

**Press Release**

[For Immediate Release]

**Success Universe Announces 2022 Annual Results**

**Overview**

- Revenue was approximately HK\$114.8 million and gross profit was approximately HK\$12.4 million for 2022
- Loss attributable to owners of the Company was approximately HK\$287.1 million which was mainly attributable to the recognition of (i) a substantial fair value loss on the Group's overseas listed equity securities of approximately HK\$174.1 million; and (ii) a fair value loss on the Group's investment properties as well as Write-down of the Stock of Properties in the aggregate amount of approximately HK\$ 20.6 million
- Revenue of the travel business segment decreased by approximately 24% to approximately HK\$112.1 million while the gross profit margin increased from 3.8% to 8.7%. Profit of approximately HK\$3.3 million was recorded in this segment, including a reversal of impairment loss recognised on intangible assets of approximately HK\$2.8 million
- Revenue of the property investment business amounted to approximately HK\$2.6 million; segment loss was approximately HK\$15.9 million which was mainly due to recognition of a fair value loss on investment properties of approximately HK\$9.8 million and Write-down of the Stock of Properties of approximately HK\$10.8 million
- The Group's shared loss of the associates relating to Ponte 16, the Group's flagship investment project, decreased by approximately 13% to approximately HK\$42.1 million. An Adjusted EBITDA\* loss of approximately HK\$46.2 million was recorded

**30 March 2023, 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 results for the year ended 31 December 2022.

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

## RESULTS

For the year ended 31 December 2022, revenue of the Group was approximately HK\$114.8 million, decreased by approximately 24% from approximately HK\$151.1 million for the last corresponding year. Gross profit increased by approximately 41% to approximately HK\$12.4 million (2021: approximately HK\$8.8 million). The Group's shared loss of the associates relating to Ponte 16, the flagship investment project of the Group for the year ended 31 December 2022 was approximately HK\$42.1 million, decreased by approximately 13% from approximately HK\$48.7 million for the last corresponding year. Loss attributable to owners of the Company for the year ended 31 December 2022 was approximately HK\$287.1 million (2021: profit of approximately HK\$4.9 million), whilst loss per share was 5.83 HK cents (2021: earnings per share of 0.10 HK cents).

The loss for the year ended 31 December 2022 was mainly attributable to the recognition of (i) a substantial fair value loss on the Group's overseas listed equity securities of approximately HK\$174.1 million; and (ii) a fair value loss on the Group's investment properties as well as a write-down of carrying amount of the Group's stock of properties ("Write-down of the Stock of Properties") in the aggregate amount of approximately HK\$20.6 million.

## DIVIDENDS

No interim dividend was paid in 2022 (2021: nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2022 (2021: nil).

## REVIEW OF OPERATIONS

### *Travel Business*

In 2022, the international tourism industry began to show signs of recovery as many tourist destinations in the Western countries eased or even removed entry restrictions and quarantine measures to welcome visitors. The government of Canada further relaxed its border control measures in April 2022 and subsequently removed all its entry restrictions in October 2022. Consequently, pent-up travel demand from business travellers and international students had been gradually unleashed throughout the year. Supported by the well-established network of Jade Travel Ltd. ("Jade Travel") with all airlines operating in Canada and its online platform providing round-the-clock customer service, the Group was able to meet the growing demand for air tickets and its sales volume in 2022 recovered to almost pre-pandemic level. In late 2022, the Group obtained an approval from the International Air Transport Association ("IATA") to expand its ticketing business in China. This enables the Group to explore new opportunities with travel agencies in Mainland China and better position itself to shine in the midst of the recovery of global tourism.

Revenue of the travel business segment for the year ended 31 December 2022 decreased by approximately 24% to approximately HK\$112.1 million (2021: approximately HK\$147.9 million) while the gross profit margin increased from 3.8% to 8.7%. Profit of approximately HK\$3.3 million was recorded in this segment (2021: loss of approximately HK\$1.7 million), including a reversal of impairment loss on intangible assets of approximately HK\$2.8 million which was recognised for the

year ended 31 December 2022 (2021: an impairment loss on intangible assets of approximately HK\$1.1 million).

### ***Property Investment Business***

In 2022, the property market in Hong Kong faced a significant slowdown due to the new wave of COVID-19 outbreaks and the hiking interest rate. Investor sentiment was dampened and demand for commercial property in Hong Kong was weakened. The market saw declines in transactions and rental values as well as an increase in office vacancy rates in all major office leasing markets in Hong Kong. Despite the fluctuations in global stock markets and the hiking interest rate in 2022, Hong Kong's strong fundamentals and highly developed financial industry also contribute to the Group's confidence in the city's potential to resume its role as a bustling business hub connecting Mainland China and abroad. As such, the Group holds a positive outlook for the long-term prospects of the commercial property market in Hong Kong and believes that its investment portfolio will consistently contribute stable returns.

Revenue of the property investment business for the year ended 31 December 2022 amounted to approximately HK\$2.6 million (2021: approximately HK\$3.3 million). Segment loss was approximately HK\$15.9 million (2021: segment profit of approximately HK\$13.7 million) which was mainly due to recognition of a fair value loss on investment properties of approximately HK\$9.8 million (2021: fair value gain on investment properties of approximately HK\$8.1 million) and Write-down of the Stock of Properties of approximately HK\$10.8 million for the year ended 31 December 2022 (2021: reversal of Write-down of the Stock of Properties of approximately HK\$0.5 million).

### ***Investment Project – Ponte 16***

The outbreak of Omicron variant in 2022 had a significant impact on Macau's economy. Prompt prevention and control measures were implemented in both Mainland China and Macau resulted in a decline in visitor traffic from Mainland China. In July 2022, the Macau government took further steps to contain the spread of COVID-19 by temporarily suspending casinos and non-essential businesses in the community for two weeks. The resurgence of the outbreak over the year took a toll on Macau's gaming and hospitality industries as well as the overall economy. The number of visitors to Macau in 2022 decreased by 26.0% year-on-year (“yoy”) to approximately 5.7 million, and the Macau’s gross gaming revenue (“GGR”) for the year 2022 was approximately MOP42.2 billion, representing a 51.4% decrease compared with 2021 and a new record low. The year 2022 closed with a monthly GGR of approximately MOP3.5 billion in December, decreased by 56.3% yoy.

Following the approval of the New Gaming Law, namely Law 7/2022, in June 2022, Ponte 16 has maintained close communication with the Macau government and its business partners to ensure strict compliance with all legal requirements and committed to contributing to a sustainable and healthy growth in Macau's gaming industry and community. As at 31 December 2022, the casino of Ponte 16 had 109 gaming tables in operation, consisting of 101 mass tables and 8 high-limit tables. The average occupancy rate of Sofitel Macau At Ponte 16 was approximately 48% for the year ended 31 December 2022 (2021: approximately 52%). For the year ended 31 December 2022, an Adjusted EBITDA\* loss of approximately HK\$46.2 million was recorded (2021: approximately HK\$57.6 million).

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

With the commitment to promoting the cultural, travel and entertainment industries in Macau, Ponte 16 continued to operate and upgrade the "OLA澳優遊" ("OLA"), the one-stop platform featuring travel information and promotions in Macau's local community. Leveraging the strong cultural resources of the Inner Harbour area and its surrounding areas, Ponte 16 collaborated with local enterprises, including merchants and hotels, to provide discounts and privileges to customers via OLA. This created more business opportunities for those participated merchants, also encouraged cross-sector spending and jointly promoted the economy of the Macau Peninsula. Due to the close proximity and connectivity, the coverage of OLA has been extended to include enterprises in the Greater Bay Area, in particular in Zhuhai. Ponte 16 is committed to not only promoting the economy of the Macau Peninsula and the surrounding regions but also revitalising the hospitality and tourism industries. Since the launch of OLA in late 2021, approximately 90 merchant partners have been recruited, covering approximately 150 merchant outlets, which has helped Ponte 16 to strengthen its market presence and firmly secure itself on the fast track to recovery in 2023.

## PROSPECTS

The year 2023 has started on a positive note with the orderly reopening of Mainland China, Hong Kong and Macau. The reopening paves the way for a rapid rebound in economic activities in the domestic markets and is expected to impact global growth through increased domestic demand and international travel. However, interest rate is expected to remain high for a period of time and result in a more pronounced economic slowdown. Moreover, the potential for further escalation of the Russia-Ukraine conflict is a concern that could affect global stability. The Group intends to leverage its extensive experience in the entertainment and tourist-related industries to capture the rising demand in the tourism sector. At the same time, the Group will exercise prudence in capital management to maintain corporate agility and resilience as it journeys towards a full recovery.

Macau's casinos have started to show signs of recovery, with GGR in the first two months of 2023 increased by 55.3% yoy to approximately MOP21.9 billion. Macau's visitor numbers also surged during the Chinese New Year holiday and over 451,000 visitors has recorded. The Group is optimistic about Macau's future due to its positive recovery momentum, infrastructure developments, and government policies. The ongoing development of the Greater Bay Area Initiative, combined with the continuous growth of Mainland China's outbound tourism, will support Macau's position as a global tourism destination. The Group believes that the mass market holds the most potential for sustainable growth and Ponte 16 will continue to offer a superior accommodation experience with a distinctive cultural connotation, in addition to enriching its comprehensive entertainment facilities and initiatives. As a casino-entertainment resort located in the exclusive Inner Harbour area of Macau, Ponte 16 will maintain its leading position with the support of its neighbouring partners.

Following the resumption of cross-border travel in most Asian countries, Jade Travel's business is starting to recover. With a strong brand reputation in both retail and wholesale businesses in North America, Jade Travel is well-prepared to capture the growing opportunities. Jade Travel has received approval from IATA to expand its wholesale ticketing business in China and plans to further explore

strategic collaborations with leading domestic and international travel portals. This will help Jade Travel better serve the recovering tourism market in China and widen its revenue streams. Jade Travel will also focus on designing packages and local tours to destinations all over the world, catering to the diverse interests of retail travellers in the post-pandemic era.

The property market in Hong Kong is still expected to be impacted by high interest rate in the short term. However, the reopening of borders provides a solid ground for the recovery of commercial property demand, especially in prime districts. The Group remains confident in Hong Kong's position as a leading international financial centre and will continue to closely monitor the commercial property market. The Group is committed to reviewing all available options to constantly optimise its investment portfolio.

Looking forward, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, “As the pandemic is fading away, the Group is optimistic about the future. In 2023, the Group will focus on strengthening its position in the entertainment and tourist-related industries while optimising its investment property portfolio to create a long-term value for its stakeholders. As the market continues to recover, the Group will take proactive steps to keep pace with the changing marketplace and create a sustainable value in the long run.”

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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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