
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Success Universe Group Limited (the “**Company**”), you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)****POSSIBLE VERY SUBSTANTIAL ACQUISITION –
THE PROVISION OF FINANCIAL ASSISTANCE TO
PIER 16 – PROPERTY DEVELOPMENT LIMITED**

A notice convening a special general meeting of the Company (the “**SGM**”) to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 5 June 2012 at 3:00 p.m. (or immediately after the annual general meeting of the Company which is to be held at 2:30 p.m. on the same day shall have been concluded or adjourned (whichever is later)) is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

18 May 2012

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set out below unless the context otherwise requires:

“2012 Financial Assistance”	the New SUG Guarantee, the Completion Undertaking, the Funding Undertaking, the legally notarized <i>livrança</i> (promissory note) for HK\$2,400 million to be given by Pier 16 – Property Development and endorsed by, among others, the Company for a sum of not exceeding HK\$1,176 million in favour of the Security Agent, the Share Pledge and the Subordination Agreement and the transactions contemplated thereunder
“Board”	the board of Directors
“Certificate of Practical Completion”	an unconditional certificate to be issued by the architect, certifying that the building and construction works comprised in the main construction contract of the Project have been completed
“Company”	Success Universe Group Limited (stock code: 00487), a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Completion Undertaking”	an unconditional and irrevocable completion undertaking to be given by the Company and SJM jointly and severally in favour of the Security Agent

DEFINITIONS

“Construction Costs”	the aggregate of: (a) any amount incurred or paid to the management contractor or any other contractors or suppliers for or in respect of work done or materials or goods supplied in connection with the construction of the Project (and any other development to be constructed on the Project site) and in connection with the making of the Project (and any other development to be constructed on the Project site) fit to qualify for the issuance of the Certificate of Practical Completion; (b) any other amounts (including professional fees) which (in the opinion of the architect) need to be incurred by Pier 16 – Property Development in order to complete the construction of the Project (and any other development to be constructed on the Project site) and/or making of the Project (and any other development to be constructed on the Project site) fit to qualify for the issuance of the Certificate of Practical Completion; and (c) all marketing costs, office and overhead expenses and other amounts incurred by Pier 16 – Property Development in connection with the completion of the Project (and any other development to be constructed on the Project site)
“Construction Licence”	the licence issued or to be issued by the Land, Public Works and Transport Bureau of Macau for the commencement of the construction of the Project (and any other development to be constructed on the Project site)
“Cost Overrun”	any amount by which the Construction Costs exceed or will, in the opinion of the architect, exceed the present estimated amount of approximately HK\$775 million
“Director(s)”	director(s) of the Company
“Existing Syndicated Loan”	the total amount owing under the term loan facilities of HK\$1,600 million granted by a group of financial institutions to Pier 16 – Property Development under a facility agreement dated 28 June 2007 as supplemented by a supplemental agreement dated 14 December 2010

DEFINITIONS

“Facilities”	term loan facilities in the aggregate amounts of HK\$1,900 million and RMB400 million to be made available to Pier 16 – Property Development pursuant to the Facility Agreement, details of which are set out in the paragraph headed “Information on the Facilities” of “The 2012 Financial Assistance” in the “Letter from the Board” of this circular
“Facility Agreement”	the facility agreement dated 17 April 2012 entered into by Pier 16 – Property Development and a group of financial institutions in relation to the Facilities made available to Pier 16 – Property Development
“Final Maturity Date”	in relation to each Facility, the earlier of (a) the date which is 60 months from the date of the first utilisation of the Facility; and (b) the date which is 63 months from the date of the Facility Agreement
“Finance Document(s)”	the Facility Agreement, any Security Document, any fee letter in relation to the Facilities and any other document designated as such by the facility agent for the Finance Parties and Pier 16 – Property Development
“Finance Party(ies)”	the facility agent for the Finance Parties, the Security Agent, the mandated lead arranger, an arranger, a co-arranger or a manager in relation to the Facilities or a Lender
“Funding Undertaking”	the unconditional and irrevocable funding undertaking to be given by (1) Pier 16 – Property Development (as borrower) and (2) the Company and SJM (as guarantors) severally in favour of the Security Agent
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons (as defined under the Listing Rules)
“Land Concession”	the concession of rental rights over the Property (including the ownership of all structures and buildings erected or to be erected thereon) for a 25-year period from 14 February 2005, renewable, provided by the Macau government to Pier 16 – Property Development according to the terms and conditions set forth on the Dispatch 9/2005 in Official Gazette No.6 – II dated 14 February 2005 with the Macau Land Registry Office (in Portuguese: Conservatória do Registo Predial, and in Chinese: 物業登記局) under no.30269F
“Land Concession Modification”	any modification, variation or waiver of any term or condition of the Land Concession agreeable by the Macau government and (if required) published in Official Gazette
“Land Premium”	the land premium and all other sums (if any) required to be paid to the relevant agency of the Macau government for any Land Concession Modification or, as reasonably determined by the facility agent for the Finance Parties, in connection with the ownership of the Project or the Property
“Latest Practicable Date”	16 May 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Lender(s)”	lenders of the Facilities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“MOP”	Macau Pataca, the lawful currency of Macau

DEFINITIONS

“Mr. Yeung”	Mr. Yeung Hoi Sing, Sonny, an executive Director, the Chairman of the Company and through Silver Rich, a controlling Shareholder
“New SUG Guarantee”	the repayment guarantee for 49% of Pier 16 – Property Development’s total indebtedness under the Facility Agreement to be given by the Company in favour of the Security Agent
“Pier 16 – Property Development”	Pier 16 – Property Development Limited, a company incorporated in Macau with limited liability which was beneficially held as to 51% by SJM-IL, an Independent Third Party, and as to 49% by World Fortune as at the Latest Practicable Date
“Ponte 16”	a world-class integrated casino-entertainment resort situated at the Property comprising a five-star luxury hotel, a casino, a shopping arcade, food and beverage functions as well as recreational facilities
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Taiwan and Macau
“Project”	the future non-gaming portion of the project involving the completion of the construction of the phase 3 development on portions of the land under the Land Concession and (as and when it is granted by the Macau government) under the Land Concession Modification
“Project Costs”	(a) the Land Premium, the related costs for the Land Concession Modification and all other premiums and sums of money (if any) payable to the Governmental Agency of Macau in respect of the Property or the Project; (b) all Construction Costs (including Cost Overrun) and all operating costs to be incurred for the Project; and (c) all financial costs and expenses, including interest payable in respect of the Facilities

DEFINITIONS

“Property”	a piece of land with the area of 23,066 square meters or such area as to be defined in any Land Concession Modification and located at Rua das Lorchas and Rua do Visconde Paço de Arcos, between Pier no.12A and 20, of inner harbour of Macau described in Macau Land Registry Office under number 23151 of Book B, including all structures and buildings erected or to be erected thereon
“RMB”	Renminbi, the lawful currency of the PRC
“Security Agent”	security agent for the Finance Parties
“Security Document(s)”	any of the documents to be executed to secure all or part of the liabilities due or owing to the Finance Parties under or in connection with any Finance Document
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on Tuesday, 5 June 2012 at 3:00 p.m. (or immediately after the annual general meeting of the Company which is to be held at 2:30 p.m. on the same day shall have been concluded or adjourned (whichever is later)) at which an ordinary resolution will be proposed to consider and, if thought fit, approve the provision of the 2012 Financial Assistance
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Pledge”	a share pledge over all the shares in Pier 16 – Property Development to be given by, among others, World Fortune (as a pledgor) and Pier 16 – Property Development (as company) in favour of the Security Agent
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Silver Rich”	Silver Rich Macau Development Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling Shareholder as at the Latest Practicable Date
“SJM”	Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau and a subsidiary of SJM Holdings Limited (a company whose issued shares are listed on the main board of the Stock Exchange, stock code: 00880)
“SJM-IL”	SJM – Investment Limited, a company incorporated under the laws of Macau with limited liability and a subsidiary of SJM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordination Agreement”	the subordination agreement to be entered into by, among others, World Fortune, SJM-IL, Pier 16 – Property Development and the Security Agent in relation to the subordination of the Subordinated Indebtedness to the Priority Indebtedness (both as defined in the paragraph headed “Subordination Agreement” of “Information on the 2012 Financial Assistance” of “The 2012 Financial Assistance” in the “Letter from the Board” of this circular)
“World Fortune”	World Fortune Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date
“%”	per cent.

LETTER FROM THE BOARD



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

Executive Directors:

Mr. Yeung Hoi Sing, Sonny (*Chairman*)

Dr. Ma Ho Man, Hoffman (*Deputy Chairman*)

Non-executive Director:

Mr. Choi Kin Pui, Russelle

Independent non-executive Directors:

Mr. Luk Ka Yee, Patrick

Ms. Yeung Mo Sheung, Ann

Mr. Chin Wing Lok, Ambrose

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

Suite 1601-2 & 8-10

16th Floor

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

18 May 2012

To the Shareholders

Dear Sir or Madam,

**POSSIBLE VERY SUBSTANTIAL ACQUISITION –
THE PROVISION OF FINANCIAL ASSISTANCE TO
PIER 16 – PROPERTY DEVELOPMENT LIMITED**

INTRODUCTION

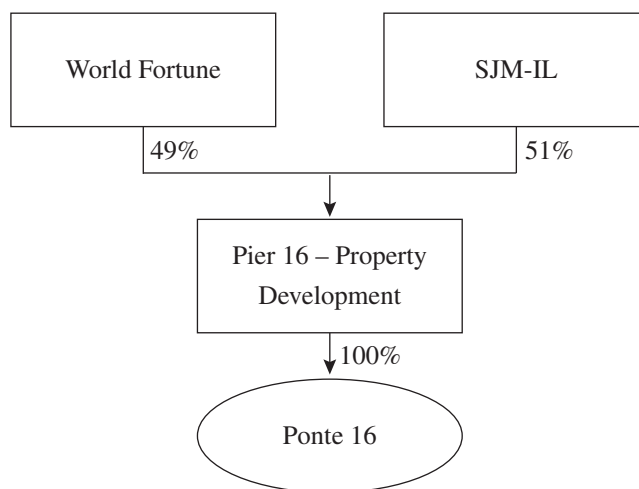
On 26 April 2012, the Board announced that the Group would enter into certain Security Documents as security for Pier 16 – Property Development's obligations under the Facility Agreement dated 17 April 2012 entered into by Pier 16 – Property Development with, among others, the Lenders (being a group of financial institutions) as one of the conditions precedent for the utilisation of the Facilities in the aggregate amounts of HK\$1,900 million and RMB400 million under the Facility Agreement. It is expected that the aforesaid Security Documents will be entered into by the Group after approval from the Shareholders has been obtained and prior to the drawdown of the Facilities.

LETTER FROM THE BOARD

The purpose of this circular is to give you, among others, (i) further information on the 2012 Financial Assistance; (ii) the notice of the SGM; and (iii) other information as required under the Listing Rules.

BACKGROUND

The following was the simplified shareholding structure of Pier 16 – Property Development as at the Latest Practicable Date:



References are made to (i) the circular of the Company dated 29 January 2007 in relation to the acquisition by the Group of 12.25% equity interest in, and the related shareholder’s loan of, Pier 16 – Property Development and the possible provision of shareholder’s loan by the Group to Pier 16 – Property Development; (ii) the announcement of the Company dated 28 June 2007 in relation to the execution of the 2007 SUG Guarantee (as defined below) by the Company; (iii) the circular of the Company dated 8 May 2009 in relation to the provision of further financial assistance by the Group to Pier 16 – Property Development; and (iv) the announcement of the Company dated 25 June 2010 (“**2010 Financial Assistance Announcement**”) in relation to the provision of further financial assistance by the Group to Pier 16 – Property Development.

LETTER FROM THE BOARD

The Group has been providing financial assistance to Pier 16 – Property Development for the development of Ponte 16 by way of shareholder’s loan (“**SUG Shareholder’s Loan**”) and a corporate guarantee (“**2007 SUG Guarantee**”) which was executed by the Company to guarantee the payment obligation of Pier 16 – Property Development in respect of the Existing Syndicated Loan facilities granted by a group of financial institutions on 28 June 2007. The 2007 SUG Guarantee is subject to a maximum principal amount of HK\$860 million (“**Maximum Principal Amount**”). Immediately following the special general meeting of the Company held on 26 May 2009, the limit for the provision of the financial assistance (including the SUG Shareholder’s Loan and 2007 SUG Guarantee) by the Group to Pier 16 – Property Development as approved by the Shareholders was approximately HK\$2.02 billion. As mentioned in the 2010 Financial Assistance Announcement, the Group provided further SUG Shareholder’s Loan in an aggregate amount of approximately HK\$105.5 million up to the date of the 2010 Financial Assistance Announcement to Pier 16 – Property Development to finance the construction cost of and the repayment of indebtedness by Pier 16 – Property Development, and the outstanding balance of the SUG Shareholder’s Loan and the 2007 SUG Guarantee as at the date of the 2010 Financial Assistance Announcement in aggregate amounted to approximately HK\$2.05 billion. Subsequent to the date of the 2010 Financial Assistance Announcement and up to the Latest Practicable Date, the Group provided further SUG Shareholder’s Loans in an aggregate amount of HK\$29.4 million (“**Subsequent SUG Shareholder’s Loans**”). The provision of the Subsequent SUG Shareholder’s Loans alone did not constitute discloseable transaction for the Company.

As at the Latest Practicable Date, the outstanding balance of the SUG Shareholder’s Loan amounted to approximately HK\$1.22 billion and the maximum liability of the 2007 SUG Guarantee in respect of principal amount shall be no more than HK\$860 million. Further information on the 2007 SUG Guarantee is set out in the paragraph headed “Information on the Facilities” of “The 2012 Financial Assistance” below.

The Existing Syndicated Loan facilities will mature on 29 June 2012. In view of the maturity of the Existing Syndicated Loan facilities and for the purposes of repaying and/or discharging the Existing Syndicated Loan facilities, financing the payment of Land Premium and Construction Costs and repaying certain shareholders’ loans previously advanced to Pier 16 – Property Development, on 17 April 2012, Pier 16 – Property Development entered into the Facility Agreement with, among others, the Lenders (being a group of financial institutions), pursuant to which the Lenders agreed to grant the Facilities in the aggregate amounts of HK\$1,900 million and RMB400 million to Pier 16 – Property Development subject to the terms of the Facility Agreement. As one of the conditions precedent for the utilisation of the Facilities, the Group is required to execute certain Security Documents as security for Pier 16 – Property Development’s obligations under the Facility Agreement.

LETTER FROM THE BOARD

THE 2012 FINANCIAL ASSISTANCE

In connection with the Facility Agreement, the Group will enter into the following Security Documents in favour of the Security Agent:

- (i) the New SUG Guarantee to be given by the Company as guarantee for 49% of Pier 16 – Property Development’s total indebtedness under the Facility Agreement;
- (ii) a legally notarized *livrança* (promissory note) for HK\$2,400 million to be given by Pier 16 – Property Development and endorsed by, among others, the Company for a sum of not exceeding HK\$1,176 million, together with the correspondent letter of authorisation;
- (iii) the Completion Undertaking to be given by the Company and SJM jointly and severally to procure completion of the Project without delay;
- (iv) the Funding Undertaking to be given by Pier 16 – Property Development (as borrower) and the Company and SJM (as guarantors) severally, pursuant to which, among others, the Company and SJM will severally undertake to provide or procure provision of funds for, or pay or procure payment of, 49% and 51% respectively of the Project Costs (including, but not limited to, Cost Overrun) provided that, among others, Pier 16 – Property Development may make utilisations under Facility C (as mentioned below) to pay the Land Premium and related costs for the Land Concession Modification and Facility D (as mentioned below) to pay the relevant Project Costs instead of calling upon the Company and SJM to fund such costs;
- (v) the Share Pledge over all the shares in Pier 16 – Property Development to be given by all the shareholders of Pier 16 – Property Development (including, among others, World Fortune) (as pledgors) and Pier 16 – Property Development (as company); and
- (vi) the Subordination Agreement to be given by, among others, World Fortune and SJM-IL (as subordinated creditors) and Pier 16 – Property Development pursuant to which, among others, all present and future indebtedness owing to World Fortune and SJM-IL by Pier 16 – Property Development will be subordinated to all present and future indebtedness owing to the Finance Parties under the Finance Documents.

LETTER FROM THE BOARD

It is expected that the above Security Documents will be entered into by the Group after approval from the Shareholders has been obtained and prior to the draw down of the Facilities. As at the Latest Practicable Date, the principal terms of the above Security Documents were finalised. However, in the event that there is material change in the principal terms of the above Security Documents to be entered into by the Group, further announcement will be made by the Company and approval from the Shareholders will be sought as and when appropriate in accordance with the Listing Rules.

Information on the Facilities

The Facilities comprise four facilities, a brief summary of which is set out below:

Facility	Information on the facility	Purposes of the facility
A and B	<p>Facility amount: HK\$900 million and RMB400 million respectively</p> <p>Repayment term for principal: for Facility A, in quarterly installments during the period from 30 September 2012 to the Final Maturity Date; for Facility B, in quarterly installments during the period from 30 September 2014 to the Final Maturity Date</p> <p>Effective interest rate: HIBOR plus a margin of 3% per annum, which, in respect of Facility A, is subject to adjustment as provided in the Facility Agreement</p>	<p>(i) for repaying the Existing Syndicated Loan in full; and</p> <p>(ii) for (1) repaying the shareholders' loans previously advanced to Pier 16 – Property Development for the payment of the construction cost of the Property; and/or (2) financing the other construction costs of the Property</p>
C	<p>Facility amount: HK\$300 million</p> <p>Repayment term for principal: in quarterly installments during the period from 30 September 2012 to the Final Maturity Date</p> <p>Interest rate: HIBOR plus a margin of 3% per annum, subject to adjustment as provided in the Facility Agreement</p>	<p>for financing the payment of the Land Premium and the related costs for the Land Concession Modification</p>

LETTER FROM THE BOARD

Facility	Information on the facility	Purposes of the facility
D	Facility amount: HK\$700 million Repayment term for principal: on the Final Maturity Date Interest rate: HIBOR plus a margin of 3% per annum, subject to adjustment as provided in the Facility Agreement	for financing the Construction Costs of the Project

As at the Latest Practicable Date, under the Existing Syndicated Loan facilities, (i) the total outstanding principal amount of the loan was HK\$500 million; and (ii) to secure a bank guarantee issued by a bank (“**Issuing Bank**”) in favour of the Macau government for MOP273 million as security for the payment of the land premium to be paid in connection with the Property, among others, HK\$240 million bank guarantee facilities had been utilised. As at the Latest Practicable Date, the bank guarantee was still kept by the Macau government, pending the land premium being confirmed and agreed. The outstanding loan under the Existing Syndicated Loan facilities will be repaid or discharged, as appropriate, in full on the first utilisation of Facilities A and/or B while Facility C will be available for financing the payment of the Land Premium and the related costs for the Land Concession Modification or for covering the Issuing Bank’s liability or contingent liability under the aforesaid bank guarantee. Pursuant to the 2007 SUG Guarantee, the Company will not be entitled to a release from the 2007 SUG Guarantee until 7 months after all the ultimate balance owing by Pier 16 – Property Development under the Existing Syndicated Loan facility agreement has been irrevocably paid or the Company has paid the Maximum Principal Amount and any related interest and other sums payable under the 2007 SUG Guarantee, whichever is the earlier.

Information on the 2012 Financial Assistance

New SUG Guarantee

Under the Facility Agreement, as a condition to the provision of the Facilities, each of the Company and SJM is required to execute a repayment guarantee for 49% and 51% respectively of Pier 16 – Property Development’s total indebtedness under the Facility Agreement in favour of the Security Agent.

LETTER FROM THE BOARD

Pursuant to the New SUG Guarantee,

- (i) the Company will guarantee to pay, within 7 business days of the Security Agent's demand, any sum which Pier 16 – Property Development fails to pay when due in accordance with the Facility Agreement provided that the liability of the Company under the New SUG Guarantee in respect of any Pier 16 – Property Development's obligations (including without limitation, payment of all principal, interest (including default interest), fees, costs, charges and expenses) due and payable at any time under the Facility Agreement shall be limited to 49% thereof (“**Maximum SUG Guaranteed Amount**”). If the Company has duly paid and discharged in full 49% of any Pier 16 – Property Development's obligations, no further demand in respect of such Pier 16 – Property Development's obligations shall be made on the Company;
- (ii) the New SUG Guarantee will be a continuing guarantee subject to the Maximum SUG Guaranteed Amount until 7 months after all the ultimate balance owing by Pier 16 – Property Development under the Facility Agreement has been irrevocably paid or the Company has paid 49% of all the ultimate balance owing by Pier 16 – Property Development under the Facility Agreement and other sums payable under the New SUG Guarantee, whichever is earlier; and
- (iii) the *livrança* (promissory note), endorsed or to be endorsed by the Company for a sum of not exceeding HK\$1,176 million in the Security Agent's favour, is in support of the Company's obligations under the New SUG Guarantee. The Security Agent will only insert the payment date to the *livrança* (promissory note) after an event of default under the Facility Agreement has occurred and is continuing.

Completion Undertaking

Pursuant to the Facility Agreement, Pier 16 – Property Development has undertaken, among others, for so long as any amount is outstanding under the Finance Documents or any commitment of a Lender is in force, that:

- (A) (i) after the Construction Licence is issued, Pier 16 – Property Development shall, among others, promptly and diligently proceed with, and complete in accordance with the construction time schedule, the building plans, the applicable laws and regulations, all the building and construction works of the Project and as soon as practicable, obtain the Certificate of Practical Completion in respect of the Project; and

LETTER FROM THE BOARD

- (ii) in case of default in respect of any of the aforesaid by Pier 16 – Property Development,
 - (a) it shall be lawful (but not obligatory) for the Security Agent acting on the instructions of the majority lenders (or any person appointed by the Security Agent) for so long as such default is continuing, after giving prior written notice to Pier 16 – Property Development, to enter upon and into the Project site and to complete the construction of the Project and to pay all premiums or fines (if any); and
 - (b) Pier 16 – Property Development will fully repay within 7 business days of a demand all sums of money expended by the Security Agent for that purpose and will pay default interest thereon from the time of the same having been paid and until so repaid the same shall be deemed part of the liabilities owing by an obligor under the Facility Agreement or Security Documents (other than Finance Parties) to the Finance Parties

(the aforementioned Pier 16 – Property Development’s obligations assumed by Pier 16 – Property Development under the Facility Agreement or assumed by the Company and SJM under the Completion Undertaking are referred to as “**Project Completion Obligations**”); and

- (B) at any time after any breach by Pier 16 – Property Development of the Project Completion Obligations or an event of default under the Facility Agreement, the facility agent for the Finance Parties may (but shall not be obliged to), acting on the instructions of all the Facility D Lenders, pay any money available for drawing under Facility D in any manner the facility agent shall think most expedient for completing the construction of the Project, and such payment shall be deemed to form part of the Facility D Loans and shall be recoverable and secured as such.

LETTER FROM THE BOARD

Pursuant to the Completion Undertaking,

- (i) the Company and SJM will, jointly and severally, irrevocably and unconditionally, undertake to the Security Agent that Pier 16 – Property Development will duly perform and comply with all the Project Completion Obligations for so long as any amount is outstanding under the Finance Documents or any commitment of a Lender is in force;
- (ii) if Pier 16 – Property Development is in breach of the Project Completion Obligations under the Facility Agreement or if the majority lenders are of the reasonable opinion that Pier 16 – Property Development would not be able to fulfill any of the Project Completion Obligations under the Facility Agreement, then the Company and SJM shall, at the written request of the Security Agent, assume all the Project Completion Obligations as if they were given by the Company and SJM themselves on a joint and several basis; and
- (iii) the Company and SJM shall be jointly and severally liable to pay to the Security Agent and keep each Finance Party fully indemnified against all losses, costs and expenses incurred or suffered by any Finance Party by reason of the Completion Undertaking being not duly complied with (including all such expenses incurred by the Security Agent and/or any other Finance Parties to ensure completion of the Project and default interest thereon).

Funding Undertaking

Pursuant to the Facility Agreement, the amount of each utilisation under Facility D, when aggregated with all previous utilisations under Facility D, shall not exceed 90% of the aggregate amount of the total Construction Costs so far certified by the architect and the independent quantity surveyor of the Project (or, in respect of professional fees, demonstrated by certified true copy invoices or fee notes) as paid or currently due and payable for Construction Costs of the Project (excluding those paid by sale proceeds of the Property and excluding any Cost Overrun). If the ratio as aforementioned will be exceeded after making a loan under Facility D, then for the utilisation of that loan, Pier 16 – Property Development shall promptly raise funds equal to 10% of the Construction Costs from its internal resources (but not out of any sale or pre-sale proceeds of the Property or the Project or any part thereof) and, if there is any shortfall, from SJM and the Company (in the proportion in accordance with the terms of the funding undertaking given by them in the Security Agent’s favour) (“**Principal Guarantors’ Contributions**”) on or before the utilisation date and applies Pier 16 – Property Development’s internal resources and (if applicable) the Principal Guarantors’ Contributions together with the proceeds of the utilisation towards payment or reimbursement of the Construction Costs as paid or currently due and payable.

LETTER FROM THE BOARD

Pursuant to the Facility Agreement, Pier 16 – Property Development has also undertaken, for so long as any amount is outstanding under the Finance Documents or any commitment of a Lender is in force, that if at any time there is a Cost Overrun, Pier 16 – Property Development shall promptly raise funds from its own internal resources (but not out of any sale or pre-sale proceeds of the Property or the Project or any part thereof) and, if there is any shortfall, from the Company and SJM in the proportion in accordance with the terms of the funding undertaking given by them in the Security Agent’s favour equivalent to the amount of such Cost Overrun and make payment of the next amounts due in respect of the Construction Costs prior to any further utilisation under Facility D being made. Such funds are to be raised in sufficient time to ensure that there is no substantial interruption or substantial delay in the construction and completion of the Project in accordance with the construction time schedule.

Pursuant to the Funding Undertaking,

- (i) each of the Company and SJM will severally, irrevocably and unconditionally, undertake to the Security Agent that it will (a) provide, or procure the provision of, 49% and 51% respectively of any funds which may be required by Pier 16 – Property Development for payment of Project Costs promptly as and when they fall due, in accordance with the Funding Undertaking; and (b) pay or cause to be paid to Pier 16 – Property Development or (for Pier 16 – Property Development’s account) to such persons entitled to receive the same from Pier 16 – Property Development as directed by the Security Agent, 49% and 51% respectively of the Project Costs so as to enable Pier 16 – Property Development to make payment on or before the due date, provided that if Pier 16 – Property Development is entitled under the Facility Agreement to make utilisations under Facility C to pay the Land Premium and related costs for the Land Concession Modification and Facility D to pay any other Project Costs, Pier 16 – Property Development may make utilisations to pay the relevant Project Costs instead of calling upon the Company and SJM to fund such costs or if Pier 16 – Property Development has sufficient internal resources, it may utilise its own resources to pay the relevant Project Costs;
- (ii) the obligations of the Company and SJM will continue until the date on which all liabilities owing to the Finance Parties under the Finance Documents have been paid and discharged in full and no Finance Parties have any further commitment in and liability under the Finance Documents; and

LETTER FROM THE BOARD

- (iii) each of the Company and SJM will ensure that each payment required to be made by it to or for the account of Pier 16 – Property Development under the Funding Undertaking shall be provided by it to Pier 16 – Property Development by way of subordinated loans from World Fortune and SJM-IL respectively; and/or other subordinated loans from the Company and SJM respectively, as the Company/SJM and Pier 16 – Property Development may agree, and all subordinated loans will be subordinated to the liabilities due or owing to the Finance Parties under the Finance Documents.

Share Pledge

Pursuant to the Share Pledge, among others, World Fortune pledges (in the form of first priority pledge) and assigns as collateral to the Security Agent all of its interests in all shares in Pier 16 – Property Development held by it from time to time to secure the payment and discharge of each of the liabilities and present and future obligations (actual and contingent) due, owing or incurred to any Finance Party under the Finance Documents.

Subordination Agreement

Pursuant to the Subordination Agreement, so long as any liability or obligation (present or future, actual or contingent) due or owing to any Finance Party under the Finance Documents (“**Priority Indebtedness**”) is outstanding, among others, all sums (whether of principal, interest or otherwise) payable and all obligations owing to World Fortune and SJM-IL by Pier 16 – Property Development, whether present or future, actual or contingent (“**Subordinated Indebtedness**”), and the claims of World Fortune and SJM-IL in respect of the Subordinated Indebtedness shall be subordinated to the Priority Indebtedness and postponed to the claims of the Finance Parties in respect thereof, and unless and until the Priority Indebtedness has been discharged in full, no Subordinated Indebtedness shall be repaid save by utilising the proceeds of Facility A and/or Facility B or as otherwise may be permitted under the Finance Documents.

The estimated total exposure of the Company under the provision of the 2012 Financial Assistance which has taken into account 49% of the HK\$2,400 million principal amount of the Facilities and the related *livrança* (promissory note) (which will be given by Pier 16 – Property Development, and endorsed by, among others, the Company for a sum of not exceeding HK\$1,176 million) and 49% of the estimated total interest payable on the Facilities, and based on the current estimated total Construction Costs of approximately HK\$775 million without Cost Overrun is approximately HK\$1,756 million. In the event that the Group is called upon to repay the outstanding indebtedness of Pier 16 – Property Development pursuant to the Security Documents entered into by the Group, the Company expects to finance such repayment by internal resources of the Group and/or by loans/borrowings.

LETTER FROM THE BOARD

The 2012 Financial Assistance to be provided by the Group to Pier 16 – Property Development will be in addition to the limit of the financial assistance provided by the Group to Pier 16 – Property Development as previously approved by the Shareholders or disclosed by the Company. It is proposed that (i) the limit for the SUG Shareholder’s Loan will remain unchanged following the provision of the 2012 Financial Assistance; and (ii) the limit of the financial assistance in respect of the 2007 SUG Guarantee as to the Maximum Principal Amount of HK\$860 million is expected to lapse following the release from the 2007 SUG Guarantee, being 7 months after all the ultimate balance owing by Pier 16 – Property Development under the Existing Syndicated Loan facility agreement has been irrevocably paid or the Company has paid the Maximum Principal Amount and any related interest and other sums payable under the 2007 SUG Guarantee, whichever is the earlier. Taking into account: (i) the outstanding balance of the SUG Shareholder’s Loan of approximately HK\$1,224 million as at the Latest Practicable Date; (ii) the estimated total exposure of approximately HK\$1,756 million under the provision of the 2012 Financial Assistance as stated above; and (iii) the Maximum Principal Amount of HK\$860 million under the 2007 SUG Guarantee, the aggregate financial assistance that may be provided by the Group to Pier 16 – Property Development is approximately HK\$3,840 million. In the event that the financial assistance to be provided by the Group to Pier 16 – Property Development under the SUG Shareholder’s Loan, the 2012 Financial Assistance and the 2007 SUG Guarantee exceeds the aforesaid outstanding balance, estimated total exposure and the Maximum Principal Amount respectively, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules.

INFORMATION ON PIER 16 – PROPERTY DEVELOPMENT AND PONTE 16

As at the Latest Practicable Date, Pier 16 – Property Development was owned as to 49% by World Fortune and as to 51% by SJM-IL. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Pier 16 – Property Development, SJM-IL and SJM Holdings Limited are Independent Third Parties. SJM Holdings Limited is a company whose issued shares are listed on the main board of the Stock Exchange. Pier 16 – Property Development is the registered and beneficial owner of the Property and is principally engaged in the investment, development and through its subsidiaries, operation of Ponte 16, a world-class integrated casino-entertainment resort situated at the Property comprising a five-star luxury hotel, a casino, a shopping arcade, food and beverage functions as well as recreational facilities.

Information on the Project

The Project will be a riverside entertainment and recreation complex with expected total gross floor area of approximately 40,000 square meters and housing a wide variety of retail shops and entertainment facilities. Its design will be consistent with the existing themes of Ponte 16 with a view to further diversifying the experience of shopping, dining and entertainment, and will expand the scale of the world-class casino in Ponte 16. The Project is expected to proceed in 2012 and is targeted to be completed by 2014.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE PROVISION OF THE 2012 FINANCIAL ASSISTANCE

The principal businesses and investments of the Group include the leasing and management of a cruise ship, travel and entertainment-related business, including provision of technology services platform and related technical support for mobile sports lottery business in the PRC and the investment project of Ponte 16 which is an integrated casino-entertainment resort and tourist attraction in Macau.

As mentioned in the annual report of the Company for the year ended 31 December 2011, Ponte 16 continued to outperform the overall Macau gaming industry during 2011, with gross gaming revenue achieving a growth of approximately 54%, and for the year ended 31 December 2011, Ponte 16 recorded a net profit for the first time since the commencement of its operation, and its earnings before interest, taxes, depreciation and amortisation increased to approximately HK\$316.8 million. To bring new entertainment offerings to Macau, Ponte 16 is in the process of rolling out the Project. The present estimated total Construction Costs are approximately HK\$775 million. The Directors consider that the Project, upon its completion, is poised to bring another stable stream of revenue to Ponte 16. The Directors expect that the growth momentum in China to continue as the driving force for both visitation and spending in the Macau gaming industry, from which Ponte 16 stands to benefit. In addition, the opening of new resorts has enriched the entertainment scene of Macau as a whole and boosted overall tourist arrivals for the entire market. The Group remains optimistic on the outlook for Ponte 16 and Macau.

The Existing Syndicated Loan facilities will mature on 29 June 2012. It is expected that the Facilities will be applied towards repaying and/or discharging the Existing Syndicated Loan facilities, repaying certain shareholders' loans previously advanced to Pier 16 – Property Development and financing the payment of Land Premium and Construction Costs. The Directors consider that the provision of the 2012 Financial Assistance is the Group's possible obligations to provide the necessary funding to Pier 16 – Property Development for the development of the Project as a shareholder of Pier 16 – Property Development and accordingly can enhance the future prospects of Ponte 16. As Pier 16 – Property Development is an associated company owned as to 49% by World Fortune (a subsidiary of the Company), the Directors consider that the provision of the 2012 Financial Assistance, which will facilitate the development of Ponte 16, will be beneficial to the Group.

LETTER FROM THE BOARD

The Company noted that (i) the Lenders have agreed to grant the Facilities and the amount of the Facilities to be granted under the Facility Agreement has been negotiated by the parties, among others, on the basis that the construction of the Project can be completed on schedule; (ii) as any material delay in completion or non-completion or Cost Overrun of the Project may affect the Lenders' interests in recovering the outstanding indebtedness under the Facility Agreement, the execution of the Completion Undertaking and the Funding Undertaking have been required by the Lenders as one of the conditions precedent for the utilisation of the Facilities and also a market practice to safeguard their interests. Having considered the future prospects of Ponte 16 and the Project and that the Security Documents are the requisite documents for the utilisation of the Facilities, the Directors consider that the provision of the 2012 Financial Assistance (including, but not limited to, the entering into of the Completion Undertaking and Funding Undertaking by the Company) is in the interests of the Company and the Shareholders as a whole and fair and reasonable.

FINANCIAL EFFECT OF THE 2012 FINANCIAL ASSISTANCE

In relation to the 2012 Financial Assistance, the Group's interest in associates and financial guarantee liabilities will be both increased by the fair value of the financial guarantee contracts measured for the initial recognition by independent professional valuers on the date of grant. There is no immediate effect on profit or loss on the date of grant of the 2012 Financial Assistance. Financial guarantees are contracts that require the issuer to make specified payments to reimburse the beneficiary of the contracts (the "**Holder**") for a loss the Holder incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Subsequent to the initial recognition, the amount of the financial guarantee liabilities will be amortised in profit or loss over the term of the guarantee as income from financial guarantee issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in financial guarantee liabilities in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

LETTER FROM THE BOARD

As disclosed in the annual report of the Company for the year ended 31 December 2011, as at 31 December 2011, the Group recorded total equity attributable to owners of the Company of approximately HK\$470 million. As at 31 December 2011, the audited consolidated total assets of the Group were approximately HK\$1,408 million, of which approximately HK\$819 million and HK\$343 million were interest in associates and amount due from an associate respectively, and the cash and cash equivalents of the Group were approximately HK\$72 million. As mentioned in the paragraph headed “The 2012 Financial Assistance” above, the aggregate financial assistance that may be provided by the Group to Pier 16 – Property Development is approximately HK\$3,840 million, which has taken into account (i) the outstanding balance of the SUG Shareholder’s Loan of approximately HK\$1,224 million as at the Latest Practicable Date; (ii) the estimated total exposure of approximately HK\$1,756 million under the provision of the 2012 Financial Assistance as mentioned above; and (iii) the Maximum Principal Amount of HK\$860 million under the 2007 SUG Guarantee. Accordingly, in the event of default by Pier 16 – Property Development under the Facility Agreement and the Group is called upon to meet its obligations under the Security Documents entered into by the Group, the financial and liquidity position of the Group would be adversely affected. The Company currently expects to finance such repayment by internal resources of the Group and/or by loans/borrowings. In the event that loans/borrowings are sought to finance such repayment, the gearing ratio of the Group may be increased.

The Directors consider that, based on the information currently available to the Group and barring unforeseen circumstances, the Company currently expects that the Group may not have to actually repay the estimated total exposure of approximately HK\$1,756 million under the provision of the 2012 Financial Assistance, after taking into account, among others:

- (i) the Facilities are secured by, among others, a first mortgage over the Property in favour of the Security Agent and security provided by the other shareholder of Pier 16 – Property Development and the Lenders can recover the outstanding indebtedness of Pier 16 – Property Development under the Facility Agreement or part thereof through the aforesaid security of the Facilities; and
- (ii) as disclosed in the annual report of the Company for the year ended 31 December 2011, Ponte 16 achieved continuous operating improvement in 2011 and its earnings before interest, taxes, depreciation and amortisation increased to approximately HK\$316.8 million for the year ended 31 December 2011. On the aforesaid basis, the Directors consider that Pier 16 – Property Development will be able to finance the repayment of its indebtedness under the Facility Agreement by, among others, the business operations of Ponte 16.

LETTER FROM THE BOARD

As disclosed in the paragraph headed “The 2012 Financial Assistance” above, the outstanding loan under the Existing Syndicated Loan facilities will be repaid or discharged, as appropriate, in full on the first utilisation of Facilities A and/or B while Facility C will be available for financing the payment of the Land Premium and the related costs for the Land Concession Modification or for covering the Issuing Bank’s liability or contingent liability under the aforesaid bank guarantee. Given the aforesaid and in the view of the fact that the 2007 SUG Guarantee was executed by the Company to guarantee the payment obligation of Pier 16 – Property Development in respect of the Existing Syndicated Loan facilities and the 2007 SUG Guarantee is expected to be released 7 months after all the ultimate balance owing by Pier 16 – Property Development under the Existing Syndicated Loan facility agreement has been irrevocably paid, the Directors consider that following the aforesaid repayment or discharge of the Existing Syndicated Loan facilities, the exposure of default risk towards the Group in respect of the 2007 SUG Guarantee is low.

GENERAL

The provision of the 2012 Financial Assistance, if materialised, will constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at the SGM. Since as at the Latest Practicable Date, no Shareholders had material interest in the 2012 Financial Assistance, it is expected that no Shareholders will be required to abstain from voting at the SGM on the proposed resolution to approve the provision of the 2012 Financial Assistance. Silver Rich, who beneficially owned approximately 53.26% of the entire issued share capital of the Company as at the Latest Practicable Date, has indicated that it will vote in favour of the proposed resolution to approve the 2012 Financial Assistance at the SGM. Therefore, the Directors consider that it is very likely that such proposed resolution will be approved by the Shareholders.

SGM

Set out on pages SGM-1 to SGM-3 is a notice convening the SGM to be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 5 June 2012 at 3:00 p.m (or immediately after the annual general meeting of the Company which is to be held at 2:30 p.m. on the same day shall have been concluded or adjourned (whichever is later)) at which an ordinary resolution will be proposed to consider and, if thought fit, approve the provision of the 2012 Financial Assistance.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing the proxy shall be deemed to have been revoked. Voting on the proposed resolution at the SGM will be taken by poll.

RECOMMENDATIONS

The Directors consider that the terms of the 2012 Financial Assistance are fair and reasonable and the provision of the 2012 Financial Assistance is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the provision of the 2012 Financial Assistance.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Yeung Hoi Sing, Sonny
Chairman

1. CONSOLIDATED FINANCIAL INFORMATION

Details of the audited consolidated financial information of the Group for each of the three years ended 31 December 2011 have been set out in the annual reports of the Company for each of the three years ended 31 December 2011, which have been published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.successug.com.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of its present available financial resources and the loan facility granted by a Director and controlling Shareholder to the Company, the Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. INDEBTEDNESS

Borrowings

As at the close of business on 31 March 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from intra-group liabilities, the Group had outstanding secured and unsecured borrowings of approximately HK\$717.5 million as follows:

	<i>HK\$'000</i>
Secured:	
Bank loans, secured	13,730

Unsecured:	
Loans payables	456,146
Long-term payables	217,165
Amount due to a related company	129
Loan from a director and controlling shareholder	30,332

	703,772

Total outstanding secured and unsecured borrowings	717,502
	=====

Guarantee

As at 31 March 2012, the Company gave a corporate guarantee for the Existing Syndicated Loan facilities granted to Pier 16 – Property Development, which is beneficially held as to 49% by World Fortune, a subsidiary of the Company. The maximum guarantee principal amount borne by the Company was HK\$860 million. The total loan outstanding and bank guarantee facility from the Existing Syndicated Loan facilities as at 31 March 2012 were HK\$500 million and HK\$240 million respectively.

Pledge of assets

As at 31 March 2012, the following assets of the Group were pledged:

- (a) the Group pledged time deposits of approximately HK\$8.0 million in favour of certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$10.1 million for the operations of the Group;
- (b) World Fortune pledged all of its shares in Pier 16 – Property Development in favour of a bank, for and on behalf of the syndicate of lenders, in respect of the Existing Syndicated Loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd Assets Limited, a wholly-owned subsidiary of the Company, pledged 51% of the entire issued share capital from time to time of Favor Jumbo Limited, an indirect wholly-owned subsidiary of the Company, in favour of a financial institution which was a third party independent of the Company in respect of the revolving credit facility granted to the Company; and
- (d) the Group's self-occupied properties with carrying amount equivalent to approximately HK\$20.9 million were pledged in favour of a bank to secure bank loans to Jade Travel Ltd., an 80% indirectly owned subsidiary of the Company incorporated in Canada.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 March 2012, the Group had no debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured, bank borrowings including bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase or finance lease commitments, mortgages, charges, guarantees or other material contingent liabilities.

5. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below is the management discussion and analysis of the performance of the Group for each of the three years ended 31 December 2011 based on the annual report of the Company for each of the three years ended 31 December 2011. Please also refer to the annual report of the Company for each of the three years ended 31 December 2011 for more information.

(a) For the year ended 31 December 2009

As the Company changed its financial year end date from 30 September to 31 December with effect from the period ended 31 December 2008, reference to 2008 herein refer to the fifteen months from 1 October 2007 to 31 December 2008 which may not be entirely comparable.

Results and business review

The Group recorded turnover of approximately HK\$1,202.2 million for the year ended 31 December 2009, representing an increase of approximately 91.7% from approximately HK\$627.3 million in 2008. Gross profit reached approximately HK\$87.7 million (2008: approximately HK\$134.6 million). Consolidated loss attributable to owners of the Company narrowed to approximately HK\$173.8 million (2008: approximately HK\$238.3 million).

Travel business

The travel business recorded turnover of approximately HK\$1,129.6 million in 2009, up approximately 122% as compared to 2008. The increase was mainly attributable to the contribution from the Jade Travel Group (certain travel agency companies located in Canada and the United States of America in which the Company acquired a 80% stake in the second half of 2008 (“**Jade Travel Group**”). However, the global recession in the first half of 2009, together with the spread of the H1N1 flu virus, had hit the travel industry particularly hard, especially in North America where most of the Jade Travel Group’s businesses operate. Loss in the segment amounted to approximately HK\$9.4 million (2008: profit of approximately HK\$1.9 million) principally due to impairment of intangible assets and goodwill.

With the implementation of stimulus measures by governments around the world, the Group had witnessed a gradual recovery in its travel business since the second half of 2009. The Jade Travel Group had further strengthened the Group's travel business with inbound and outbound tours to and from North America, and had broadened the customer base of the Group's casino-entertainment resort and cruise business through cross-selling to high-end customers worldwide. Leveraging the strength of its travel business, the Group would step up its efforts in building higher margin services such as inbound tours, corporate ticketing, and MICE (Meeting, Incentive, Convention and Exhibition) arrangements to pave the way for future growth.

Cruise business

The cruise business remained a steady revenue contributor for the Group in 2009. Turnover from the cruise ship, M.V. Macau Success (in which the Group had a 55% interest), decreased by approximately 38% to approximately HK\$72.6 million (2008: approximately HK\$118.0 million) as a result of lower leasing income. Segment profit increased to approximately HK\$2.2 million, compared with a loss of approximately HK\$1.9 million in 2008.

Investment project – Ponte 16

Despite fierce competitive pressures, Ponte 16 managed to achieve encouraging results with a positive earnings before interest, taxes, depreciation and amortisation and a double-digit growth in gaming revenue in 2009, outpacing the industry growth rate of approximately 9.7%. With the opening of a VIP hall at the casino and VIP mansions at the hotel in the second half of 2009, key performance indicators, such as the number of casino visitors and the occupancy rate of Sofitel Macau At Ponte 16, showed sustained improvements even though Macau recorded a drop in tourist arrivals during the year. The extensive business network of the Group's travel operations also created synergy and helped broaden the customer base of Ponte 16. To further strengthen its unique market positioning, Ponte 16 opened the Michael Jackson Gallery at Ponte 16 (the "**MJ Gallery**") in February 2010 to coincide with its second anniversary. On display in the MJ Gallery include iconic items of Michael Jackson ("**MJ**") that Ponte 16 won in auctions in 2009, including a white rhinestone glove which MJ wore in his Motown 25 special performance.

Affected by the high depreciation and amortisation charges during the initial stage of its operations, Ponte 16 incurred a loss during the year under review. The Group's shared loss of the associates relating to Ponte 16 for the year ended 31 December 2009 amounted to approximately HK\$115.7 million (2008: approximately HK\$170.3 million).

Liquidity, financial resources, gearing and capital commitments

As at 31 December 2009, the Group had net current assets of approximately HK\$23.6 million (31 December 2008: approximately HK\$56.4 million) and net assets of approximately HK\$673.9 million (31 December 2008: approximately HK\$931.2 million).

The Company entered into a letter agreement with Mr. Yeung on 1 December 2008 regarding the provision of a HK\$200 million term loan facility by Mr. Yeung to the Company. The move was expected to strengthen the Group's liquidity and cash flows, and sustain the Group as a going concern. The loan was unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. On 14 April 2009, the Company and Mr. Yeung also entered into a letter agreement to increase the principal amount of the loan facility to up to HK\$290 million. In addition, Mr. Yeung undertook not to demand early repayment of the loan and all other sums owing to Mr. Yeung under the revised loan facility before 30 June 2010 (the "**Final Repayment Date**"). Besides, on 25 June 2009, the Company also entered into another letter agreement with Mr. Yeung to extend the Final Repayment Date to 30 June 2011. During the year under review, the Company had utilised the loan facility in the amount of HK\$47.5 million (31 December 2008: Nil).

On 22 October 2009, the Company as borrower and New Shepherd Assets Limited ("**New Shepherd**"), a wholly-owned subsidiary of the Company, as security provider entered into an agreement in relation to a HK\$250 million revolving credit facility (the "**Revolving Credit Facility**") with a financial institution as lender. The Revolving Credit Facility carried a floating interest rate and the loan under such facility would be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development in connection with the cash flow requirements of Pier 16 – Property Development and its subsidiaries. As at 31 December 2009, the Company had utilised the Revolving Credit Facility in the amount of HK\$132.0 million.

Apart from the aforesaid loans, as at 31 December 2009, the Group had interest-bearing loan from a related company of approximately HK\$21.0 million (31 December 2008: approximately HK\$17.6 million). The loan was unsecured and charged with interest at the rate of 4% per annum and had no fixed terms of repayment.

As at 31 December 2009, there were loans from minority shareholders of approximately HK\$10.0 million (31 December 2008: approximately HK\$8.7 million) and other loans payables of approximately HK\$171.7 million (31 December 2008: approximately HK\$159.2 million). The loans were interest-free, unsecured and would not be repaid within the next twelve months from 31 December 2009.

The Group's gearing ratio as at 31 December 2009 was approximately 32% (31 December 2008: approximately 2%), which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company.

As at 31 December 2009, the Group had capital commitments contracted but not provided for in the consolidated financial statements in the amount of approximately HK\$16.5 million relating to acquisition and renovation of properties.

Provision of further financial assistance

Reference was made to the circular dated 8 May 2009 issued by the Company to the Shareholders, it was estimated that an additional shareholders' loan in the amount of approximately HK\$430 million mainly to finance the construction cost and the repayment on the bank loan by Pier 16 – Property Development would be required from its shareholders for the period up to 31 December 2009, of which 49% sharing by a subsidiary of the Company, World Fortune, amounting to approximately HK\$210.7 million (“**Further Financial Assistance**”). The provision of the Further Financial Assistance was approved by the Shareholders on 26 May 2009.

Pledge of assets

As at 31 December 2009, the Group pledged the time deposits of approximately HK\$8.3 million (31 December 2008: approximately HK\$6.8 million) to certain banks for the issuance of several bank guarantees and standby letter of credit facility of approximately HK\$10.2 million (31 December 2008: approximately HK\$8.4 million) for the operations of the Group.

As at 31 December 2009, World Fortune pledged all (31 December 2008: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of syndicated loan facilities granted to Pier 16 – Property Development.

Apart from the aforesaid pledges, as at 31 December 2009, New Shepherd pledged 51% (31 December 2008: Nil) of the entire issued share capital from time to time of Favor Jumbo Limited (“**Favor Jumbo**”), a wholly-owned subsidiary of the Company, to the lender in respect of the Revolving Credit Facility granted to the Company.

Foreign exchange risk

There was no hedging policy with respect to the foreign exchange exposure for the year ended 31 December 2009. The Group’s transactional currency were Hong Kong dollars, Canadian dollars and United States dollars as substantially all the turnover were in Hong Kong dollars, Canadian dollars and United States dollars. The Group’s and the Company’s transactional foreign exchange exposure was insignificant.

Contingent liabilities

As at 31 December 2009, the Group gave the following undertakings:

- (a) syndicated loan facilities granted to Pier 16 – Property Development was HK\$1,600 million (31 December 2008: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2008: HK\$860 million). The total loan outstanding for the Existing Syndicated Loan facilities of Pier 16 – Property Development as at 31 December 2009 was HK\$1,040 million (31 December 2008: HK\$1,260 million); and

- (b) the Company issued a guarantee of approximately HK\$8.9 million (31 December 2008: approximately HK\$7.7 million) in favour of a bank for banking facilities of approximately HK\$8.9 million (31 December 2008: approximately HK\$7.7 million), granted to the subsidiaries of the Company. The maximum guarantee amount borne by the Company was approximately HK\$8.9 million (31 December 2008: approximately HK\$7.7 million). The Directors do not consider that a claim will probably be made against the Company.

Human resources

As at 31 December 2009, the Group had a total of 435 employees. Remuneration is determined on the basis of qualification, experience, responsibility and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long term incentive.

(b) For the year ended 31 December 2010

Results and business review

The Group recorded a turnover of approximately HK\$1,444.9 million for the year ended 31 December 2010, representing an increase of approximately 20% from approximately HK\$1,202.2 million in 2009. Gross profit reached approximately HK\$92.1 million, up approximately 5% from approximately HK\$87.7 million in 2009. Consolidated loss attributable to owners of the Company narrowed to approximately HK\$80.8 million, compared to approximately HK\$173.8 million in 2009.

Travel business

The gradual growth momentum of the Group's travel business which started in the second half of 2009 continued in 2010, capitalising on the global economic recovery which drove demand for air tickets and other travel products. The Group's travel business units in Hong Kong and Macau together with the Jade Travel Group witnessed robust growth in sales and posted a profit for the business segment for the year. Turnover in the segment increased by approximately 22% to approximately HK\$1,375.3 million, compared to approximately HK\$1,129.6 million in 2009. Profit in this segment amounted to approximately HK\$8.2 million, compared with a loss of approximately HK\$9.4 million in 2009.

During the year, the travel business continued to deliver strong results, fueled by the growth in ticketing sales as well as its popular tailor-made inbound and outbound tours to and from North America. The global reach of the Group's travel business network also translated into cross-selling opportunities for Ponte 16 and the Group's cruise business, resulting in a broadening of the customer base for these units. In addition to providing one-stop travel services to leisure and business travellers as well as local and multinational corporations, the Group also stepped up its efforts in developing the MICE (Meeting, Incentive, Convention and Exhibition) business to further expand this high-margin business stream.

Cruise business

The cruise business remained a steady revenue contributor for the Group during the year. Turnover from the cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) decreased by approximately 4% to approximately HK\$69.6 million (2009: approximately HK\$72.6 million). The cruise business posted a segment loss of approximately HK\$1.9 million compared with a profit of approximately HK\$2.2 million in 2009. During the year, the surge in fuel costs continued to have a negative impact on the performance in this segment.

Investment project – Ponte 16

Ponte 16 continued to outperform the overall Macau gaming industry during 2010, with gross gaming revenue achieving a growth rate of approximately 76% from last year, comparing to the industry rate of approximately 58%. Ponte 16 also achieved a growth of approximately 201% in earnings before interest, taxes, depreciation and amortisation to approximately HK\$206.6 million. During the China National Day Holiday "Golden Week" in October 2010, Ponte 16 recorded a double-digit growth in the average number of visitors as compared to that of the same period in the previous year.

Ponte 16 enriched its entertainment offering with the grand opening of Asia's first MJ Gallery at Ponte 16 in February 2010.

During the year, Ponte 16 successfully raised its global profile by introducing joint international events with a world-renowned auction house, Julien's Auctions, into Macau's entertainment scene. In 2010, Ponte 16 partnered with Julien's Auctions to hold "Rock the World" Exhibition as well as Hollywood "Legends" Exhibition and Auction, bringing to Macau pop culture historical artifacts and attracting visitors and buyers.

While high depreciation and amortisation charges during the initial stage of operations continued to affect Ponte 16's results during the year, the loss was reduced substantially on the back of its strong business performance. The Group's shared loss of the associates relating to Ponte 16 for the year ended 31 December 2010 amounted to approximately HK\$44.4 million, which was substantially lower than that for 2009 of approximately HK\$115.7 million.

Liquidity, financial resources, gearing and capital commitments

As at 31 December 2010, the Group had net current assets of approximately HK\$117.9 million (31 December 2009: approximately HK\$23.6 million) and net assets of approximately HK\$593.6 million (31 December 2009: approximately HK\$673.9 million).

On 1 December 2008, Mr. Yeung provided a HK\$200 million term loan facility to the Company which was 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 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended to 30 October 2012 by a letter agreement dated 23 June 2010. As at 31 December 2010, the Company had utilised the loan facility in the amount of HK\$105.0 million (31 December 2009: HK\$47.5 million).

On 22 October 2009, the Company as borrower and New Shepherd as security provider entered into an agreement in relation to the HK\$250 million Revolving Credit Facility with a financial institution as lender. The Revolving Credit Facility carried a floating interest rate and the loan under such facility would be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development in connection with the cash flow requirements of Pier 16 – Property Development and its subsidiaries. As at 31 December 2010, the Company had utilised the Revolving Credit Facility in the amount of HK\$246.0 million (31 December 2009: HK\$132.0 million).

During the year, Jade Travel Ltd. (“**Jade Travel, Canada**”), an 80% indirectly owned subsidiary of the Company which was incorporated in Canada, was granted secured bank loans which carried a fixed interest rate and the loans would be repayable by consecutive monthly instalments. The proceed of the loans was to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 31 December 2010, the outstanding loans were approximately HK\$14.5 million (31 December 2009: Nil).

Apart from the aforesaid loans, as at 31 December 2010, the Group had an interest-bearing loan from a related company of approximately HK\$23.2 million (31 December 2009: approximately HK\$21.0 million). The loan was unsecured and charged with interest at the rate of 4% per annum and had no fixed terms of repayment.

As at 31 December 2010, there were loans from shareholders of non-controlling interests of approximately HK\$16.4 million (31 December 2009: approximately HK\$10.0 million) and other loans payables of approximately HK\$192.2 million (31 December 2009: approximately HK\$171.7 million). These loans were interest-free, unsecured and would not be repaid within the next 12 months from 31 December 2010.

The Group’s gearing ratio as at 31 December 2010 was approximately 71% (31 December 2009: approximately 32%), which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company.

As at 31 December 2010, the Group had no significant capital commitments.

Provision of further financial assistance

Reference was made to the announcement dated 25 June 2010 issued by the Company, additional shareholder’s loans in the total amount of approximately HK\$134.9 million had been provided to Pier 16 – Property Development during the year (2009: approximately HK\$188.5 million), which were mainly to finance the construction cost of and the repayment of indebtedness by Pier 16 – Property Development.

Pledge of assets

As at 31 December 2010, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately HK\$8.1 million (31 December 2009: approximately HK\$8.3 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$10.2 million (31 December 2009: approximately HK\$10.2 million) for the operations of the Group;
- (b) World Fortune pledged all (31 December 2009: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the Existing Syndicated Loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd pledged 51% (31 December 2009: 51%) of the entire issued share capital from time to time of Favor Jumbo to the lender in respect of the Revolving Credit Facility granted to the Company; and
- (d) the Group's self-occupied properties with carrying amount of approximately HK\$21.6 million (31 December 2009: Nil) was pledged to a bank to secure bank loans to Jade Travel, Canada.

Foreign exchange risk

There was no hedging policy with respect to the foreign exchange exposure for the year ended 31 December 2010. The Group's transactional currency were Hong Kong dollars, Canadian dollars and United States dollars as substantially all the turnover were in Hong Kong dollars, Canadian dollars and United States dollars. The Group's and the Company's transactional foreign exchange exposure was insignificant.

Contingent liabilities

As at 31 December 2010, the Company gave a corporate guarantee for the syndicated loan facilities of HK\$1,600 million granted to Pier 16 – Property Development (31 December 2009: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2009: HK\$860 million). The total loan outstanding and bank guarantee facility from the Existing Syndicated Loan facilities for Pier 16 – Property Development as at 31 December 2010 was HK\$800 million and HK\$240 million respectively (31 December 2009: HK\$1,040 million and nil respectively).

Human resources

As at 31 December 2010, the Group had a total of 424 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long term incentive.

(c) For the year ended 31 December 2011***Results and business review***

The Group attained an improved performance in 2011 and recorded a turnover of approximately HK\$1,468.4 million for the year ended 31 December 2011, representing an increase of approximately 2% from approximately HK\$1,444.9 million in 2010. Gross profit reached approximately HK\$71.5 million (2010: approximately HK\$92.1 million). Consolidated loss attributable to owners of the Company narrowed to approximately HK\$77.7 million, compared to approximately HK\$80.8 million in 2010.

Travel business

The travel industry faced a considerable challenge in the context of gloomy global economic prospects during the year, and the sluggish economy in the United States of America has affected the growth of the Group's travel business units in Hong Kong, Macau and the Jade Travel Group. Turnover in this segment increased by approximately 2% to approximately HK\$1,398.8 million, compared to approximately HK\$1,375.3 million in 2010. Loss in this segment amounted to approximately HK\$11.2 million, compared with a profit of approximately HK\$8.2 million in 2010, and an impairment loss on certain assets of approximately HK\$4.6 million was recognised during the year.

During the year, the Group continued to focus on the high-end market segment and further developed its MICE (Meeting, Incentive, Convention and Exhibition) business. The granting of "Approved Destination Status" to Canada by China's authorities has further opened up opportunities for inbound tours. As part of its three-pronged business strategy, the Group has also expanded its presence in the China market and seized further cross-selling opportunities with Ponte 16 and the Group's cruise ship business through cooperation with travel operators in Mainland China.

Cruise ship business

The cruise ship business continued to provide stable revenue for the Group during the year. Turnover from the cruise ship, M.V. Macau Success, (in which the Group has a 55% interest) was approximately HK\$69.6 million (2010: approximately HK\$69.6 million). The cruise ship business recorded a segment loss of approximately HK\$7.8 million, as compared to a segment loss of approximately HK\$1.9 million in 2010, mainly due to surging fuel costs.

Investment project – Ponte 16

Capitalising on the strong growth momentum of the Macau gaming industry and the strengthened unique brand positioning, Ponte 16 continued to outperform the overall Macau gaming industry during 2011, with gross gaming revenue achieving a growth of approximately 54%. Ponte 16 achieved continuous operating improvement in 2011 and recorded a net profit for the first time since the commencement of its operation. During the year under review, the earnings before interest, taxes, depreciation and amortisation of Ponte 16 increased by approximately 53.4% to approximately HK\$316.8 million (2010: approximately HK\$206.6 million). The Group's shared profit of the associates relating to Ponte 16 for the year ended 31 December 2011 amounted to approximately HK\$3.3 million, while it posted a shared loss of approximately HK\$44.4 million in 2010.

Ponte 16 joined hands with New World Department Store China Limited to bring to China the "Super Stars' Memorable Collections Exhibition" in 2011, which toured five cities across China. In addition, Ponte 16 also sponsored the venue for the "Legends" Auction held by renowned auction house, Julien's Auctions. In November 2011, Ponte 16 opened a luxury MJ-themed VIP Mansion to attract visitors.

The plan of phase 3 of the Ponte 16 development project, which aims to further enrich the gaming and entertainment offerings of the resort, is expected to proceed in 2012. The Project will feature an entertainment and recreation complex housing a wide variety of retail shops and entertainment facilities with a provision for expansion of the casino. The Project is targeted to be completed by 2014. In addition, a group of banks led by Industrial and Commercial Bank of China (Macau) Limited has begun a syndication of the Facilities to be provided to Pier 16 – Property Development in the amounts of HK\$1,900 million and RMB400 million. The Facilities are to be secured by, amongst others, certain security to be provided by the Company. The financing is expected to be completed by the first half of 2012.

Lottery business

With reference to the announcement dated 25 August 2011 issued by the Company, the Group continued to develop the lottery business in 2011 in order to grasp the rapidly growing opportunities in China's flourishing lottery industry. The Group provides a technology service platform and technical support as well as sports lottery sales agency services to China's mobile sports lottery market through the subsidiaries of a joint venture company. The Group has been authorised to provide sports lottery sales agency services via mobile in the Jiangxi and Qinghai provinces in Mainland China. A website for the lottery business (www.128cai.com) has also been launched to offer information and hot tips on the lottery market as well as round-the-clock online customer services.

Liquidity, financial resources, gearing and capital commitments

As at 31 December 2011, the Group had net current liabilities of approximately HK\$288.0 million (31 December 2010: net current assets of approximately HK\$117.9 million) and net assets of approximately HK\$502.1 million (31 December 2010: approximately HK\$593.6 million). Various loans and payables which will become mature within the coming 12 months from 31 December 2011 were reclassified as current liabilities.

On 1 December 2008, Mr. Yeung provided a HK\$200 million term loan facility to the Company which was 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 and the final repayment date of the loan and all other sums owing to Mr. Yeung under the revised loan facility was further extended from 30 October 2012 to 31 October 2013 by a letter agreement dated 15 March 2012 (“**Yeung Loan Facility**”). Reference was made to the prospectus of the Company dated 21 December 2011 (the “**Prospectus**”), a portion of the loan under the Yeung Loan Facility in the amount of approximately HK\$104.7 million was assigned to Silver Rich (“**Assigned Yeung Loan**”). As at 31 December 2011, the Company had owed to Mr. Yeung in the amount of approximately HK\$30.3 million (31 December 2010: HK\$105.0 million).

On 22 October 2009, the Company as borrower and New Shepherd as security provider entered into an agreement in relation to the HK\$250 million Revolving Credit Facility with a financial institution as lender. The Revolving Credit Facility carried a floating interest rate and the loan under such facility would be repayable on or before 36 months after 22 October 2009. The proceeds of the Revolving Credit Facility should be applied for on-lending to Pier 16 – Property Development in connection with the cash flow requirements of Pier 16 – Property Development and its subsidiaries. As at 31 December 2011, the Company had utilised the Revolving Credit Facility in the amount of HK\$246.0 million (31 December 2010: HK\$246.0 million) and the said amount was reclassified as current liabilities in 2011.

Jade Travel, Canada, an 80% indirectly owned subsidiary of the Company, was granted secured bank loans which carried a fixed interest rate and the loans would be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the new properties of Jade Travel, Canada and their renovation costs. As at 31 December 2011, the outstanding loans were equivalent to approximately HK\$13.6 million (31 December 2010: equivalent to approximately HK\$14.5 million).

Reference was made to the Prospectus, the loan from a related company to a subsidiary of the Company in the amount of approximately HK\$23.4 million was assigned to Silver Rich while the said subsidiary has novated and the Company has assumed the related liabilities (“**Assigned SS Loan**”). As at 31 December 2011, the Group had owed a non-interest bearing loan to that related company of approximately HK\$0.1 million (31 December 2010: interest-bearing loan equivalent to approximately HK\$23.2 million). The loan was unsecured and charged with interest at the rate of 4% per annum in 2010 and had no fixed terms of repayment.

As at 31 December 2011, the outstanding loan from Silver Rich was approximately HK\$128.3 million (31 December 2010: Nil), being the aggregate amount of the Assigned Yeung Loan and Assigned SS Loan in the amount of approximately HK\$128.1 million (“**Assigned Loans**”) and subsequent interest accrued thereon. The Assigned Yeung Loan was charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited and the Assigned SS Loan was charged with interest at the rate of 4% per annum. On 12 January 2012, the Assigned Loans had been used to set off against the aggregate subscription price of the 673,968,954 rights shares provisionally allotted to Silver Rich pursuant to the rights issue of the Company.

Apart from the aforesaid loans, as at 31 December 2011, there were loans from shareholders of non-controlling interests of approximately HK\$17.7 million (31 December 2010: approximately HK\$16.4 million) and other loans payable of approximately HK\$192.2 million (31 December 2010: approximately HK\$192.2 million). The loans were interest-free and unsecured. These included approximately HK\$152.7 million which was reclassified as current liabilities in 2011, and the remaining amount of approximately HK\$39.5 million which would not be repaid within the next 12 months from 31 December 2011.

The Group’s gearing ratio as at 31 December 2011 was approximately 89% (31 December 2010: approximately 71%), which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company.

As at 31 December 2011, the Group had no significant capital commitments.

Provision of further financial assistance

With reference to the announcement dated 25 June 2010 issued by the Company, there was no further additional shareholders' loan provided to Pier 16 – Property Development during the year (additional shareholder's loans provided in 2010: approximately HK\$134.9 million, which were mainly to finance the construction cost and the repayment of indebtedness by Pier 16 – Property Development).

Pledge of assets

As at 31 December 2011, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately HK\$7.9 million (31 December 2010: approximately HK\$8.1 million) to certain banks for the issuance of several bank guarantees and a standby letter of credit facility of approximately HK\$9.9 million (31 December 2010: approximately HK\$10.2 million) for the operations of the Group;
- (b) World Fortune pledged all (31 December 2010: 100%) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the Existing Syndicated Loan facilities granted to Pier 16 – Property Development;
- (c) New Shepherd pledged 51% (31 December 2010: 51%) of the entire issued share capital from time to time of Favor Jumbo to the lender in respect of the Revolving Credit Facility granted to the Company; and
- (d) the Group's self-occupied properties with carrying amount of equivalent to approximately HK\$20.6 million (31 December 2010: equivalent to approximately HK\$21.6 million) were pledged to a bank to secure bank loans to Jade Travel, Canada.

Foreign exchange risk

There was no hedging policy with respect to the foreign exchange exposure for the year ended 31 December 2011. The Group's transactional currency were Hong Kong dollars, Canadian dollars and United States dollars as substantially all the turnover were in Hong Kong dollars, Canadian dollars and United States dollars. The Group's and the Company's transactional foreign exchange exposure was insignificant.

Contingent liabilities

As at 31 December 2011, the Company gave a corporate guarantee for the syndicated loan facilities of HK\$1,600 million granted to Pier 16 – Property Development (31 December 2010: HK\$1,600 million). The maximum guarantee amount borne by the Company was HK\$860 million (31 December 2010: HK\$860 million). The total loan outstanding and bank guarantee facility from the Existing Syndicated Loan facilities for Pier 16 – Property Development as at 31 December 2011 were HK\$560 million and HK\$240 million respectively (31 December 2010: HK\$800 million and HK\$240 million respectively).

Human resources

As at 31 December 2011, the Group had a total of 470 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. Apart from the basic remuneration, staff benefits include medical insurance and retirement benefits under the Mandatory Provident Fund Scheme. Share options might also be granted to eligible employees of the Group as a long-term incentive.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the Group's travel business, its operations in North America may continue to encounter challenges given the uncertain economic prospects for the United States of America and the prolonged Eurozone crisis. However, the Directors expect that the performance of outbound tours from the region will improve owing to the gradual recovery of the business environment in the United States of America, while the sustained growth of the Chinese affluent class will continue to lead to opportunities in inbound tours from China. To channel businesses to the Jade Travel Group, the Group is actively continuing to solicit business partners with sound credibility in China and identify opportunities to expand its corporate and group tour businesses.

The Directors expect the growth momentum in China to continue as the driving force for both visitation and spending in the Macau gaming industry, from which Ponte 16 stands to benefit. In addition, the opening of new resorts has enriched the entertainment scene of Macau as a whole and boosted overall tourist arrivals for the entire market. Leveraging on the growing momentum of Macau's gaming industry, the Group believes the combination of Ponte 16's unique positioning and superior services will sustain its leading role in the market.

To bring new entertainment offerings to Macau, Ponte 16 is in the process of rolling out the Project. This new phase is set to further diversify the shopping, dining and entertainment experiences, and expand the scale of the world-class casino in Ponte 16. The Directors consider that the Project, upon its completion, is poised to bring another stable stream of revenue for the Group.

The Ministry of Finance, Ministry of Civil Affairs and General Administration of Sport of China jointly announced the Implementation Details of the Regulations on the Administration of Lottery (the "**Implementation Details**") in January 2012, with approval from the State Council. The Implementation Details, effective from 1 March 2012, will strengthen the monitoring and management of China's lottery industry. The measures are expected to create a healthy market environment to support the long-term growth of the industry. With a well-established technology service platform and network, the Group will actively seek opportunities to expand the business to other provinces in Mainland China via the subsidiaries of the joint venture company.

The Group remains optimistic on the outlook for Macau and China. Despite the volatile worldwide economy, the Group considers that robust economic fundamentals of China are still the strong growth drivers for the Group's businesses. The Group will continue to strengthen its business platforms to take advantage of the ample growth opportunities in China.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Shares

Name of Director	Long position/ Short position	Nature of interest	Number of Shares interested or deemed to be interested	Approximate percentage of the total issued share capital of the Company as at the Latest Practicable Date (Note 2) %
Mr. Yeung (Note 1)	Long position	Corporate interest	2,165,012,962	53.26

Notes:

- Mr. Yeung, an executive Director and the Chairman of the Company, was deemed to have interest in 2,165,012,962 Shares by virtue of the interest of the Shares held by Silver Rich, which is wholly-owned by a discretionary trust, the beneficiaries of which are family members of Mr. Yeung.
- Calculated as a percentage of the total number of Shares interested or deemed to be interested to the total number of all issued Shares as at the Latest Practicable Date.

Mr. Yeung is a director of Silver Rich, which has an interest in the Shares that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save for the loan facility letter dated 1 December 2008 as amended by the letters dated 14 April 2009, 25 June 2009, 23 June 2010 and 15 March 2012 signed between the Company as borrower and Mr. Yeung as lender for the grant of a term loan facility of up to HK\$290 million by Mr. Yeung to the Company, no contract or arrangement in which any of the Directors was materially interested and which was significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and the Company or any of its subsidiaries other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the confirmation and acknowledgement dated 18 May 2010 entered into between Golden Sun Profits Limited (an indirect subsidiary of the Company), Maruhan Corporation, the Company and World Fortune, to confirm and acknowledge the provision of financing to World Fortune pursuant to the shareholders' agreement dated 29 October 2007 made between the aforesaid parties, as amended and supplemented by a supplemental agreement dated 10 July 2008;
- (ii) the cooperative agreement dated 20 September 2010 (the "**Cooperative Agreement**") entered into between Victory Devotion Limited ("**Victory Devotion**", a wholly-owned subsidiary of the Company), Mr. Wu Hong ("**Mr. Wu**") and 上海唐路科技有限公司 ("**上海唐路科技**", an entity controlled by Mr. Wu), in relation to the formation of companies and the cooperative arrangements for the intended provision of technology services platform and technical support to the mobile sports lottery market in the PRC (the "**New Business**");
- (iii) the deed of share mortgage dated 20 September 2010 executed by Ms. Yuen Tung Me ("**Ms. Yuen**") as chargor in favour of Victory Devotion as chargee in relation to the mortgage of certain shares held by Ms. Yuen in a company whose shares are listed on the Stock Exchange as security for, inter alia, repayment of the amount advanced to Mr. Wu regarding the consultancy services fee for the New Business as mentioned in the Cooperative Agreement;
- (iv) the deed of share mortgage dated 30 September 2010 executed by Up Fly Limited ("**Up Fly**", a company wholly-owned by Mr. Wu), as mortgagor in favour of Victory Devotion as mortgagee in relation to the mortgage of all shares held by Up Fly in Honour Rich China Development Limited ("**Honour Rich**", an indirect subsidiary of the Company);

- (v) two letters of confirmation dated 14 December 2010 from Pier 16 – Property Development, Pier 16 – Management Limited, Early Success Limited, Pier 16 – Entertainment Group Corporation Limited, Pier 16 – Resort Hotel Management Limited, Pier 16 – PR Marketing Limited, Pier 16 – Antique Collections Limited and Pier 16 – Property Consultancy Services Limited, all being associates of the Company, SJM, the Company, SJM-IL, World Fortune and Vast Base Limited to BNP Paribas Hong Kong Branch and Banco Weng Hang, S.A. both to confirm (i) their consent to, and the agreement with, all the contents of the facility agreement dated 28 June 2007 regarding the Existing Syndicated Loan facility, as supplemented by, inter alia, a supplemental agreement dated 14 December 2010; and (ii) that all security documents in relation to the Existing Syndicated Loan facility remained in full force and effect;
- (vi) the supplemental agreement dated 18 March 2011 (the “**Supplemental Agreement I**”) entered into between Victory Devotion, Mr. Wu and 上海唐路科技 in respect of, inter alia, the extension of certain dates concerning the pledge and the consultancy services fee respectively as mentioned in the Cooperative Agreement;
- (vii) the second supplemental agreement dated 25 August 2011 entered into between Victory Devotion, Mr. Wu and Up Fly in relation to, inter alia, the provision of further shareholders’ loans by Victory Devotion to Honour Rich, details of which have been set out in the announcement of the Company dated 25 August 2011;
- (viii) the letter of confirmation dated 25 August 2011 from 上海唐路科技 to Victory Devotion and Mr. Wu to confirm its withdrawal from the Cooperative Agreement, as supplemented by the Supplemental Agreement I, without any compensation;
- (ix) the letter of agreement dated 19 October 2011 made between Smart Class Enterprises Limited (“**Smart Class**”, a wholly-owned subsidiary of the Company) and Star Spangle Corporation (“**Star Spangle**”, a company beneficially wholly-owned by Mr. Yeung) confirming the agreement for, inter alia, the novation of the unsecured loan owing by Smart Class to Star Spangle from Smart Class to the Company and the assignment of the said loan by Star Spangle to Silver Rich (the “**Underwriter**”) pursuant to the Underwriting Agreement (as defined hereinbelow);
- (x) the underwriting agreement dated 19 October 2011 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the issue by way of rights of 1,625,976,154 Shares (“**Rights Share(s)**”) to the qualifying Shareholders in the proportion of two Rights Shares for every three Shares held on the record date at the subscription price of HK\$0.19 per Rights Share (the “**Underwriting Agreement**”) (including the irrevocable undertaking given by the Underwriter in the Underwriting Agreement);

- (xi) the deed of assignment dated 15 December 2011 executed by Mr. Yeung as assignor, the Underwriter as assignee and the Company, pursuant to which Mr. Yeung has assigned and transferred, and the Underwriter has accepted the assignment and transfer of, HK\$104,667,902.02, being a portion of the principal amount owing by the Company to Mr. Yeung under the term loan facility up to HK\$290 million provided by Mr. Yeung to the Company as at the date of the Underwriting Agreement; and
- (xii) the deed of novation and assignment dated 15 December 2011 executed by Smart Class, Star Spangle, the Underwriter and the Company in relation to the novation and assignment of HK\$23,386,199.24, being the total sum owing by Smart Class to Star Spangle under the unsecured loan as at the date of the Underwriting Agreement (the “**Assigned SS Loan**”), pursuant to which (i) Smart Class has novated, and the Company has assumed, all and any obligations, duties and liabilities of Smart Class in all respects as borrower of the Assigned SS Loan; and (ii) Star Spangle has assigned and transferred, and the Underwriter has accepted the assignment and transfer of, the Assigned SS Loan.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Suite 1601-2 & 8-10, 16th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the SGM:

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the material contracts as referred to in the paragraph headed “Material contracts” above in this appendix; and
- (iii) the annual reports of the Company for each of the two years ended 31 December 2011.

9. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 1601-2 & 8-10, 16th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (b) The principal share registrar and transfer agent of the Company is Butterfield Fulcrum Group (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, HM 08, Bermuda. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Ms. Chiu Nam Ying, Agnes. Ms. Chiu is a qualified solicitor and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She holds a Master degree of Laws from The University of Sheffield, United Kingdom.
- (d) In the event of inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF THE SGM



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Success Universe Group Limited (the “**Company**”) will be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Tuesday, 5 June 2012 at 3:00 p.m. (or immediately after the annual general meeting of the Company which is to be held at 2:30 p.m. on the same day shall have been concluded or adjourned (whichever is later)) for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:–

ORDINARY RESOLUTION

“**THAT:**–

- (a) the provision of further financial assistance by way of the 2012 Financial Assistance (as defined in sub-paragraph (c) below) in the sum of approximately HK\$1,756 million by the Company and its subsidiaries to Pier 16 – Property Development Limited (“**Pier 16 – Property Development**”), a company which is beneficially held as to 49% by an indirect non-wholly owned subsidiary of the Company, for the development of Ponte 16, as detailed in the circular of the Company dated 18 May 2012 (the “**Circular**”) despatched to the shareholders of the Company containing the notice convening this meeting, a copy of the Circular has been produced to this meeting marked “**A**” and signed by the Chairman of this meeting for the purpose of identification, be and is hereby approved;

NOTICE OF THE SGM

- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to do all acts and things and execute and deliver all documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or to give effect to any or all transactions contemplated in this resolution; and
- (c) for the purpose of this resolution,

“**2012 Financial Assistance**” means the documents to be executed to secure all or part of the liabilities due or owing to the finance parties under or in connection with the facility agreement dated 17 April 2012 (the “**Facility Agreement**”) in favour of the security agent for the finance parties under the term loan facilities in the aggregate amounts of HK\$1,900 million and RMB400 million which include the repayment guarantee for 49% of Pier 16 – Property Development’s total indebtedness under the Facility Agreement to be given by the Company, the unconditional and irrevocable completion undertaking to be given by, among others, the Company, the unconditional and irrevocable funding undertaking to be given by, among others, the Company, the legally notarized *livrança* (promissory note) for HK\$2,400 million to be given by Pier 16 – Property Development and endorsed by, among others, the Company for a sum of not exceeding HK\$1,176 million, the share pledge over all the shares in Pier 16 – Property Development to be given by, among others, World Fortune Limited and the subordination agreement to be entered into by, among others, World Fortune Limited, and the transactions contemplated thereunder.”

By Order of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Chiu Nam Ying, Agnes
Company Secretary

Hong Kong, 18 May 2012

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Notes:

1. *A proxy form to be used for the Meeting is enclosed with the circular dated 18 May 2012 issued by the Company.*
2. *Any shareholder of the Company (“Member”) entitled to attend and vote at the Meeting may appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to attend and vote on his behalf at the Meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same power on behalf of the Member which he or they represent as such Member could exercise.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.*
4. *To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for the holding of the Meeting or any adjournment thereof at which the person named in the instrument proposes to vote.*
5. *Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the Meeting and in such event, the instrument appointing a proxy shall be deemed to have been revoked.*
6. *Where there are joint holders of any share of the Company, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.*
7. *The above ordinary resolution will be put to vote at the Meeting by way of poll.*