners in Asia and China to continue to explore and expand its product offerings in preparation for the returning of international travel.



Property investment business

Business review and prospects

Business review

- In 2021, the overall decline of the commercial property market in Hong Kong had been gradually stabilised. By the end of the year, decline in vacancy rates and rental values for many of the Hong Kong's prime districts became more moderate. The Group will continue to remain steadfast in maintaining financial prudence and keep close monitoring of the commercial property market in search of potential projects, with an aim to optimising its investment portfolio and maintaining asset balance over time.
- Revenue of the property investment business for the year ended 31 December 2021 amounted to approximately HK\$3.3 million, representing a decrease of approximately 66% as compared with approximately HK\$9.7 million for the last corresponding year, 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\$13.7 million (2020: segment loss of approximately HK\$80.5 million), which was mainly due to the recognition of a fair value gain on investment properties of approximately HK\$8.1 million for the year ended 31 December 2021 (2020: fair value loss of approximately HK\$79.4 million and write-down of carrying amount of stock of properties of approximately HK\$8.9 million).



Prospects

- 1 Despite significant market disruptions, Hong Kong's economy grew by approximately 6.4% in 2021, which marked its first annual rise following two years of recession and demonstrated Hong Kong's economic resilience and gradual recovery.
- 2 Coupled with Hong Kong's strong fundamentals as a central economic hub in Asia, the Group is cautiously optimistic about the outlook of Hong Kong's office property market and will be continually attentive to market changes and explore any suitable investment opportunities.



Ponte 16 Resort, Macau

Business review and prospects

Business review

- During the year, effective pandemic prevention measures adopted by Mainland China and Macau had stabilised the situation to allow visitation from Mainland China, which culminated in an encouraging performance in accumulated gross gaming revenue (“GGR”) during the first half of the year with a peak recorded during the Labour Day Golden Week.
- Despite the outbreak of the Delta variant in Guangdong Province in June 2021, and later the discovered local COVID-19 infections in Macau in September 2021, which cooled sentiments to some extent, tourist visitation to Macau generally resumed a steady recovery during the fourth quarter of the year.
- GGR recovered to over 30% of pre-pandemic levels in six out of twelve months in 2021. For the whole year, GGR grew by approximately 43.7% yoy, signifying an encouraging market recovery and resilience.
- During 2021, Ponte 16 leveraged its resources and launched the “OLA 澳優遊” (“OLA”), a one-stop platform featuring travel information and promotions in Macau, which was collaborated with local small and medium enterprises, including merchants, hotels and hostels to provide discounts and privileges to the consumers. It has stimulated more business opportunities for the participating merchants and jointly promotes the economy of Macau Peninsula and encouraged cross-sector spending.
- The average occupancy rate of Sofitel Macau At Ponte 16 had showed an enhancement, which compared to the low occupancy rate in the last corresponding year, and achieved over 50% in 2021. For the year ended 31 December 2021, an Adjusted EBITDA* loss of approximately HK\$57.6 million was recorded (2020: approximately HK\$242.9 million).



Prospects

- 1 Ponte 16 will ride on such market opportunities by continuing to leverage the rich cultural resources of the Inner Harbour area and coordinating more local promotional activities including the OLA to strengthen its market presence while committing its part to promote Macau as a premium travel destination.
- 2 The recent announcement of the amendments to Macau’s gaming regulations has shed light on uncertain facets to the gaming industry and reflected the Macau Government to take the lead in facilitating a healthy and sustainable development. As discussions regarding the amendments continues, Ponte 16 and the Group will remain in close communications with the Macau Government and formulate its strategies accordingly.



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

Appendix



Consolidated statement of profit or loss

HK\$'000	For the year ended 31 December	
	2021	2020
Revenue	151,130	363,831
Cost of sales	(142,298)	(346,369)
Gross profit	8,832	17,462
Other revenue and gain	4,649	7,106
Fair value gain/(loss) on investment properties	8,100	(79,400)
Gain arising on change in fair value of financial assets at fair value through profit or loss	87,725	131,119
Loss arising on disposal of financial assets at fair value through other comprehensive income	(143)	-
Administrative expenses	(46,479)	(50,411)
Other operating expenses	(1,659)	(16,029)
Profit from operations	61,025	9,847
Finance costs	(8,195)	(6,629)
Share of results of joint ventures	683	571
Share of results of associates	(48,654)	(145,725)
Profit/(loss) before taxation	4,859	(141,936)
Taxation	-	-
Profit/(loss) for the year	4,859	(141,936)
Profit/(loss) for the year attributable to owners of the Company	4,859	(141,936)
Earnings/(loss) per share – Basic and diluted	0.10 HK cents	(2.88) HK cents

Consolidated statement of financial position

HK\$'000	As at 31 December	
	2021	2020
Non-current assets	950,505	973,523
Property, plant and equipment	247,675	270,008
Intangible assets	9,855	2,464
Investment properties	138,600	130,500
Interests in associates	547,052	556,506
Interests in joint ventures	7,323	6,640
Financial assets at fair value through other comprehensive income	-	7,405
Current assets	438,325	413,591
Stock of properties	111,400	110,900
Trade and other receivables	9,952	15,311
Financial assets at fair value through profit or loss	266,804	169,435
Pledged bank deposits	558	551
Cash and cash equivalents	49,611	117,394
Current liabilities	320,688	323,523
Trade and other payables	17,282	19,606
Bank loans	302,500	302,500
Lease liabilities	584	773
Financial guarantee contract	322	644



Consolidated statement of financial position *(cont.)*

HK\$'000	As at 31 December	
	2021	2020
Non-current liabilities	60,497	61,235
Lease liabilities	336	911
Loan from a director and controlling shareholder	60,000	60,000
Financial guarantee contract	161	324
Net assets	1,007,645	1,002,356
Capital and reserves		
Share capital	49,265	49,265
Reserves	958,380	953,091
Total equity	1,007,645	1,002,356



Thank you

SUCCESS UNIVERSE GROUP LIMITED

Units 1003-04A, 10/F.,
Tower 1, Admiralty Centre,
18 Harcourt Road, Hong Kong

Tel: (852) 3101 8668

Fax: (852) 3102 9078

Website: www.successug.com

