

Press Release

[For Immediate Release]

Success Universe Announces 2018 Annual Results

Turnaround to Profit by Seizing Good Opportunities

Overview

- Revenue from continuing operations was approximately HK\$1,120.3 million and gross profit was approximately HK\$34.4 million for 2018
- Profit attributable to owners of the Company was approximately HK\$54.5 million
- Revenue of the travel business was substantially increased by approximately 87% to approximately HK\$1,090.2 million; while segment profit amounted to approximately HK\$2.0 million
- Revenue of the property investment business was approximately HK\$30.1 million, while segment profit was approximately HK\$37.7 million
- The Adjusted EBITDA* of Ponte 16, the Group's flagship investment project, increased by approximately 58% to approximately HK\$356.7 million. The Group's shared profit of the associates relating to Ponte 16 was approximately HK\$68.1 million

28 March 2019, Hong Kong - Success Universe Group Limited (“Success Universe” or the “Company”, Stock Code: 00487.HK, together with its subsidiaries, collectively the “Group”) today announces the consolidated annual results for the year ended 31 December 2018.

RESULTS

For the year ended 31 December 2018, revenue from continuing operations of the Group was approximately HK\$1,120.3 million, increased by approximately 90% from approximately HK\$589.9 million for the last corresponding year. Gross profit increased by approximately 71% to approximately HK\$34.4 million (2017: approximately HK\$20.1 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group (the “Associates”), for the year of 2018 was approximately HK\$68.1 million, whereas a loss of the Associates of approximately HK\$9.9 million was shared by the Group for the last year. Profit attributable to owners of the Company for the reporting year amounted to approximately HK\$54.5 million (2017: loss of approximately HK\$29.8 million), whilst earnings per share was 1.11 HK cents (2017: earnings per share from continuing operations was 0.16 HK cents).

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

Turnaround from loss to profit was mainly attributable to (i) the Group shared a profit of the Associates for the year while a loss of the Associates was shared by the Group for the last corresponding year; and (ii) the non-recurrence of a loss from discontinued operation for the last corresponding year due to the disposal of the lottery business in 2017, notwithstanding that there was a decrease in fair value gain on investment properties of the Group.

Dividends

The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2018 (2017: nil).

REVIEW OF OPERATIONS

Travel Business

Revenue of the segment increased to approximately HK\$1,090.2 million, substantially increased by approximately 87% for the year ended 31 December 2018 (2017: approximately HK\$583.4 million). Profit in this segment amounted to approximately HK\$2.0 million (2017: loss of approximately HK\$15.7 million), including reversal of impairment loss on intangible assets of approximately HK\$3.2 million (2017: impairment loss on intangible assets of approximately HK\$4.6 million) which was recognised for the reporting year.

The Group operates Jade Travel Ltd. (“Jade Travel”), one of the largest travel agencies in Canada. With the growth of internet and emerging travel trends, Jade Travel has been enhancing its online booking service platform to cater more retail and corporate customers’ needs and working closely with the leading regional and international online travel portals, including the most well-known and widely-used portals in China. This is helpful to the penetration of Jade Travel’s broad range of travel products and expansion of its business footprints. To capitalise on the increasing demand for leisure travel, Jade Travel is constantly enhancing its travel product mix which can be tailored to customers’ specific needs, including in-depth and unique travel experiences with extra fine delicacies and entertainment arrangements. During the reporting year, the travel business was able to turn loss into profit, which is attributable to strategic initiatives deployed by management in an effort to evolve the business and focus on the market needs.

Property Investment Business

The Group has built an investment portfolio of commercial properties in prime locations in Hong Kong for steady rental income and capital appreciation potential in a longer term. During the reporting year, the Group completed the acquisitions of several commercial properties in Eastern Commercial Centre, Wanchai, two commercial properties in Admiralty Centre and a commercial property in Sunshine Plaza, Wanchai. In late 2018, the Group disposed of certain commercial properties in Eastern Commercial Centre (“Disposal of the Properties”).

Revenue of the property investment business for the reporting year amounted to approximately HK\$30.1 million, representing an increase of approximately 362% as compared with approximately HK\$6.5 million for the last corresponding year, while segment profit was approximately HK\$37.7 million (2017: approximately HK\$83.4 million) which was mainly due to gain on Disposal of the Properties of approximately HK\$6.0 million (2017: nil) and recognition of a fair value gain on investment properties of approximately HK\$27.3 million (2017: approximately HK\$79.2 million).

Investment Project – Ponte 16

The Macau gaming industry continued to rebound with gross gaming revenue in the sector reaching approximately MOP302.9 billion for the year ended 31 December 2018, representing an approximately 14% increase year-on-year (“yoy”). The Macao Government Tourism Office reported that the overall visitation in 2018 was up by approximately 10% yoy to approximately 35.8 million. With the significant increase in the number of tourists visiting Macau, Ponte 16 has been able to maintain its competitiveness and deliver comprehensive entertainment experiences, as well as to uphold its leading position in the Inner Harbour of Macau.

As at 31 December 2018, the casino of Ponte 16 had 109 gaming tables, consisting of 97 mass gaming tables, 7 high-limit tables and 5 VIP tables, maintaining a balanced mix to cater for the need of the market. Adjusted EBITDA* for the reporting year increased by approximately 58% to approximately HK\$356.7 million (2017: approximately HK\$225.3 million). The average occupancy rate of Sofitel Macau At Ponte 16 achieved over 90% in 2018.

PROSPECTS

Although pressures from external uncertainties may pose downside risks to the projection of economic growth, China is expected to have proactive policies that alleviate economic downside risks arising from international trade issues and maintain its economy on a stable and healthy track. Leveraging the extensive experience in entertainment and tourist-related industries, the Group will adopt a forward-looking approach to the formulation and implementation of corporate strategy, and do its utmost to grasp the opportunities.

Given Macau’s growth momentum, infrastructure developments and sound government policies, the Group is confident of the prospects of the city. The opening of the Hong Kong–Zhuhai–Macau Bridge and ongoing developments of Cotai and Hengqin Island, together with the continuous growth of China outbound tourism, would support the development of Macau as a global tourism destination. In view of this, the Group believes the mass market will be the most potential for a sustainable growth in the future, and Ponte 16 will continue to offer preeminent accommodation experience with distinctive cultural connotation, as well as to enrich the spectrum of its comprehensive entertainment facilities and initiatives. Ponte 16 will uphold its leading position as a casino-entertainment resort located in the exclusive Inner Harbour of Macau.

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

With the strong brand reputation in both retail and wholesale businesses, Jade Travel has been extending its business footprints to possible geographical locations via its own online platform. For the wholesale business, Jade Travel's online ticketing fulfilment services for travel agencies is expected to maintain a steady growth in 2019, with the ongoing advancement of the automated ticketing system and exploration of strategic collaborations with leading domestic and international travel portals. In addition, Jade Travel will put more weight on designing packages and local tours to destinations all over the world, addressing the retail travellers' diverse interests.

Given its role as a world-class business hub, the growing momentum of commercial property value and rental in Hong Kong is expected to continue, particularly in the key districts. The Group has further disposed of certain commercial properties in Eastern Commercial Centre in January 2019. The Group will continue to explore good opportunity to build up its investment property portfolio in prime locations, generating a steadily growing income stream and capital appreciation potential to the Group.

Looking forward, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, "The Group will continue to strengthen its competitiveness in the entertainment and tourist-related industries and review its investment property portfolio, with an endeavor to create long-term value for its stakeholders. The Group will also react confidently to the market's movements and take more proactive steps to keep up with the evolving marketplace, in order to create long-term sustainable value for shareholders."

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About Success Universe Group Limited

Success Universe Group Limited (together with its subsidiaries, collectively the “Group”) is a listed company on The Stock Exchange of Hong Kong Limited (Stock Code: 00487.HK) and is the listed arm of Success Universe Group. The Group operates travel and property investment businesses, and is involved in entertainment-related sector through its flagship investment project – Ponte 16. The Group endeavours to create long-term value for stakeholders through the balanced and diversified business portfolio, while adhering to a high standard of corporate governance.

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