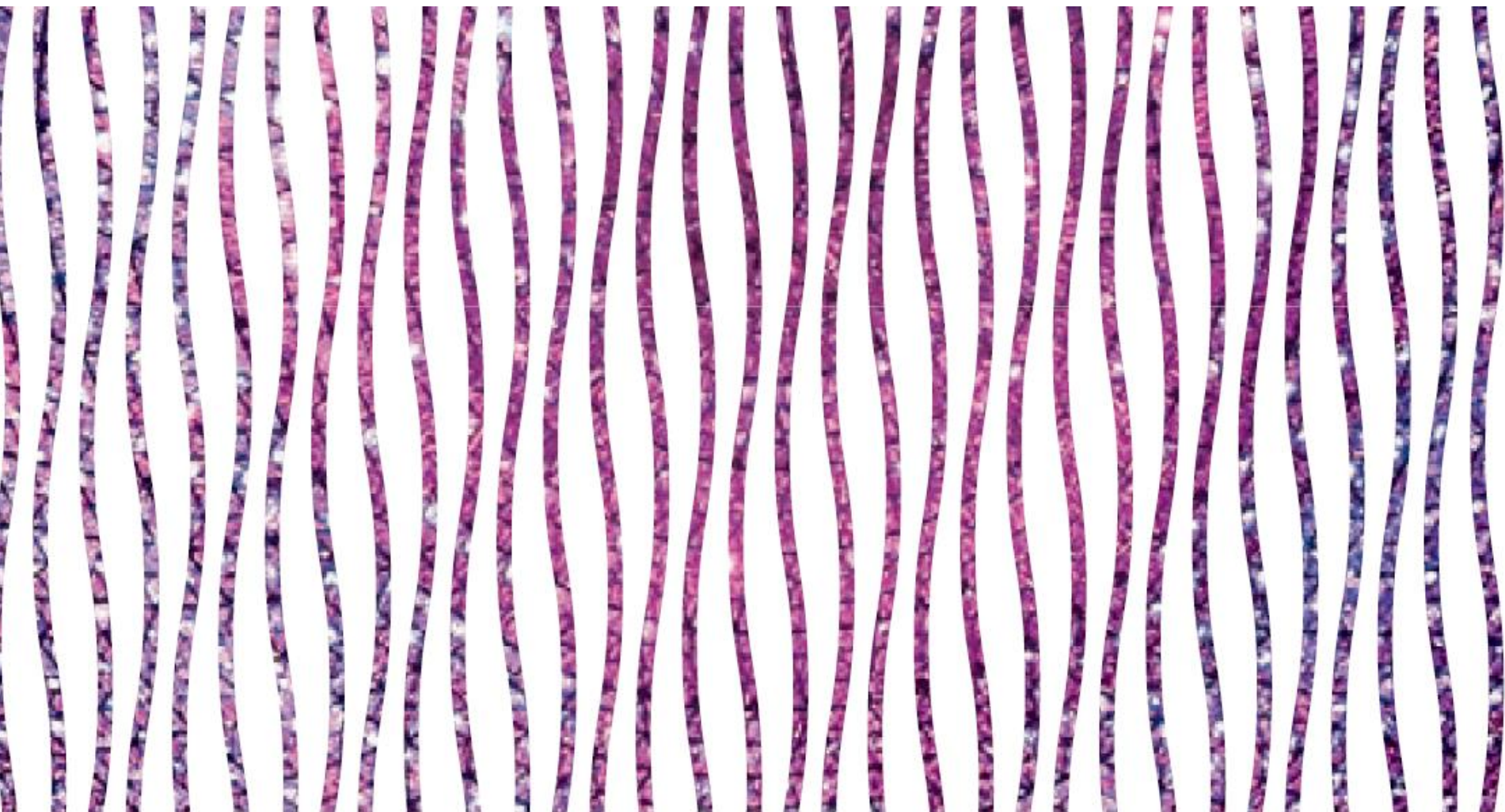




SUCCESS UNIVERSE GROUP LIMITED

(Stock code: 00487)

2016 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 was HK\$573.1 million and gross profit was HK\$26.1 million for 2016
- Loss attributable to owners of the Company was recorded HK\$31.0 million for 2016
- Travel business recorded gross profit margin improvement with the strategic product diversification and communications platform enhancement. Revenue was HK\$562.7 million for 2016
- With the enriched entertainment mix and improved operational efficiencies, the Adjusted EBITDA* of Ponte 16, the Group's flagship investment project, was HK\$277.4 million for 2016 and its decrease was significantly narrowed
- A new segment targeting the property investment business was established with an aim of broadening the Group's revenue stream



*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	
	2016	2015
Revenue	573,132	1,010,669
Lottery business	8,284	69,591
Travel business	562,676	941,078
Property investment business	2,172	-
Shared profit of the associates relating to Ponte 16	17,513	29,288
Loss for the year	(37,065)	(11,643)
Loss attributable to owners of the Company	(30,977)	(6,670)
Loss per share	(0.63) HK cents	(0.14) HK cents



Financial performance by segment

HK\$'000	For the year ended 31 December	
	2016	2015
Major operations/investment		
Travel business		
Revenue	562,676	941,078
Segment loss	(7,896)	(6,072)
Lottery business		
Revenue	8,284	69,591
Segment loss	(20,766)	(19,143)
Property Investment business		
Revenue	2,172	-
Segment profit	1,293	-
Ponte 16		
Adjusted EBITDA* of Ponte 16	277,400	303,700
Shared profit of the associates relating to Ponte 16	17,513	29,288



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

Travel business – Jade Travel

Business review and prospects

Business review

- Jade Travel deepened operations in Canada
 - Offered travel packages and personalized planning services to retail customers
 - Launched new online booking service platforms – B2C & B2B
 - Set up 24-hour customer hotline
- Revenue of the segment decreased to HK\$562.7 million in 2016 (2015: HK\$941.1 million)
- Loss in this segment posted HK\$7.9 million (2015: HK\$6.1 million) including an impairment loss on certain assets of HK\$3.2 million (2015: HK\$2.2 million)



Prospects

- 1 Further developing high-margin retail business to capture the improving sentiment and to uplift profitability
- 2 Establishing a new brand to reinforce its market share in the mature corporate and wholesale businesses
- 3 Opening a new office in Guangzhou as a hub for the future development in China market



Lottery business

Business review and prospects

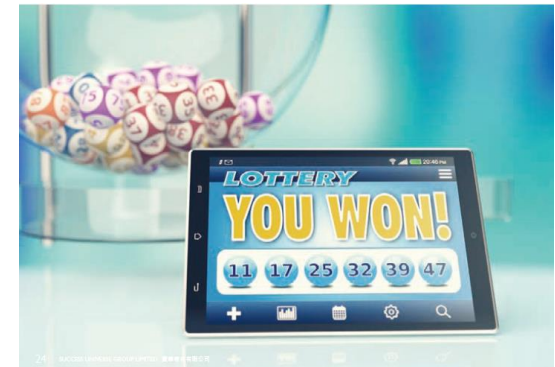
Business review

- Temporary and voluntary suspension of paperless lottery sales agency services pursuant to the “Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet”
- Revenue of the lottery business amounted to HK\$8.3 million, representing a decrease of 88% as compared with HK\$69.6 million for the last corresponding year
- Loss of HK\$20.8 million was recorded in the segment in 2016



Prospects

- 1 Lottery sales in China going paperless become a strong growth momentum of the industry under the central government's internet plus strategy
- 2 Actively seeking business opportunities to re-tap into the lottery market with its established network and resources, such as physical sales channels



Property investment business

Business review and prospects

Business review

- Completed acquisition of a property in Admiralty Centre, Hong Kong at a consideration of HK\$175.0 million in August 2016
- Revenue of the property investment business amounted to HK\$2.2 million
- Segment profit was HK\$1.3 million



Prospects

- 1 Entered into a preliminary sale and purchase agreement to acquire a commercial property in February 2017. Acquisition is expected to be completed in April 2017
- 2 Strategical expansion of its property investment portfolio to provide a steady recurring rental income and strengthen its capital base to support the Group's further development



Ponte 16 Resort Macau

Business review and prospects

Business review

- Started refurbishment of hotel rooms to bring a new level of visualization and comfort to its premium guests
- Introduced Macau's first handy travel smartphone service
- Introduced various family entertainments, including exclusive 3D art jam, messy drawing workshop and the Adventure Bouncer Zone
- Adjusted EBITDA* for the reporting year was HK\$277.4 million (2015: HK\$303.7 million)
- Shared profit of the associates relating to Ponte 16, the flagship investment project of the Group, was HK\$17.5 million



Prospects

- 1 Recovery momentum in GGR growth gives positive signals for long-term growth of Macau gaming market and Macau economy
- 2 With the determination to transform Macau into the “World Centre of Tourism and Leisure”, a series of major infrastructure projects will be progressively unveiled by the Macau Government, making Macau more accessible and competitive in attracting tourists
- 3 Ponte 16 will continue to enhance its entertainment mix by introducing new excitements to visitors during their stay in Macau



Appendix



Consolidated statement of profit or loss

HK\$'000	For the year ended 31 December	
	2016	2015
Revenue	573,132	1,010,669
Cost of sales	(547,030)	(973,492)
Gross profit	26,102	37,177
Other revenue and gains	23,569	26,216
Administrative expenses	(97,017)	(95,507)
Selling expenses	(2,463)	(6,496)
Other operating expenses	(3,185)	(2,247)
Loss from operations	(52,994)	(40,857)
Finance costs	(2,079)	(601)
Share of results of joint ventures	495	527
Share of results of associates	17,513	29,288
Loss before taxation	(37,065)	(11,643)
Taxation	-	-
Loss for the year	(37,065)	(11,643)
Loss of the year attributable to Owners of the Company	(30,977)	(6,670)
Non-controlling interests	(6,088)	(4,973)
Loss per share – Basic and diluted	(0.63) HK cents	(0.14) HK cents



Consolidated statement of financial position

HK\$'000	As at 31 December	
	2016	2015
Non-current assets	785,138	1,004,168
Property, plant and equipment	37,904	22,138
Intangible assets	8,021	10,833
Investment property	191,708	-
Interests in associates	543,621	967,108
Interests in joint ventures	3,884	4,089
Current assets	403,296	149,111
Amount due from an associate	294,420	-
Trade and other receivables	35,014	56,832
Pledged bank deposits	9,353	9,598
Cash and cash equivalents	64,509	81,784
Tax recoverable	-	897
Current liabilities	150,349	49,817
Trade and other payables	17,604	29,483
Deferred income	245	339
Bank loan	122,500	-
Financial guarantee contract	10,000	19,995



Consolidated statement of financial position (cont.)

HK\$'000	As at 31 December	
	2016	2015
Non-current liabilities	31,728	57,790
Deferred income	1,060	1,075
Loans payables	30,668	26,306
Financial guarantee contract	-	10,000
Deferred tax liabilities	-	409
Loan from a director and controlling shareholder	-	20,000
Net assets	1,006,357	1,045,672
Capitals and reserves		
Share capital	49,265	49,265
Reserves	984,269	1,016,923
Total equity attributable to Owners of the Company	1,033,534	1,066,188
Non-controlling interests	(27,177)	(20,516)
Total equity	1,006,357	1,045,672



Thank you

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