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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS

The board of directors (the "Board") of Success Universe Group Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020 together with comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	3, 4	**363,831**	1,147,371
Cost of sales		**(346,369)**	(1,117,066)
Gross profit		**17,462**	30,305
Other revenue and gain	5	**7,106**	4,103
Gain on disposal of subsidiaries		**–**	15,970
Fair value (loss)/gain on investment properties		**(79,400)**	1,200
Gain arising on change in fair value of financial assets at fair value through profit or loss		**131,119**	–
Administrative expenses		**(50,411)**	(71,137)
Other operating expenses	6(c)	**(16,029)**	(14,524)
Profit/(loss) from operations		**9,847**	(34,083)
Finance costs	6(a)	**(6,629)**	(9,241)
Share of results of joint ventures		**571**	761
Share of results of associates		**(145,725)**	116,757
(Loss)/profit before taxation	6	**(141,936)**	74,194
Taxation	7	**–**	–
(Loss)/profit for the year		**(141,936)**	74,194
(Loss)/profit for the year attributable to owners of the Company		**(141,936)**	74,194
(Loss)/earnings per share			
— Basic and diluted	9	**(2.88)HK cents**	1.51HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(141,936)**	74,194
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**249**	1,944
Loss arising on change in fair value of financial assets at fair value through other comprehensive income	**(216)**	–
Total other comprehensive income for the year, net of tax	**33**	1,944
Total comprehensive (loss)/income for the year	**(141,903)**	76,138
Total comprehensive (loss)/income for the year attributable to owners of the Company	**(141,903)**	76,138

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**270,008**	31,402
Intangible assets		**2,464**	6,892
Investment properties		**130,500**	444,800
Interests in associates		**556,506**	624,188
Interests in joint ventures		**6,640**	6,069
Financial assets at fair value through other comprehensive income		**7,405**	–
		973,523	1,113,351
Current assets			
Stock of properties		**110,900**	119,750
Trade and other receivables	*10*	**15,311**	42,827
Financial assets at fair value through profit or loss	*11*	**169,435**	–
Pledged bank deposits		**551**	10,355
Cash and cash equivalents		**117,394**	98,752
		413,591	271,684
Current liabilities			
Trade and other payables	*12*	**19,606**	39,424
Bank loans		**302,500**	194,000
Lease liabilities		**773**	5,319
Financial guarantee contract		**644**	644
		323,523	239,387
Net current assets		**90,068**	32,297
Total assets less current liabilities		**1,063,591**	1,145,648
Non-current liabilities			
Lease liabilities		**911**	421
Loan from a director and controlling shareholder		**60,000**	–
Financial guarantee contract		**324**	968
		61,235	1,389
Net assets		**1,002,356**	1,144,259
Capital and reserves			
Share capital		**49,265**	49,265
Reserves		**953,091**	1,094,994
Total equity		**1,002,356**	1,144,259

NOTES:

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS(s)"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and applicable disclosure requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. These consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised standards, amendments and interpretation ("New HKFRSs"), which are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements included the financial statements of the Group and the Group's interests in associates and joint ventures made up to 31 December each year.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investment properties, financial assets at fair value through other comprehensive income ("FVTOCI"), financial assets at fair value through profit or loss ("FVTPL") and financial guarantee contract are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Adoption of New HKFRSs — effective on 1 January 2020

In the current year, the Group has applied the amendments to "References to the Conceptual Framework in HKFRS Standards" and the following New HKFRSs issued by HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the 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

In addition, the Group has elected to early apply the amendment to HKFRS 16 "Covid-19-Related Rent Concessions".

Except for described below, the application of the amendments to "References to the Conceptual Framework in HKFRS Standards" and the New HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on early application of amendment to HKFRS 16 "Covid-19-Related Rent Concessions"

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waivers of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening accumulated losses at 1 January 2020. The Group has benefited from two to six months waivers of lease payments on several leases in retail shops in Canada. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately HK$87,000, which has been recognised as variable lease payments in profit or loss for the current year.

New HKFRSs that have been issued but are not yet effective

The Group has not early applied the following New HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use[2]
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020[2]
HKFRS 17	Insurance Contracts and related Amendments[1]
HKFRS 3 (Amendments)	Reference to the Conceptual Framework[2]
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2[4]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] *Effective for annual periods beginning on or after 1 January 2023.*
[2] *Effective for annual periods beginning on or after 1 January 2022.*
[3] *Effective for annual periods beginning on or after a date to be determined.*
[4] *Effective for annual periods beginning on or after 1 January 2021.*

The directors of the Company anticipate that the application of all other New HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 ("CODM") for the purposes of resource allocation and performance assessment.

The CODM considers 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 streams from leasing office premises and sales of properties in Hong Kong.

(a) Segment results, assets and liabilities

The travel reportable operating segment derives their revenue primarily from sales of air tickets and provision of travel-related services. Geographically, management considers the performance of the travel business in North America.

The property investment reportable operating segment derives their revenue from leasing office premises and sales of properties in Hong Kong.

In accordance with HKFRS 8, segment information disclosed in these 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, 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 FVTPL and corporate finance costs. To arrive at reportable segment profit, the management additionally provides 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 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, financial assets at FVTOCI and financial assets at FVTPL. Unallocated corporate assets mainly include part of the property, plant and equipment 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, bank loans, loan from a director and controlling shareholder and part of 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 year is set out below:

	Travel		Property investment		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers and reportable segment revenue	**354,170**	1,128,574	**9,661**	18,797	**363,831**	1,147,371
Reportable segment (loss)/profit	**(11,242)**	(3,935)	**(80,548)**	10,968	**(91,790)**	7,033
Share of results of joint ventures					**571**	761
Share of results of associates					**(145,725)**	116,757
Gain arising on change in fair value of financial assets at FVTPL					**131,119**	–
Unallocated corporate income					**3,980**	1,254
Unallocated corporate expenses					**(36,932)**	(47,046)
Finance costs					**(3,159)**	(4,565)
Consolidated (loss)/profit before taxation					**(141,936)**	74,194
Taxation					**–**	–
Consolidated (loss)/profit for the year					**(141,936)**	74,194
Reportable segment assets	**51,382**	89,352	**242,483**	565,967	**293,865**	655,319
Unallocated corporate assets						
— Interests in associates					**556,506**	624,188
— Interests in joint ventures					**6,640**	6,069
— Financial assets at FVTOCI					**7,405**	–
— Financial assets at FVTPL					**169,435**	–
— Corporate assets					**353,263**	99,459
					1,387,114	1,385,035
Reportable segment liabilities	**12,213**	33,186	**1,697**	137,154	**13,910**	170,340
Unallocated corporate liabilities						
— Corporate liabilities					**370,848**	70,436
					384,758	240,776

(b) Other segment information

	Travel		Property investment		Other corporate entities		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**55**	52	**9**	1	**83**	145	**147**	198
Interest income from financial assets at FVTOCI	**–**	–	**–**	–	**842**	–	**842**	–
Fair value (loss)/gain on investment properties	**–**	–	**(79,400)**	1,200	**–**	–	**(79,400)**	1,200
Depreciation:								
— owned property, plant and equipment	**(573)**	(485)	**–**	–	**(3,011)**	(2,707)	**(3,584)**	(3,192)
— right-of-use assets	**(530)**	(368)	**–**	–	**(4,837)**	(4,775)	**(5,367)**	(5,143)
Allowance for expected credit losses on trade receivables	**(2,841)**	–	**–**	–	**–**	–	**(2,841)**	–
Impairment loss recognised on intangible assets	**(4,338)**	–	**–**	–	**–**	–	**(4,338)**	–
Write-down of stock of properties	**–**	–	**(8,850)**	(14,524)	**–**	–	**(8,850)**	(14,524)
Finance costs	**(13)**	(15)	**(3,457)**	(4,661)	**(3,159)**	(4,565)	**(6,629)**	(9,241)
Additions to non-current assets*	**188**	2,431	**–**	–	**11,000**	53	**11,188**	2,484

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

(c) Disaggregation of revenue

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Recognised at a point in time		
Travel business:		
Sales of air tickets	**348,950**	1,077,618
Travel and related service fee income	**5,220**	50,956
	354,170	1,128,574
Property investment business:		
Sales of properties	**–**	8,490
	354,170	1,137,064
Revenue from other sources:		
Rental income	**9,661**	10,307
Total revenue	**363,831**	1,147,371

(d) Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided. The Group's non-current assets included property, plant and equipment, investment properties, intangible assets, interests in associates and joint ventures, but excluded financial assets at FVTOCI ("Specific non-current assets").

The geographical location of property, plant and equipment and investment properties is based on the physical location of the asset under consideration. In the case of intangible assets, it is based on the location of operations to which these intangibles are allocated. In the case of interests in associates and joint ventures, it is based on the location of operations of such associates and joint ventures.

	Revenue from external customers		**Specific non-current assets At 31 December**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**9,661**	18,797	**392,646**	468,321
Macau	**–**	–	**556,506**	624,188
North America	**354,170**	1,128,574	**16,586**	20,727
The People's Republic of China ("PRC")	**–**	–	**380**	115
	363,831	1,147,371	**966,118**	1,113,351

(e) Major customers

Revenue from customers arising from travel business segment who over 10% of the total revenue of the Group is set out as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**44,283**	132,586
Customer B	**59,495**	115,277
Customer C	**48,342**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in 2019.

4. REVENUE

The principal activities of the Group are engaged in the travel-related and property investment businesses.

Revenue represents sales of air tickets, service fee income from provision of travel-related services, rental income as well as sales of properties. The amount of each significant category of revenue recognised in revenue during the year is as follows:

	2020 *HK$'000*	2019 *HK$'000*
Revenue from contracts with customers:		
Recognised at a point in time		
Sales of air tickets	**348,950**	1,077,618
Travel and related service fee income	**5,220**	50,956
Sales of properties	**–**	8,490
	354,170	1,137,064
Revenue from other sources:		
Rental income	**9,661**	10,307
	363,831	1,147,371

5. OTHER REVENUE AND GAIN

	2020 *HK$'000*	2019 *HK$'000*
Other revenue		
Bank interest income	**147**	198
Interest income from financial assets at FVTOCI	**842**	–
Management fee income from an associate	**–**	357
Government grants *(note)*	**2,410**	–
COVID-19-related rent concessions	**87**	–
Other income	**2,976**	2,904
	6,462	3,459
Other gain		
Amortisation of financial guarantee contract	**644**	644
Total	**7,106**	4,103

Note: During the year, the Group recognised government grants of approximately HK$2,410,000 in respect of COVID-19-related subsidies which is related to Employment Support Scheme under the Anti-epidemic Fund provided by the Hong Kong government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6. (LOSS)/PROFIT BEFORE TAXATION

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

		2020	2019
		HK$'000	*HK$'000*
(a)	**Finance costs**		
	Interest on bank loans	**6,348**	7,835
	Interest on lease liabilities	**57**	138
	Interest on loan from a director and controlling shareholder	**224**	1,268
		6,629	9,241
(b)	**Staff costs**		
	Salaries, wages and other benefits (including directors' emoluments)	**22,809**	36,122
	Contributions to defined contribution retirement plan	**989**	1,244
		23,798	37,366
(c)	**Other operating expenses**		
	Write-down of stock of properties	**8,850**	14,524
	Impairment loss on intangible assets	**4,338**	–
	Allowance for expected credit losses on trade receivables	**2,841**	–
		16,029	14,524
(d)	**Other items**		
	Auditors' remuneration		
	— audit services	**725**	925
	— other services	**280**	280
	Depreciation		
	— owned property, plant and equipment	**3,584**	3,192
	— right-of-use assets	**5,367**	5,143
	Operating lease rentals		
	— short-term leases	**2,139**	3,079
	— low-value assets	**219**	267
	Net exchange loss/(gain)	**109**	(514)
	Loss on disposal of property, plant and equipment	**42**	57

7. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
Current tax	**–**	–
Deferred tax	**–**	–
Tax charge	**–**	–

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits in Hong Kong.

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 as the Group has no assessable profit arising in Canada for the years ended 31 December 2020 and 2019.

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 years as the Group has no assessable profits arising in the PRC for the years ended 31 December 2020 and 2019.

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

8. DIVIDENDS

No interim dividend was paid during the year (2019: nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2020 (2019: nil).

9. (LOSS)/EARNINGS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit:		
(Loss)/profit for the year attributable to owners of the Company	**(141,936)**	74,194

	2020	2019
	'000	*'000*
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	**4,926,491**	4,926,491

Diluted (loss)/earnings per share for the years ended 31 December 2020 and 2019 were the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

10. TRADE AND OTHER RECEIVABLES

	At 31 December 2020	At 31 December 2019
	HK$'000	*HK$'000*
Trade receivables	**8,460**	33,481
Less: Allowance for expected credit losses	**(2,986)**	–
	5,474	33,481
Other receivables	**1,556**	2,099
Trade and other receivables	**7,030**	35,580
Prepayment and deposits	**8,281**	7,247
	15,311	42,827

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

Including in trade receivables, the lease receivables of approximately HK$709,000 (2019: approximately HK$487,000) arise from properties rental income.

Aging analysis

Included in trade and other receivables, the aging analysis for trade receivables, based on the due date and net of allowance for expected credit losses, is as follows:

	At 31 December 2020 *HK$'000*	At 31 December 2019 *HK$'000*
Current	**2,695**	27,735
31 to 60 days	**239**	2,826
61 to 90 days	**617**	665
Over 90 days	**1,923**	2,255
	5,474	33,481

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

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2020 *HK$'000*	At 31 December 2019 *HK$'000*
Listed equity securities in United States of America (the "USA")	**169,435**	–
Analysed for reporting purposes as:		
— Current assets	**169,435**	–

The fair value of the listed securities is determined based on the closing prices quoted in active market in the USA.

12. TRADE AND OTHER PAYABLES

	At 31 December 2020 *HK$'000*	At 31 December 2019 *HK$'000*
Trade payables	**5,722**	23,682
Accrued charges and other payables	**13,884**	15,742
	19,606	39,424

Aging analysis

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

	At 31 December 2020 *HK$'000*	At 31 December 2019 *HK$'000*
Current	**1,705**	22,537
31 to 60 days	**106**	583
61 to 90 days	**135**	118
Over 90 days	**3,776**	444
	5,722	23,682

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2020 was a tough and challenging year for the whole world. The global economy was battered by the unprecedented and unforeseen outbreak of COVID-19 pandemic along with the geopolitical tensions. The spread of the COVID-19 pandemic and the subsequent quarantine measures as well as the travel ban and lockdown imposed by many countries have had a damaging economic and business impact, particularly on tourism, entertainment and hospitality industries.

Thanks largely to the imposition of intensive anti-disease measures and government fiscal incentive, China's economy roared back to pre-pandemic growth rates in the fourth quarter of 2020. Its national gross domestic product climbed 6.5% year-on-year ("yoy") in the final quarter of 2020, pushing growth to 2.3% yoy for the full year in 2020. With Macau being one of the most popular travel destinations in Asia, its economy was significantly impacted by the COVID-19 pandemic. The total visitation in 2020 decreased by approximately 85% yoy while the overall hotel occupancy rate dropped to approximately 27% from approximately 91% in 2019. The annual gross gaming revenue ("GGR") for 2020 slumped by approximately 79% yoy.

Since the negative impacts brought by the pandemic may persist for a certain period of time, the full impact and future implications of the pandemic are yet unclear. The Group has carried out a series of measures on cost-saving, improving service quality and enhancing operational efficiency such that its business would be well prepared for the eventual market recovery.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes included in this announcement.

Results

For the year ended 31 December 2020, revenue of the Group was approximately HK$363.8 million, decreased by approximately 68% from approximately HK$1,147.4 million for the last corresponding year. Gross profit decreased by approximately 42% to approximately HK$17.5 million (2019: approximately HK$30.3 million). The Group's shared loss of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates"), for the year ended 31 December 2020 was approximately HK$145.7 million, whereas a profit of the Associates of approximately HK$116.8 million was shared by the Group for the last corresponding year. Loss attributable to owners of the Company for the year ended 31 December 2020 was approximately HK$141.9 million (2019: profit of approximately HK$74.2 million), whilst loss per share was 2.88 HK cents (2019: earnings per share of 1.51 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 year was recorded.

Dividends

No interim dividend was paid in 2020 (2019: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 2020 (2019: nil).

Review of Operations

Travel Business

The Group operates Jade Travel Ltd. ("Jade Travel"), one of the largest travel agencies in Canada. Over the years, Jade Travel has developed dedicated segments targeting the wholesale and retail markets respectively to offer customers with professional and comprehensive travel solutions.

The year 2020 brought unparalleled challenges to the global tourism industry with the outbreak of COVID-19. Many countries adopted stringent policies to control the pandemic, leading to closures of tourist attractions, significant reduction of flights and regional lockdowns. In Canada, the tourism industry suffered a dramatic halt in business and Jade Travel was unavoidably affected.

Jade Travel has been closely communicating with its customers since the start of the pandemic, offering its professional services and utmost assistance to support changes of customers' travel plans. Furthermore, Jade Travel has committed to support local government's efforts to control the spread of COVID-19 and has adopted all necessary measures to ensure a safe environment for its customers and employees. Jade Travel has also flexibly reallocated resources to streamline operations and adopted cost reduction measures, with a strong will of maintaining its critical leadership role in the North America travel market.

Revenue of the travel business amounted to approximately HK$354.2 million, decreased by approximately 69% for the year ended 31 December 2020 (2019: approximately HK$1,128.6 million). Loss in this segment increased by approximately 186% to approximately HK$11.2 million (2019: approximately HK$3.9 million), which was mainly due to the severe disruptions to the tourism industry caused by the pandemic and 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 recognised for the year ended 31 December 2020 (2019: both nil).

Property Investment Business

During 2020, the Hong Kong commercial property market was under significant pressure as an economic downturn was incurred from the pandemic. Falling rental values, decline in transactions and increasing vacancy in office space had been recorded across all major office submarkets in Hong Kong. Although a slightly narrower decline of the Grade-A office rental was recorded towards the end of 2020, the overall commercial property market was clouded by uncertainty in 2020.

Faced with such challenges, the Group was steadfast in maintaining financial prudence and closely monitored the commercial property market to adjust its investment portfolio flexibly, maintaining robust asset balance and resilience. Hong Kong is in a unique position of being an international commercial hub, thus the Group remains cautiously positive in the future of the commercial property market. It is expected that the market demand and rental income of Hong Kong commercial properties will be eventually stabilised once the pandemic is over.

Reference was made to the announcement dated 15 September 2020 issued by the Company regarding, inter alia, early termination of a tenancy agreement. Good Sun Development Limited, an indirect wholly-owned subsidiary of the Company, as landlord and Success International Management Services Limited, a company indirect wholly and beneficially owned by Mr. Yeung Hoi Sing, Sonny ("Mr. Yeung", being the Chairman of the Board, an executive Director and a controlling shareholder of the Company), as tenant entered into a deed of surrender in relation to the early termination of the tenancy agreement in respect of the leasing of the premises situated at Office Units Nos. 1003 and 1004A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong ("Units 1003 & 4A") on and with effect from 1 October 2020. The Group has relocated its head office to Units 1003 & 4A in December 2020. Due to the change of the usage of Units 1003 & 4A from leasing to self-use, the property has been reclassified from investment properties to property, plant and equipment.

Revenue of the property investment business for the year ended 31 December 2020 amounted to approximately HK$9.7 million, representing a decrease of approximately 49% as compared with approximately HK$18.8 million for the last corresponding year. Segment loss was approximately HK$80.5 million (2019: segment profit of approximately HK$11.0 million), which was mainly due to recognition of a fair value loss on investment properties of approximately HK$79.4 million (2019: fair value gain of approximately HK$1.2 million) as well as write-down of carrying amount of stock of properties amounting to approximately HK$8.9 million for the year ended 31 December 2020 (2019: approximately HK$14.5 million).

Investment Project — Ponte 16

Macau's economy was seriously disrupted due to the outbreak of COVID-19 during the first half of the year. The Macau government reacted swiftly, enacting measures to prevent and control the pandemic, including border restrictions, quarantine arrangements and temporary suspension of all casino operations for 15 days in February 2020. The pandemic nearly ceased all tourism activities, which posed significant pressure to the gaming and hospitality industries. As the pandemic was more controlled towards the end of the year in Macau and the Mainland China, ease of travel restrictions was paved for the gradual recovery of the industries. Tourist arrivals and monthly GGR both steadily increased following the removal of 14-day quarantine measures between Macau and Guangdong Province in July 2020 and the subsequent full nationwide resumption of the Individual Visit Scheme ("IVS") in September 2020. Nevertheless, Macau's annual GGR for 2020 fell by approximately 79% yoy to approximately MOP60.4 billion mainly attributable to the unparalleled disruption to Macau's economy during the first half of the year. Both the mass and VIP segments suffered while VIP segment recorded its lowest share.

The gaming and occupancy performance of Ponte 16 for 2020 were inevitably affected under this circumstance. Although the casino operations in Ponte 16 resumed on a reduced basis on 20 February 2020, certain COVID-19 precautionary measures such as limiting the number of gaming tables allowed to operate and the number of seats available per table, slot machine spacing, temperature checks, compulsory wearing of mask and health declaration have remained in effect. Due to the global travel haul, the average occupancy rate of Sofitel Macau At Ponte 16 remained low for 2020 (2019: over 90%). An Adjusted EBITDA* loss of approximately HK$242.9 million was recorded for the year ended 31 December 2020, whereas the Adjusted EBITDA* was HK$377.5 million for the last corresponding year. As at 31 December 2020, the casino of Ponte 16 had 88 gaming tables in operation, consisting of 82 mass gaming tables and 6 high-limit tables.

Reference was made to the announcement dated 15 October 2020 issued by the Company in relation to the provision of financial assistance to Pier 16 – Property Development Limited ("Pier 16 – Property Development", an associate of the Group). The Group has provided additional shareholder's loans in a total amount of HK$98.0 million to Pier 16 – Property Development (the "2020 Financial Assistance") in proportion to the Group's attributable interest to finance the operating cost of Pier 16 – Property Development (the "Purpose"). In addition to the 2020 Financial Assistance, the Group has provided further shareholder's loan of HK$19.6 million for the Purpose in March 2021.

To alleviate the financial pressure brought by COVID-19, Ponte 16 has been carrying out a series of cost containment measures, streamlining operational efficiency with flexible manpower arrangement. In addition, bringing its full support to the Macau government's pandemic prevention measures, Ponte 16 has adopted a series of high standard precautionary hygiene measures to ensure a safe environment for its staff and guests.

To prepare for Macau's economic revival, as well as to generate greater market exposure amidst a recovering market, Ponte 16 strategically participated in a Global Purchase Events during November and December 2020, where famous key opinion leaders in Taobao set up livestreams on media platforms to promote the facilities and services available at Sofitel Macau At Ponte 16, along with signature brands and goods in Macau inner harbour.

Despite strong headwinds in the market, Ponte 16 leveraged on its vast operational capabilities and Sofitel Macau At Ponte 16 received 13 honourable awards from international and regional organisations, in recognition of its consistency in high-quality service amidst the pandemic. The awards include "Luxury Heritage Hotel" by World Luxury Awards 2020, "Luxury Hotel Spa" by World Luxury Spa Awards 2020, Agoda's 2020 Customer Review Awards, the winner of "Tripadvisor 2020 Travellers' Choice", "Best Tourist Destination Hotel of China" by the 20th Golden Horse Awards of China, "Asia's Top Wellness Spa" and "Asia's Top Spa Hotel & Resort" by 2019–2020 Now Travel Asia Awards, Macao Green Hotel Award — Bronze 2020–2022, "Golden Business Hotel" by the National Geographic Traveler China Golden Awards 2020 and "Loved by Guests Award Winner 2020" by Hotels.com. The restaurant Le Chinois was awarded U Magazine's Favourite Food Awards 2020 as well as DianPing's Customer Review Awards 2019 along with the restaurant Mistral.

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

Significant Investment

The Group acquired overseas listed equity securities during the year. As at 31 December 2020, the Group held the following significant investment which was classified as financial assets at fair value through profit or loss (2019: nil):

Name of investment	Trading symbol	Number of common stock held as at 31 December 2020	Approximate percentage of stockholding as at 31 December 2020	Investment cost	Fair value as at 31 December 2020	Approximate percentage to the Group's total assets as at 31 December 2020
			%	*Equivalent to HK$million*	*Equivalent to HK$million*	%
Tesla, Inc. ("Tesla")	TSLA	30,850	0.003	38	169	12

Tesla was incorporated in the State of Delaware, the United States of America with its common stock traded on The Nasdaq Global Select Market and became a Standard & Poor's 500 constituent officially in December 2020. Tesla is principally engaged in designing, developing, manufacturing and selling high-performance fully electric vehicles and energy generation and storage systems, and offering services related to its sustainable energy products. As disclosed in Tesla's audited consolidated financial statements for the year ended 31 December 2020, total revenues and net income attributable to common stockholders of Tesla were approximately USD31,536 million (equivalent to approximately HK$245,981 million) and USD721 million (equivalent to approximately HK$5,624 million) respectively. Tesla achieved a growth in total revenues of approximately 28% and turnaround to net income from net loss attributable to common stockholders of approximately USD862 million (equivalent to approximately HK$6,724 million) for the year ended 31 December 2019, which was mainly attributable to the increase in automotive revenue from increased deliveries and deployments of its products.

Due to the COVID-19 pandemic, there have been uncertainty and disruption in the global economy, and the duration or direction of current global trends from the pandemic cannot be predicted. Tesla continues to monitor macroeconomic conditions to remain flexible and to optimise and evolve its business as appropriate, and Tesla will have to accurately project demand and infrastructure requirements globally and deploy its production, workforce and other resources accordingly.

A fair value gain of approximately HK$131 million was recognised for the year ended 31 December 2020 in the consolidated statement of profit or loss of the Group (2019: nil). During the year, Tesla declared a five-for-one split of Tesla's common stock effected in the form of a stock dividend.

The significant investment is held for trading. The Group will review its investment strategy regularly in response to the changes in market situation.

Financial Review

Liquidity, Financial Resources and Gearing

As at 31 December 2020, the Group had net current assets of approximately HK$90.1 million (31 December 2019: approximately HK$32.3 million) and net assets of approximately HK$1,002.4 million (31 December 2019: approximately HK$1,144.3 million). The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by monitoring the trade receivables of its customers on an ongoing basis. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements. Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currencies are Hong Kong dollars and Canadian dollars as substantially all the revenues are in Hong Kong dollars and Canadian dollars. The Group's transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung 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 31 December 2020, the Company owed HK$60.0 million to Mr. Yeung under the Revised Mr. Yeung's Loan Facility (31 December 2019: nil).

As at 31 December 2020, the Group's secured bank facilities were HK$339.5 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. In December 2020, the Group did not renew the secured bank facility in the amount of CAD0.9 million and the asset which was pledged as security was released. In addition, the Group had secured general bank facilities for issuance of standby letters of credit of (i) CAD2.0 million (31 December 2019: CAD2.0 million) which carries a commission rate of 1.2% per annum; and (ii) approximately USD0.1 million (31 December 2019: approximately USD0.1 million). The proceeds of the facilities were for the Group's general operation. As at 31 December 2020, the outstanding bank loans were approximately HK$302.5 million (31 December 2019: approximately HK$194.0 million).

As at 31 December 2020, total equity attributable to owners of the Company was approximately HK$1,002.4 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 24% as at 31 December 2020 (31 December 2019: approximately 8%).

Pledge of Assets

As at 31 December 2020, the Group had secured the following assets:

(a) the Group pledged the time deposits of approximately USD0.1 million, equivalent to approximately HK$0.6 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 to a bank in respect of the loan facilities granted to Pier 16 – Property Development (the "Loan Facilities"); and

(c) the Group pledged all of its investment properties, one of its stock of properties as well as the leasehold land and building totally with the carrying amount of approximately HK$459.8 million (31 December 2019: all of its investment properties and one of its stock of properties totally with the carrying amount of approximately HK$547.3 million) to secure against the loan facilities of approximately HK$339.5 million and a standby letter of credit of CAD2.0 million, totally equivalent to approximately HK$351.8 million (31 December 2019: approximately HK$339.5 million and CAD2.0 million, totally equivalent to approximately HK$351.6 million) granted to the Group.

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$490.0 million.

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

Human Resources

As at 31 December 2020, the Group had a total of 73 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

Governments around the world have dedicated significant efforts in combating COVID-19, and signs of recovery can be seen in certain regions, including Mainland China and Macau. Moreover, recent progress of vaccine development has been promising. Nevertheless, the pandemic has caused severe disruptions to all aspects of the global economy and its impacts may last for an unknown period. Stepping into 2021, the Group will maintain operational resilience, keep a firm awareness of market trends, and allocate assets and resources precisely.

COVID-19 has decimated the global tourism and travel industries. Many countries remain in full or partial lockdown, which greatly limit visitation levels. A full recovery of market sentiments takes time and will be heavily dependent on the reopening of international borders and the widespread rollout of effective vaccines. For the time being, Jade Travel will closely monitor the global tourism market and engage with customers and partners closely to strengthen itself as a reliable brand and service provider. In addition, Jade Travel will continue to explore different available travel products and options to enrich its competitive offerings to cater the changing customers' needs. Leveraging its core strengths, Jade Travel will be well-positioned to capture the returning demand while the industry begins to recover.

Decline of the Grade-A office rental in Hong Kong showed signs of further softening in November 2020. However, with the evolving pandemic condition and rising unemployment rate, it is hard to estimate whether the rental decline trend will continue. The Group remains cautiously positive in the commercial property market for its solid foundation as office buildings in prime areas exhibited resilience for decades.

After the resumption of IVS across the Mainland China in late September 2020, monthly visitor arrivals of Macau have been increasing steadily. The Group believes that further recovery of Macau's hospitality and gaming activities would rely strongly on the further relaxing border restrictions. Ponte 16 will prioritise the maintenance of its operational advantages including its professional and dependable management team, diverse and comprehensive entertainment mix and its all-round hospitality services that emerge with the essence of local beauty and culture in the Inner Harbour area. Meanwhile, Ponte 16 will continue to support government pandemic prevention policies, overcome prevailing challenges and be ready to capture new opportunities once the travel restriction begins to lift.

The restart of the global economy depends on the pandemic situation. Challenges and pressure are expected for the global economy and the business environment in the near-term. It is too early to tell when the pandemic would be over at the moment and the influences will definitely last for a certain period. The recovery pace will depend heavily on the evolution of COVID-19 and the development of the vaccines. The Group will continue to monitor the situation, proactively review its investment portfolio, consider other investment tools when and as appropriate, and seek opportunities from challenges, in order to create sustainable value for its shareholders, partners and customers.

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

During the year ended 31 December 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 year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 11 June 2021 (the "2021 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Tuesday, 8 June 2021 to Friday, 11 June 2021, both days inclusive, during such period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the 2021 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 7 June 2021 for registration.

REVIEW OF FINAL RESULTS

The consolidated results for the year ended 31 December 2020 have been audited by the Group's auditors, HLB Hodgson Impey Cheng Limited, and reviewed by the audit committee of the Board, 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.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 30 March 2021

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.