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SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

INTERIM RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020 together with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Unaudited	
		For the six months ended	
	<i>Note</i>	30/6/2020	30/6/2019
		HK\$'000	HK\$'000
Revenue	3	333,850	663,243
Cost of sales		<u>(323,214)</u>	<u>(646,626)</u>
Gross profit		10,636	16,617
Other revenue and gain	4	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	5(c)	<u>(12,528)</u>	<u>(60)</u>
Loss from operations		(65,209)	(3,612)
Finance costs	5(a)	(3,349)	(4,660)
Share of results of joint ventures		333	381
Share of results of associates		<u>(64,036)</u>	<u>56,595</u>
(Loss)/profit before taxation	5	(132,261)	48,704
Taxation	6	<u>–</u>	<u>–</u>
(Loss)/profit for the period		<u>(132,261)</u>	<u>48,704</u>
(Loss)/profit for the period attributable to owners of the Company		<u>(132,261)</u>	<u>48,704</u>
(Loss)/earnings per share			
— Basic and diluted	8	<u>(2.68) HK cents</u>	<u>0.99 HK cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2020

	Unaudited	
	For the six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
(Loss)/profit for the period	(132,261)	48,704
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(2,665)	2,043
Loss arising on change in fair value of financial assets at fair value through other comprehensive income	(387)	–
Total other comprehensive (loss)/income for the period, net of tax	<u>(3,052)</u>	<u>2,043</u>
Total comprehensive (loss)/income for the period	<u>(135,313)</u>	<u>50,747</u>
Total comprehensive (loss)/income for the period attributable to owners of the Company	<u>(135,313)</u>	<u>50,747</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	<i>Note</i>	Unaudited at 30/6/2020 <i>HK\$'000</i>	Audited at 31/12/2019 <i>HK\$'000</i>
Non-current assets			
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	–
		<u>994,882</u>	<u>1,113,351</u>
Current assets			
Stock of properties		110,500	119,750
Trade and other receivables	9	29,509	42,827
Financial assets at fair value through profit or loss		51,840	–
Pledged bank deposits		551	10,355
Cash and cash equivalents		160,197	98,752
		<u>352,597</u>	<u>271,684</u>
Current liabilities			
Trade and other payables	10	31,691	39,424
Bank loans		262,500	194,000
Lease liabilities		2,814	5,319
Financial guarantee contract		644	644
		<u>297,649</u>	<u>239,387</u>
Net current assets		<u>54,948</u>	<u>32,297</u>
Total assets less current liabilities		<u>1,049,830</u>	<u>1,145,648</u>

	Unaudited at 30/6/2020 HK\$'000	Audited at 31/12/2019 HK\$'000
Non-current liabilities		
Lease liabilities	239	421
Loan from a director and controlling shareholder	40,000	–
Financial guarantee contract	645	968
	<u>40,884</u>	<u>1,389</u>
Net assets	<u><u>1,008,946</u></u>	<u><u>1,144,259</u></u>
Capital and reserves		
Share capital	49,265	49,265
Reserves	959,681	1,094,994
	<u>1,008,946</u>	<u>1,144,259</u>
Total equity attributable to owners of the Company	<u><u>1,008,946</u></u>	<u><u>1,144,259</u></u>

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standards (“HKAS(s)”) 34, “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019 as contained in the Company’s Annual Report 2019 (the “Annual Report 2019”).

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements are denominated in Hong Kong dollar (“HK\$”). Unless otherwise specifically stated, all amounts are presented in thousand.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2019, except for the impact of the adoption of the new and revised HKASs, HKFRSs, amendments and interpretations described below.

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s financial year beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the chief operating decision maker (the “CODM”) for the purposes of resource allocation and performance assessment.

The CODM consider the business from both geographic and service perspective.

The Group has presented the following two reportable segments:

- Travel business: sales of air tickets and provision of travel-related services.
- Property investment business: receiving rental income from leasing office premises and sale of properties in Hong Kong.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8 “Operating Segments”, segment information disclosed in these condensed consolidated financial statements has been prepared in a manner consistent with the information used by the Group’s CODM for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors’ emoluments, share of results of associates and joint ventures, gain arising on change in fair value of financial assets at fair value through profit or loss and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, management fee income from an associate, interest income and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

All assets are allocated to reportable segments other than amount due from an associate, interests in associates and joint ventures. Unallocated corporate assets mainly included part of the property, plant and equipment, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as well as cash and cash equivalents of the central administration companies.

All liabilities are allocated to reportable segments other than corporate liabilities. Unallocated corporate liabilities mainly include financial guarantee contracts, loan from a director and controlling shareholder and part of bank loans and other payables borne by the central administration companies.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Travel		Property Investment		Total	
	Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	<u>328,063</u>	<u>650,260</u>	<u>5,787</u>	<u>12,983</u>	<u>333,850</u>	<u>663,243</u>
Reportable segment (loss)/profit	<u>(5,509)</u>	<u>(1,170)</u>	<u>(58,435)</u>	<u>19,622</u>	<u>(63,944)</u>	<u>18,452</u>
Share of results of joint ventures					333	381
Share of results of associates					(64,036)	56,595
Gain arising on change in fair value of financial assets at fair value through profit or loss					13,456	–
Unallocated corporate income					1,182	733
Unallocated corporate expenses					(17,826)	(24,803)
Finance costs					(1,426)	(2,654)
Consolidated (loss)/profit before taxation					<u>(132,261)</u>	<u>48,704</u>
Taxation					<u>–</u>	<u>–</u>
Consolidated (loss)/profit for the period					<u>(132,261)</u>	<u>48,704</u>

	Travel		Property Investment		Total	
	Unaudited at	Audited at	Unaudited at	Audited at	Unaudited at	Audited at
	30/6/2020	31/12/2019	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	74,317	89,352	572,199	565,967	646,516	655,319
Unallocated corporate assets						
— Interests in associates					559,795	624,188
— Interests in joint ventures					6,402	6,069
— Corporate assets					134,766	99,459
					1,347,479	1,385,035
Reportable segment liabilities	26,300	33,186	165,575	137,154	191,875	170,340
Unallocated corporate liabilities						
— Corporate liabilities					146,658	70,436
					338,533	240,776

(b) Other segment information

	Travel		Property Investment		Other corporate entities		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Interest income	–	–	1	–	83	49	84	49
Depreciation:								
— owned property, plant and equipment	(289)	(238)	–	–	(1,072)	(1,449)	(1,361)	(1,687)
— right-of-use assets	(246)	(138)	–	–	(2,394)	(2,381)	(2,640)	(2,519)
Impairment loss recognised on intangible assets	(3,278)	(60)	–	–	–	–	(3,278)	(60)
Fair value (loss)/gain on investment properties	–	–	(53,800)	7,100	–	–	(53,800)	7,100
Write-down of stock of properties	–	–	(9,250)	–	–	–	(9,250)	–
Finance costs	(11)	(5)	(1,912)	(2,001)	(1,426)	(2,654)	(3,349)	(4,660)
Additions to non-current assets*	101	42	–	–	333	51	434	93

* Additions to non-current assets only include the additions to property, plant and equipment but excluded right-of-use assets for both periods.

(c) Disaggregation of revenue

	Unaudited	
	For the six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
Revenue from contract with customers:		
<i>Recognised at a point in time</i>		
Travel business:		
Sales of air tickets	323,808	622,908
Travel and related service fee income	4,255	27,352
	<u>328,063</u>	<u>650,260</u>
Property investment business:		
Sales of properties	–	8,490
	<u>328,063</u>	<u>658,750</u>
Revenue from other sources:		
Gross rental income	5,787	4,493
	<u>5,787</u>	<u>4,493</u>
Total revenue	<u><u>333,850</u></u>	<u><u>663,243</u></u>

4. OTHER REVENUE AND GAIN

	Unaudited	
	For the six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
Other Revenue:		
Interest income on bank deposits	84	49
Interest income from financial assets at fair value through other comprehensive income	375	–
Management fee income	–	357
Gain on disposal of a subsidiary	–	8,036
Government subsidy (<i>note</i>)	402	–
Other income	1,488	773
	<u>2,349</u>	<u>9,215</u>
Other Gain:		
Amortisation of financial guarantee contract	323	322
	<u>323</u>	<u>322</u>
Total	<u><u>2,672</u></u>	<u><u>9,537</u></u>

Note:

During the current interim period, the Group recognised government grant of approximately HK\$402,000 in respect of COVID-19-related subsidies which is related to Employment Support Scheme provided by the Hong Kong government.

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting) as follows:

	Unaudited	
	For the six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	3,296	3,652
Interest on loan from a director and controlling shareholder	11	932
Interest on lease liabilities	42	76
	<u>3,349</u>	<u>4,660</u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	12,391	19,037
Contributions to defined contribution retirement plan	822	1,053
	<u>13,213</u>	<u>20,090</u>
(c) Other operating expenses		
Write-down of stock of properties	9,250	–
Impairment losses recognised on intangible assets	3,278	60
	<u>12,528</u>	<u>60</u>
(d) Other items		
Auditors' remuneration	600	600
Depreciation:		
— owned property, plant and equipment	1,361	1,687
— right-of-use assets	2,640	2,519
Gross rental income from investment properties	(5,787)	(4,493)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	490	507
Operating lease rentals		
— short-term lease	1,055	1,614
— low-value assets	18	151
	<u>1,073</u>	<u>1,765</u>

6. TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited	
	For the six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
Current tax	—	—

On 21 March 2018, the Legislative Council of the Hong Kong Special Administrative Region of The People's Republic of China ("PRC") passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of the corporations will be taxed at 8.25% and assessable profits above HK\$2 million will be taxed at 16.5%.

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2020 and 2019 as the Group has no estimated assessable profits for the periods.

Canadian subsidiaries are subject to Canadian Corporate Income Tax which comprises federal and provincial income taxes. The net federal income tax is calculated at 15% (2019: 15%) and the provincial income tax is calculated at the rates prevailing in the relevant provinces. No provision for Canadian Corporate Income Tax has been made for the periods ended 30 June 2020 and 2019 as the Group has no assessable profits arising in Canada.

PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2019: 25%). No provision for PRC Enterprise Income Tax has been made for both periods as the Group has no assessable profits arising in the PRC.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

No dividend payable to owners of the Company attributable to the previous financial year was approved and paid during the period.

8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Unaudited	
	For the six months ended	
	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
(Loss)/profit:		
(Loss)/profit for the period attributable to the owners of the Company	<u>(132,261)</u>	<u>48,704</u>
	<i>'000</i>	<i>'000</i>
	<i>shares</i>	<i>shares</i>
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	<u>4,926,491</u>	<u>4,926,491</u>

Diluted (loss)/earnings per share for the periods ended 30 June 2020 and 2019 was the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables, the aging analysis for trade receivables, based on the due dates and net of impairment loss, is as follows:

	Unaudited At 30/6/2020 <i>HK\$'000</i>	Audited At 31/12/2019 <i>HK\$'000</i>
Current	6,251	27,735
31 to 60 days overdue	1,781	2,826
61 to 90 days overdue	3,192	665
Over 90 days overdue	5,668	2,255
	<hr/>	<hr/>
Trade receivables	16,892	33,481
Other receivables	1,056	2,099
Prepayments and deposits	11,561	7,247
	<hr/>	<hr/>
	29,509	42,827
	<hr/> <hr/>	<hr/> <hr/>

All of the trade and other receivables are expected to be recovered within one year.

Included in trade receivables, the lease receivables of approximately HK\$525,000 (31 December 2019: approximately HK\$487,000) arise from properties rental income.

The Group normally allows an average credit period of 30 days to customers of travel business (31 December 2019: average credit period of 30 days). For the customer of property investment business, no credit period was granted.

10. TRADE AND OTHER PAYABLES

Included in trade and other payables, the aging analysis for trade payables, based on the due dates, is as follows:

	Unaudited At 30/6/2020 <i>HK\$'000</i>	Audited At 31/12/2019 <i>HK\$'000</i>
Current	7,009	22,537
31 to 60 days	1,376	583
61 to 90 days	2,235	118
Over 90 days	3,681	444
	<hr/>	<hr/>
Trade payables	14,301	23,682
Accrued charges and other payables	17,390	15,742
	<hr/>	<hr/>
	31,691	39,424
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MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In early 2020, the massive outbreak of COVID-19 has constituted an unprecedented challenge to the global economy, along with the prolonged trade disputes and geo-political tension. The spread of the pandemic has inevitably halted all countries, which has led to a drastic global economic contraction, and has brought heavy pressures on businesses across all sectors, especially hotel, tourism and retail industries. China's national gross domestic product for the first quarter of 2020 recorded a decline while Macau's gross gaming revenue ("GGR") decreased by 77.4% year-on-year ("yoy") for the first half of 2020. The influences brought by the pandemic would weigh negatively for a certain period, the Group has implemented cost-saving measures to enhance its operational efficiency and ensure its business is well placed to take advantage of an economic recovery when it occurs.

Nevertheless, the impact on the equity markets in Hong Kong and the United States were less severe during the reporting period. The Hang Seng Index declined by approximately 13% to 24,427 and the Dow Jones Industrial Average Index dropped by approximately 10% to 25,812 while Nasdaq Composite Index rose by approximately 12% to 10,058 for the first half of 2020. The Group diversified its investments into listed equity securities and acquired overseas listed equity securities during the first half of 2020 to utilise the Group's available resources.

Results

For the six months ended 30 June 2020, revenue of the Group was approximately HK\$333.9 million, decreased by approximately 50% from approximately HK\$663.2 million for the same period of 2019. Gross profit was approximately HK\$10.6 million, decreased by approximately 36% from approximately HK\$16.6 million for the last corresponding period. The Group's shared loss of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates"), for the first half of 2020 was approximately HK\$64.0 million, whereas a profit of the Associates of approximately HK\$56.6 million was shared by the Group for the last corresponding period. Loss attributable to owners of the Company for the reporting period amounted to approximately HK\$132.3 million (2019: profit of approximately HK\$48.7 million), whilst loss per share was 2.68 HK cents (2019: earnings per share of 0.99 HK cents).

The turnaround from profit to loss was mainly attributable to (i) the Group's share of a substantial loss of the Associates, as a result of the outbreak of COVID-19 since early 2020 which has severely affected the financial performance of the Associates; and (ii) a fair value loss on the Group's investment properties as well as write-down of carrying amount of the Group's stock of properties, notwithstanding that a fair value gain on the Group's overseas listed equity securities acquired during the reporting period was recorded.

Interim Dividend

The directors of the Company (“Director(s)”) do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

Review of Operations

Travel Business

The Group operates Jade Travel Ltd. (“Jade Travel”), being one of the largest travel agencies in Canada, which has dedicated segments targeting wholesale and retail markets respectively to provide customers with satisfying and professional services.

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. With the closure of tourist attractions and global aviation due to travel restrictions and cities lockdown, the significant decrease in worldwide passenger numbers brings tremendous pressures on international travel and tourism industries, and resulted in massive revenue drop in travel and retail sectors in Canada.

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, particularly cross border travels during the reporting period. With its remarkable experience and expertise, Jade Travel is committed to provide reliable and professional services to customers, by offering assistance in any possible way since the start of the outbreak. Jade Travel also supports the local government’s control measures and has adopted all necessary protective measures to ensure a safe and clean environment for its customers and employees.

Due to the severe disruptions caused by COVID-19, revenue of the travel business segment decreased by approximately 50% to approximately HK\$328.1 million, from approximately HK\$650.3 million for the last corresponding period. Loss in this segment increased by approximately 371% to approximately HK\$5.5 million from approximately HK\$1.2 million for the last corresponding period, 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.

Property Investment Business

Hong Kong’s commercial property market has recorded fewer transactions since the second half of 2019 due to the 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. The Group remains attentive to every challenge and economic uncertainties but believes that the rental income would be stabilised once the pandemic is over.

Revenue of the property investment business for the reporting period amounted to approximately HK\$5.8 million, representing a decrease of approximately 55% as compared with approximately HK\$13.0 million for the last corresponding period, while 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).

Investment Project — Ponte 16

COVID-19 emerged in Macau during the first quarter of 2020. To ensure public health and safety, the Macau government has taken immediate measures to prevent and control widespread of the novel coronavirus disease, including suspension of all casino operations for 15 days in February 2020. The outbreak was successfully under control with the swift actions having been taken by the Macau government. Nevertheless, entry restrictions, curtailment of transportation channels and quarantine requirements led to the fall of tourist arrivals over 80% in the first half of 2020. Visitors to Macau are required to undertake mandatory 14 days' quarantine which holds back the market sentiment. The considerable decrease in tourist traffic has even led to a steep decrease in casino gaming revenue. Macau's accumulated GGR for the first half of 2020 fell by approximately 77.4% yoy to approximately MOP33.7 billion while both the mass and VIP segments suffered.

With the suspension of group and individual travel visas from the Mainland, the pandemic is inevitably hitting Ponte 16's gaming performance. 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. An Adjusted EBITDA* loss of approximately HK\$93.3 million was recorded for the reporting period, whereas the Adjusted EBITDA* was approximately HK\$206.1 million for the last corresponding period. Subsequent to the reporting period, an additional shareholder's loan in proportion to the Group's attributable interest of approximately HK\$39.2 million had been provided by the Group to the Associates which was mainly used to finance the daily operations of the Associates.

With the concerns over the COVID-19 pandemic, Ponte 16 has been enhancing its operational efficiency by adopting cost control measures during the reporting period. In addition to streamlining operations, Ponte 16 has always placed the health and safety of its guests and employees as its top priority. It has proactively implemented a series of precautionary measures to maintain high level of safety and hygiene standards to safeguard its guests and employees from the risk of infection.

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

Hospitality is one of the sectors which is hardest hit by the unprecedented pandemic. Sofitel Macau At Ponte 16 has, however, remained steadfast in maintaining its high quality of service with its widely recognised efforts. As of 30 June 2020, the hotel has received 8 honourable international and regional awards including “Loved by Guests Award 2020” by Hotels.com, “China’s Best Destination Hotel” by the 20th Golden Horse Awards of China, “Macau Green Hotel Award — Bronze” by the Environmental Protection Bureau of Macau, “Asia’s Top Wellness Spa” and “Asia’s Top Spa Hotels & Resorts” by 2019-2020 NOW Travel Asia Awards. Le Chinois was awarded “U Favourite Food Awards 2020 — My Favourite Hotel Restaurant Award (Macau)” by U Magazine and “2019 Diazhong Dianping Customer Review Awards” by Diazhong Dianping alongside Mistral Restaurant.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2020, the Group had net current assets of approximately HK\$54.9 million (31 December 2019: approximately HK\$32.3 million) and net assets of approximately HK\$1,008.9 million (31 December 2019: approximately HK\$1,144.3 million). There was no material change in the Group’s funding and treasury policies as disclosed in the annual report of the Company for the year ended 31 December 2019, and the Group has no hedging policy with respect to the foreign exchange exposure. The Group’s transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”, being the Chairman of the board of Directors, an executive Director and a controlling shareholder of the Company), provided a HK\$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK\$290 million on 14 April 2009 (the “Revised Mr. Yeung’s Loan Facility”) and the final repayment date of the loan and all other sums owing to Mr. Yeung under the Revised Mr. Yeung’s Loan Facility was further extended from 31 October 2020 to 31 October 2022 by a supplemental letter of agreement dated 20 September 2019. As at 30 June 2020, the Company owed HK\$40.0 million to Mr. Yeung under the Revised Mr. Yeung’s Loan Facility (31 December 2019: nil).

During the period, the Group’s secured bank facilities were HK\$339.5 million and CAD0.9 million (31 December 2019: HK\$339.5 million and CAD0.9 million) which bear interest at Hong Kong interbank offered rate (HIBOR) plus a margin that was ranged from 1.7% per annum to 1.75% per annum and at prime rate quoted by the Bank of Canada plus 1.95% per annum respectively. In addition, the Group had secured general bank facilities for issuance of standby letters of credit of CAD2.0 million (31 December 2019: CAD2.0 million) which carries a commission rate of 1.2% per annum and USD0.1 million (31 December 2019: USD0.1 million). The proceeds of the facilities were for the Group’s general operation. As at 30 June 2020, the outstanding bank loans were approximately HK\$262.5 million (31 December 2019: approximately HK\$194.0 million).

As at 30 June 2020, total equity attributable to owners of the Company was approximately HK\$1,008.9 million (31 December 2019: approximately HK\$1,144.3 million). The net gearing ratio, which was measured on the basis of the interest-bearing borrowings, net of cash and cash equivalents, of the Group over total equity attributable to owners of the Company, was approximately 14% as at 30 June 2020 (31 December 2019: approximately 8%).

Pledge of Assets

As at 30 June 2020, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately USD0.1 million, equivalent to approximately HK\$0.5 million (31 December 2019: approximately CAD1.6 million and USD0.1 million, totally equivalent to approximately HK\$10.4 million) to a bank for the issuance of a standby letter of credit of approximately USD0.1 million, equivalent to approximately HK\$0.5 million (31 December 2019: a standby letter of credit and overdraft facility of approximately CAD1.5 million and a standby letter of credit of approximately USD0.1 million, totally equivalent to approximately HK\$9.6 million) for the operation of the Group;
- (b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2019: all) of its shares in Pier 16 – Property Development Limited (“Pier 16 – Property Development”, an associate of the Group) to a bank in respect of the loan facilities granted to Pier 16 – Property Development (the “Loan Facilities”);
- (c) the Group pledged all of its investment properties and one of its stock of properties totally with the carrying amount of approximately HK\$485.6 million (31 December 2019: approximately HK\$547.3 million) to secure against the loan facilities of approximately HK\$339.5 million (31 December 2019: approximately HK\$339.5 million) and a standby letter of credit of CAD2.0 million, equivalent to approximately HK\$11.5 million (31 December 2019: CAD2.0 million, equivalent to approximately HK\$12.1 million) granted to the Group; and
- (d) the Group pledged one of its freehold land and building held outside Hong Kong with the carrying amount of approximately CAD1.7 million, equivalent to approximately HK\$9.8 million (31 December 2019: approximately CAD1.7 million, equivalent to approximately HK\$10.5 million) to secure against a credit facility of approximately CAD0.9 million, equivalent to approximately HK\$5.2 million (31 December 2019: approximately CAD0.9 million, equivalent to approximately HK\$5.4 million) granted by a bank for the operation of the Group’s travel business.

Contingent Liabilities

The Company gave a corporate guarantee (the “Guarantee”) to a bank in respect of the Loan Facilities. The maximum guarantee amount borne by the Company under the Guarantee was HK\$490 million.

The outstanding loan under the Loan Facilities as at 30 June 2020 was approximately HK\$185.0 million (31 December 2019: approximately HK\$235.0 million).

Human Resources

As at 30 June 2020, the Group had a total of 103 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits. Share options may also be granted to eligible employees of the Group as a long-term incentive.

Prospects

With the pandemic causing severe disruptions to the global economy, major nations have dedicated significant resources to combat the pandemic and restore economic growth, but it is not possible to determine when the pandemic would be over at this moment. The Group believes that the influences would last for a certain period, while the recovery pace will depend crucially on the development of COVID-19. The Group will remain resilient and persistent in sustaining its foothold in the market and propelling forward amid the challenges.

The global travel and tourism industries were severely impacted by the COVID-19 pandemic, the travel restrictions and borders closure are influencing consumers' behaviour and even limiting their travel plans. 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. Jade Travel will closely monitor the tourism market development, enhance cost management as well as operational efficiency. In order to capture the potential of market recovery, 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.

In July 2020, the impacts brought by the new wave of pandemic further devastated the Hong Kong property market. 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. Despite the softening price and the reduction in trading volume, a series of relief measures supporting businesses launched by the Hong Kong government are expected to stabilise the demand for office premises. 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.

Since the GGR, hospitality, catering and other non-gaming activities in Macau heavily rely on the normalisation and tourism recovery, the Macau government has been in close contact with the Chinese authorities on easing the cross-border restrictions. 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, while the timeline for easing of border restrictions and quarantine measures applied to Hong Kong and other countries is yet to be confirmed. 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. Nevertheless, 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.

The Group acquired overseas listed equity securities during the reporting period and a fair value gain was recorded. The Group remains cautious about the outlook of global equity market and continues to seek good investment opportunities to enrich its investment portfolios when opportunities arise.

It is not clear how soon this pandemic may end and the business environment is expected to remain volatile amid the rapidly changing economic and political landscapes. The Group has always been cautious and prudent towards the formulation of corporate strategy and financial discipline, and remains resilient in the face of economic headwinds with solid fundamentals and diversified business portfolio.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2020, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2020 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng Limited, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

On behalf of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Yeung Hoi Sing, Sonny
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Mr. Ma Ho Man, Hoffman (Deputy Chairman); one non-executive Director, namely Mr. Choi Kin Pui, Russelle; and three independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu.