



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00487)



2022 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.

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Operational highlights

- Revenue was approximately HK\$54.5 million and gross profit was approximately HK\$5.3 million for the first half of 2022
- Loss attributable to owners of the Company increased to approximately HK\$125.5 million which was mainly attributable to the recognition of an unrealised fair value loss on the Group's overseas listed equity securities of approximately HK\$97.0 million
- Supported by the steady recovery of the international tourism industry, revenue of the travel business increased by approximately 59% to approximately HK\$53.2 million. Segment profit was approximately HK\$3.7 million, including a reversal of impairment loss on intangible assets of approximately HK\$3.6 million which was recognised for the reporting period
- Revenue of the property investment business amounted to approximately HK\$1.3 million, while segment profit was approximately HK\$3.1 million, including the recognition of a fair value gain on investment properties of approximately HK\$1.1 million
- The Group's shared loss of the associates relating to Ponte 16, the Group's flagship investment project, decreased by approximately 68% to approximately HK\$9.6 million. An Adjusted EBITDA* loss of approximately HK\$1.0 million was recorded

Key financial data

	For the year ended 31 December	For the six months ended 30 June (Unaudited)	
	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from operations	151,130	54,536	35,384
Travel business	147,856	53,216	33,437
Property investment business	3,274	1,320	1,947
Reportable segment profit	12,013	6,727	10,134
Share of results of associates relating to Ponte 16	(48,654)	(9,605)	(30,274)
(Loss)/profit arising on change in fair value of financial assets at fair value through profit or loss	87,725	(97,020)	(7,109)
(Loss)/profit for the period attributable to owners of the Company	4,859	(125,465)	(52,764)
(Loss)/earnings per share	0.10 HK cents	(2.55) HK cents	(1.07) HK cents



Financial performance by segment

	For the year ended 31 December	For the six months ended 30 June	
	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Travel business			
Revenue	147,856	53,216	33,437
Segment profit/(loss)	(1,654)	3,670	(1,854)
Property investment business			
Revenue	3,274	1,320	1,947
Segment profit	13,667	3,057	11,988
Ponte 16			
Adjusted EBITDA* loss	(57,600)	(1,000)	(41,400)
Share of results of associates relating to Ponte 16	(48,654)	(9,605)	(30,274)



*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

- In April 2022, the government of Canada announced further relaxation of its border control measures, including, inter alia, the removal of mandatory quarantine and the pre-arrival test for fully vaccinated travellers. As a result, the travel demand from business and international students had shown a steady rise, most notably in May and June 2022.
- Due to the well-established network with all airlines operating in Canada and its online platform which provides round-the-clock customer service, Jade Travel was able to welcome the market recovery.
- Benefitting from the re-opening of Canada's border, the revenue of the travel business segment increased by approximately 59% to approximately HK\$53.2 million (2021: approximately HK\$33.4 million)
- Profit of approximately HK\$3.7 million was recorded in this segment (2021: loss of approximately HK\$1.9 million), including a reversal of impairment loss on intangible assets of approximately HK\$3.6 million (2021: an impairment loss of approximately HK\$1.5 million)

Prospects

- 1 The global tourism industry has been on the track to recovery since the end of 2021. As encouraged by the steady increase in the number of flights and air ticket sales, Jade Travel shall continue to expand and enhance its product offerings to serve the rising customer demand.
- 2 It is expected that the demand for leisure outbound travelling in the North American market will continue to improve, and Jade Travel's long-standing focus on such market will enable it to be one of the first to benefit from industry revival.



Property investment business

Business review and prospects

Business review

- During the first half of 2022, as affected by the new wave of COVID-19 outbreak and the ongoing social distancing policies, the demand for commercial property in Hong Kong remained weak. Due to the fluctuations in global stock markets and the hiking interest rates, purchase demand for properties was further cooled down. However, the recent falling rent rate and net absorption seemed to have plateaued in light of the gradual containment and stabilisation of the fifth wave of pandemic outbreak.
- Revenue of the property investment business for the six months ended 30 June 2022 amounted to approximately HK\$1.3 million (2021: approximately HK\$1.9 million).
- Segment profit was approximately HK\$3.1 million (2021: approximately HK\$12.0 million), including the recognition of a fair value gain on investment properties of approximately HK\$1.1 million for the reporting period (2021: approximately HK\$9.6 million).



Prospects

- 1 The continual containment of the fifth wave of COVID-19 outbreak and the recent loosening of border control measures sowed hope for the commercial property market of Hong Kong.
- 2 The Group still believes in the long-term prospects of Hong Kong as a financial hub and will closely monitor the market and explore opportunities to optimise its investment portfolio for long-term capital appreciation.



Ponte 16 Resort, Macau

Business review and prospects

Business review

- Macau's economy was seriously challenged during the first half of 2022 due to the outbreak of the Omicron variant. The strict prevention and control measures, which were promptly implemented in both Mainland China and Macau, had directly affected the visitation from Mainland China. This wave of Omicron outbreak was gradually under control in Mainland China which made travelling during the Labour Day Golden Week possible in May 2022. Unfortunately, Macau reported local Omicron cases soon after, which once again put a halt not only on Macau's gaming and hospitality industries but also its economy.
- For the first half of 2022, accumulated Macau's gross gaming revenue amounted to approximately MOP26.3 billion, representing a decrease of 46.4% as compared with the same period of last year, attributable to the outbreak-induced border closures. Total tourist visitation numbers from January to June 2022 amounted to approximately 3.5 million, representing a decrease of 11.8% compared with the same period of last year.
- During the reporting period, Ponte 16 continued to operate the “OLA澳優遊” (“OLA”), the one-stop platform featuring travel information and promotions in Macau. Ponte 16 continued to collaborate with local enterprises, including, inter alia, merchants and hotels, utilising the strong cultural resources of the Inner Harbour Area and its surrounding areas to provide discounts and privileges to its customers via OLA.
- As at 30 June 2022, the casino of Ponte 16 had 109 gaming tables, consisting of 101 mass tables and 8 high-limit tables. The average occupancy rate of Sofitel Macau At Ponte 16 was approximately 46% for the first half of 2022. For the six months ended 30 June 2022, an Adjusted EBITDA* loss of approximately HK\$1.0 million was recorded (2021: approximately HK\$41.4 million).



Prospects

- 1 In alignment with the Central Government's initiative to develop the Greater Bay Areas, Macau has been diligently developing a diverse portfolio of tourist attractions and enhancing its infrastructure network. Ponte 16 has been contributing to this goal persistently over the years and leveraging its cultural resources in the Inner Harbour Area to consolidate its unique competitive advantages in Macau.
- 2 The implementation of the New Gaming Law shows Macau government's strong determination for the healthy and long-term development of the gaming industry. Looking ahead, Ponte 16 will devise its development strategies in alignment with the latest regulations and be well-prepared to embrace the recovery of Macau's economy.



*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)	
	2022 HK\$'000	2021 HK\$'000
Revenue	54,536	35,384
Cost of sales	(49,240)	(31,120)
Gross profit	5,296	4,264
Other revenue and gains	2,492	2,745
Fair value gain on investment properties	1,100	9,600
Loss arising on change in fair value of financial assets at fair value through profit or loss	(97,020)	(7,109)
Administrative expenses	(21,677)	(23,362)
Other operating expenses	(1,713)	(4,950)
Loss from operations	(111,522)	(18,812)
Finance costs	(4,658)	(4,010)
Share of results of joint ventures	320	332
Share of results of associates	(9,605)	(30,274)
Loss before taxation	(125,465)	(52,764)
Taxation	-	-
Loss for the period	(125,465)	(52,764)
Loss for the period attributable to owners of the Company	(125,465)	(52,764)
Loss per share – Basic and diluted	(2.55) HK cents	(1.07) HK cents

Consolidated statement of financial position

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 HK\$'000
Non-current assets	934,792	950,505
Property, plant and equipment	241,415	247,675
Intangible assets	8,587	9,855
Investment properties	139,700	138,600
Interests in associates	537,447	547,052
Interests in joint ventures	7,643	7,323
Current assets	336,917	438,325
Stock of properties	111,000	111,400
Trade and other receivables	14,934	9,952
Financial assets at fair value through profit or loss	171,082	266,804
Pledged bank deposits	561	558
Cash and cash equivalents	39,340	49,611
Current liabilities	284,700	320,688
Trade and other payables	25,478	17,282
Bank loans	258,500	302,500
Lease liabilities	400	584
Financial guarantee contract	322	322



Consolidated statement of financial position *(cont.)*

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 HK\$'000
Non-current liabilities	105,152	60,497
Lease liabilities	152	336
Loan from a director and controlling shareholder	105,000	60,000
Financial guarantee contract	-	161
Net assets	881,857	1,007,645
Capital and reserves		
Share capital	49,265	49,265
Reserves	832,592	958,380
Total equity attributable to owners of the Company	881,857	1,007,645



Thank you

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