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SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

INTERIM RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016 together with comparative figures are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Unaudited	
		For the six months ended	
	<i>Note</i>	30/6/2016	30/6/2015
		HK\$'000	HK\$'000
Revenue	3	347,059	595,562
Cost of sales		<u>(334,540)</u>	<u>(570,303)</u>
Gross profit		12,519	25,259
Other revenue and gains	4	13,265	12,589
Administrative expenses		(47,868)	(50,117)
Selling expenses		(623)	(5,449)
Other operating expenses	5(c)	<u>(3,289)</u>	<u>(405)</u>
Loss from operations		(25,996)	(18,123)
Finance costs	5(a)	(530)	(301)
Share of results of joint ventures		250	259
Share of results of associates		<u>10,592</u>	<u>15,270</u>
Loss before taxation	5	(15,684)	(2,895)
Taxation	6	<u>–</u>	<u>(935)</u>
Loss for the period		<u>(15,684)</u>	<u>(3,830)</u>
Attributable to:			
Owners of the Company		(12,613)	(1,878)
Non-controlling interests		<u>(3,071)</u>	<u>(1,952)</u>
Loss for the period		<u>(15,684)</u>	<u>(3,830)</u>
Loss per share			
– Basic	8	<u>(0.26) HK cents</u>	<u>(0.04) HK cents</u>
– Diluted	8	<u>(0.26) HK cents</u>	<u>(0.04) HK cents</u>

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

For the six months ended 30 June 2016

	Unaudited	
	For the six months ended	
	30/6/2016	30/6/2015
	HK\$'000	HK\$'000
Loss for the period	(15,684)	(3,830)
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(205)</u>	<u>(1,062)</u>
Total other comprehensive loss for the period, net of tax	<u>(205)</u>	<u>(1,062)</u>
Total comprehensive loss for the period	<u>(15,889)</u>	<u>(4,892)</u>
Attributable to:		
Owners of the Company	<u>(12,325)</u>	<u>(2,880)</u>
Non-controlling interests	<u>(3,564)</u>	<u>(2,012)</u>
Total comprehensive loss for the period	<u>(15,889)</u>	<u>(4,892)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Note</i>	Unaudited at 30/6/2016 HK\$'000	Audited at 31/12/2015 HK\$'000
Non-current assets			
Property, plant and equipment		41,388	22,138
Intangible assets		8,329	10,833
Interests in associates		830,700	967,108
Interests in joint ventures		3,639	4,089
Deposit paid for acquisition of property, plant and equipment	9	32,375	–
		916,431	1,004,168
Current assets			
Trade and other receivables	10	45,823	56,832
Tax recoverable		195	897
Pledged bank deposits		10,236	9,598
Cash and cash equivalents		173,725	81,784
		229,979	149,111
Current liabilities			
Trade and other payables	11	24,988	29,483
Deferred income		364	339
Financial guarantee contract		19,996	19,995
		45,348	49,817
Net current assets		184,631	99,294
Total assets less current liabilities		1,101,062	1,103,462

	Unaudited at 30/6/2016 HK\$'000	Audited at 31/12/2015 HK\$'000
Non-current liabilities		
Deferred income	1,094	1,075
Loans payables	28,443	26,306
Financial guarantee contract	–	10,000
Loan from a director and controlling shareholder	41,742	20,000
Deferred tax liabilities	–	409
	<u>71,279</u>	<u>57,790</u>
Net assets	<u>1,029,783</u>	<u>1,045,672</u>
Capital and reserves		
Share capital	49,265	49,265
Reserves	1,004,598	1,016,923
	<u>1,053,863</u>	<u>1,066,188</u>
Total equity attributable to owners of the Company	(24,080)	(20,516)
Non-controlling interests		
	<u>1,029,783</u>	<u>1,045,672</u>
Total equity		

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standards (“HKAS(s)”) 34, “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015 as contained in the Company’s Annual Report 2015 (the “Annual Report 2015”).

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those used in the Annual Report 2015, except for the impact of the adoption of the new and revised HKASs, Hong Kong Financial Reporting Standards (“HKFRS(s)”), amendments and interpretations described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“New HKFRSs”) issued by the HKICPA, which are effective for the Group’s accounting period beginning on 1 January 2016.

The New HKFRSs adopted by the Group in the condensed consolidated financial statements are set out as follows:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The application of the above New HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³

¹ *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

² *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

³ *Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.*

⁴ *Effective for annual periods beginning on or after a date to be determined.*

The Group is in the process of assessing the potential impact of the above New HKFRSs upon initial application but is not yet in a position to state whether the above New HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

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

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

The Group has presented the following two reportable segments:

- Travel business: sales of air tickets and provision of travel-related services.
- Lottery business: provision of lottery-related services to the lottery market in the People's Republic of China ("PRC").

(a) Segment results and assets

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

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

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

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

All assets are allocated to reportable segments other than tax recoverable, interests in associates and joint ventures. Unallocated corporate assets mainly included part of the property, plant and equipment, cash and cash equivalents of the central administration companies.

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

	Travel Unaudited For the six months ended		Lottery Unaudited For the six months ended		Total Unaudited For the six months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	344,019	525,471	3,040	70,091	347,059	595,562
Reportable segment loss	(3,618)	(4,497)	(10,830)	(5,094)	(14,448)	(9,591)
Share of results of joint ventures					250	259
Share of results of associates					10,592	15,270
Unallocated corporate income					10,109	10,156
Unallocated corporate expenses					(21,662)	(18,989)
Finance costs					(525)	–
Consolidated loss before taxation					(15,684)	(2,895)
Taxation					–	(935)
Consolidated loss for the period					(15,684)	(3,830)
	Travel		Lottery		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	At	At	At	At	At	At
	30/6/2016	31/12/2015	30/6/2016	31/12/2015	30/6/2016	31/12/2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	50,204	56,715	36,932	88,997	87,136	145,712
Unallocated corporate assets						
– Interests in associates					830,700	967,108
– Interests in joint ventures					3,639	4,089
– Tax recoverable					195	897
– Corporate assets					224,740	35,473
					1,146,410	1,153,279

(b) Other segment information

	Travel		Lottery		Other corporate entities		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	21	8	228	47	18	28	267	83
Depreciation on property, plant and equipment	(326)	(478)	(877)	(960)	(1,117)	(179)	(2,320)	(1,617)
Impairment loss recognised on intangible assets	(3,289)	(405)	-	-	-	-	(3,289)	(405)
Finance costs	(5)	(301)	-	-	(525)	-	(530)	(301)
Additions to non-current assets*	86	102	213	14	22,571	180	22,870	296

* Additions to non-current assets only include the additions to property, plant and equipment during the period.

4. OTHER REVENUE AND GAINS

	Unaudited	
	For the six months ended 30/6/2016	30/6/2015
	HK\$'000	HK\$'000
Other revenue:		
Interest income on bank deposits	267	83
Total interest income on financial assets not at fair value through profit or loss	267	83
Management fee income	92	122
Gain on disposal of subsidiaries	-	9
Gain on disposal of property, plant and equipment	1,646	-
Other income	656	2,376
	2,661	2,590
Other gains:		
Amortisation of financial guarantee contract	9,999	9,999
Net exchange gain	605	-
	10,604	9,999
Total	13,265	12,589

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging as follows:

	Unaudited	
	For the six months ended	
	30/6/2016	30/6/2015
	HK\$'000	HK\$'000
(a) Finance costs		
Interest on bank loans	–	273
Interest on bank overdraft	5	28
Interest on loan from a director and controlling shareholder	525	–
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	530	301
	<hr/>	<hr/>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	27,026	28,039
Contributions to defined contribution retirement plan	1,532	1,957
	<hr/>	<hr/>
	28,558	29,996
	<hr/>	<hr/>
(c) Other items		
Auditors' remuneration	600	600
Bad debts written off	25	–
Depreciation on owned property, plant and equipment	2,320	1,617
Operating lease rentals		
– properties	4,283	4,712
– plant and machinery	214	274
Net exchange loss	–	678
Impairment losses recognised on intangible assets*	3,289	405
	<hr/>	<hr/>

* This amount is included in "other operating expenses" on the face of the condensed consolidated statement of profit or loss.

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

	Unaudited	
	For the six months ended	
	30/6/2016	30/6/2015
	HK\$'000	HK\$'000
Current tax:		
<i>Overseas Profits Tax</i>		
Charge for the period	–	935
	<hr/>	<hr/>

No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2016 and 2015 as the Group has no estimated assessable profits for the periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2015: 25%). No provision for PRC Enterprise Income Tax has been made for the period ended 30 June 2016 as the Group has no assessable profits arising in the PRC. For the period ended 30 June 2015, a provisional PRC Enterprise Income Tax in the amount of equivalent to approximately HK\$935,000 was paid.

Canadian subsidiaries are subject to Canadian Corporate Income Tax which comprises federal and provincial income taxes. The net federal income tax is calculated at 15% (2015: 15%) and the provincial income tax is calculated at the rates prevailing in the relevant provinces. No provision for Canadian Corporate Income Tax has been made for the period ended 30 June 2016 and 2015 as the Group has no assessable profits arising in Canada.

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

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: nil).

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

8. LOSS PER SHARE

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

	Unaudited	
	For the six months ended	
	30/6/2016	30/6/2015
	HK\$'000	HK\$'000
Loss:		
Loss for the period attributable to the owners of the Company	<u>(12,613)</u>	<u>(1,878)</u>
	'000	'000
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	<u>4,926,491</u>	<u>4,926,491</u>

Diluted loss per share for the periods ended 30 June 2016 and 2015 was the same as the basic loss per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

9. DEPOSIT PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

In May 2016, an indirect wholly-owned subsidiary of the Company entered into a preliminary sale and purchase agreement with an independent third party to acquire a property in Hong Kong (the "Property") at a consideration of HK\$175.0 million (the "Acquisition"). A deposit and the related stamp duty of the Acquisition in the amount of approximately HK\$32,375,000 was paid during the reporting period. The formal agreement for sale and purchase of the Property was made in the end of May 2016 and the Acquisition was completed in August 2016.

Please refer to the announcement of the Company dated 11 May 2016 for details.

10. TRADE AND OTHER RECEIVABLES

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

	Unaudited At 30/6/2016 HK\$'000	Audited At 31/12/2015 HK\$'000
Current	4,349	4,728
31 to 60 days overdue	272	674
61 to 90 days overdue	134	536
Over 90 days overdue	–	315
	<hr/>	<hr/>
Trade receivables	4,755	6,253
Other receivables	22,030	20,791
Prepayments and deposits	19,038	29,788
	<hr/>	<hr/>
	45,823	56,832

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

The Group normally allows an average credit period of 30 to 90 days to customers of lottery business (31 December 2015: average credit period of 30 to 90 days) and 30 days to customers of travel business (31 December 2015: average credit period of 30 days).

11. TRADE AND OTHER PAYABLES

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

	Unaudited At 30/6/2016 HK\$'000	Audited At 31/12/2015 HK\$'000
Current	4,199	7,524
31 to 60 days	691	818
61 to 90 days	887	1,481
Over 90 days	3,771	2,060
	<hr/>	<hr/>
Trade payables	9,548	11,883
Accrued charges and other payables	15,440	17,600
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	24,988	29,483

12. EVENT AFTER THE REPORTING PERIOD

In August 2016, the Acquisition was completed and the Group paid the remaining balance of the consideration of the Property in the amount of HK\$157.5 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The global economy underwent strong headwinds in the first half of 2016, while China maintained its slower but steady growth for two consecutive quarters at 6.7% amid its economic reform toward consumption and services. In the year ahead, the Group will continue to embrace the challenges and stay competitive with supportive policies from China and Macau governments, aiming to achieve a sustainable development.

Results

For the six months ended 30 June 2016, revenue of the Group was approximately HK\$347.1 million, decreased by approximately 42% from approximately HK\$595.6 million for the same period of 2015. Gross profit decreased by approximately 50% to approximately HK\$12.5 million (2015: approximately HK\$25.3 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group, for the first half of 2016 of approximately HK\$10.6 million was recorded, decreased by approximately 31% from approximately HK\$15.3 million for the last corresponding period. Loss attributable to owners of the Company for the reporting period amounted to approximately HK\$12.6 million (2015: approximately HK\$1.9 million), whilst loss per share was 0.26 HK cents (2015: 0.04 HK cents).

The decline in results was mainly attributable to (i) the decrease of the Group's shared profit of the associates relating to Ponte 16 as a result of the continuous downside of Macau gaming sector; (ii) the significant decrease in operating revenue and increase in loss of the Group's lottery business resulting from the voluntary and temporary suspension of its paperless lottery sales agency services; and (iii) the impairment loss on the carrying value of the trademark of the Group's travel business.

Acquisition of Property

Reference was made to the Company's announcement dated 11 May 2016, an indirect wholly-owned subsidiary of the Company entered into a preliminary sale and purchase agreement with an independent third party to acquire a property in Admiralty Centre, Hong Kong at a consideration of HK\$175.0 million. The formal agreement for sale and purchase of the said property was made in the end of May 2016 and the acquisition was completed in August 2016. The Group believed that the value and rental level for office premises in the central business district generally will outperform in the next few years, and the said property will generate steady recurring rental income and strengthen income base, as well as will provide capital appreciation potential to the Group.

Interim Dividend

The directors of the Company ("Director(s)") do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).

Review of Operations

Travel Business

The Group operates one of the largest travel agencies in Canada, Jade Travel, which mainly focuses on providing travel packages and arrangement services for the high-end MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) segments in Canada.

In 2016, the Group formulated a strategy to deepen its operations in Canada by providing travel packages and services to retail customers. During the first half of 2016, the Group has been enhancing its online booking service platform in order to support the increasing demand for round-the-clock travel enquiries and bookings by both corporate and retail customers.

Revenue of the segment decreased to approximately HK\$344.0 million for the six months ended 30 June 2016 (2015: approximately HK\$525.5 million). Loss in this segment was approximately HK\$3.6 million (2015: approximately HK\$4.5 million), including an impairment loss on intangible assets of approximately HK\$3.3 million (2015: approximately HK\$0.4 million) was recognised for the reporting period.

Lottery Business

The Group and its lottery business partners have, similar to most of its peers, continued to temporarily suspend the paperless lottery sales agency services voluntarily (the “Suspension”) in response to the promulgation of the Notice on Issues Regarding Conducting Self-examination and Self-correction Activities of the Unauthorised Sale of Lottery through Internet (《關於開展擅自利用互聯網銷售彩票行為自查自糾工作有關問題的通知》) by the Ministry of Finance, the Ministry of Civil Affairs and the General Administration of Sports of China which was issued in January 2015 (the “Notice”). The Notice is designed to crack down those unauthorised sales of lottery through internet. The Group will closely monitor the development and wait for further announcement on the resumption date of paperless lottery sales from the Chinese government authorities. The Group believes that, through strengthening the regulations and optimising the online lottery system, the lottery industry will become healthier and more reliable in the long run.

For the six months ended 30 June 2016, revenue of the lottery business amounted to approximately HK\$3.0 million, representing a decrease of approximately 96% as compared with approximately HK\$70.1 million for the last corresponding period. Loss of approximately HK\$10.8 million was recorded in the segment (2015: approximately HK\$5.1 million).

Investment Project – Ponte 16

In the midst of the global economic corrections, the Macau gaming sector has entered into a consolidation stage. Macau government took the opportunity to implement a stronger regulatory effort and to initiate an overall layout planning to reinforce the city's position as a world centre of tourism and leisure. For the reporting period, the Macau's gross gaming revenue ("GGR") decreased by 11% year-on-year, mainly due to the decrease of VIP segment. With the continuous effort to develop Macau into a diversified tourism hub, the increase of the visitors from South East Asia countervailed the slight drop in the number of Mainland China visitors.

Despite the total GGR started stabilising in the first half of 2016, the overall operating environment in Macau is still challenging. To be well-equipped in confronting the upcoming uncertainties, Ponte 16 exerted effort in streamlining its operation and implementing stringent cost control while maintaining its top-class hospitality. With the operational efficiencies and cost control measures throughout gaming and non-gaming sectors, decrease of the Adjusted EBITDA* of Ponte 16 significantly narrowed to approximately 8% (2015: approximately 40%), and the Adjusted EBITDA* for the first half of 2016 of approximately HK\$143.2 million was recorded (2015: approximately HK\$155.4 million). As at 30 June 2016, the casino of Ponte 16 had 109 gaming tables, consisting of 94 mass gaming tables, 9 high-limit tables and 6 VIP tables. Average occupancy rate of Sofitel Macau At Ponte 16 was approximately 84% for the first half of 2016.

As a world-class integrated casino-entertainment resort located in the Inner Harbour of Macau, Ponte 16 insisted on upholding its high quality services to the valuable customers. During the reporting period, Ponte 16 started the refurbishment of hotel rooms, bringing a new level of visualisation and comfort to its premium guests. Noticing the demand for mobile and personalised travel recommendations from travellers, Ponte 16 moved ahead and introduced Macau's first handy travel smartphone service to hotel room guests. This complementary service allows the guests to conveniently enjoy a variety of personalised functions and assistance services with a handy smartphone, ranging from unlimited local and international calls to certain countries, unlimited 3G internet access, interactive mapping to travel guide assistance, as well as gastronomical recommendations and privilege offers. The smartphone also links the guests to Ponte 16's customer services and reservation services, offering customers the most thoughtful and all-rounded travel experience in Macau.

Sofitel Macau At Ponte 16 was highly recognised by the industry of its world-class facilities and attentive services. A total of 10 international and regional accolades were achieved in the first half of 2016, including, inter alia, "2016 Certificate of Excellence" and "2016 TripAdvisor Travellers' Choice® awards – Romance category" by TripAdvisor, "Modern Luxury Hotel of the Year" by The Luxury Travel Guide Awards, "2016 Award of Excellence" by Hotels.com and more. Ponte 16 is also famous of its splendid enjoyment of spa and culinary experience. Privé and So SPA with L'Occitane were highly recommended by tourists, which were awarded "2016 French Cuisine in China" by World Luxury Restaurant Awards, and "2016 Luxury Urban Escape in China" by World Luxury Spa Awards respectively.

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

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2016, the Group had net current assets of approximately HK\$184.6 million (31 December 2015: approximately HK\$99.3 million) and net assets of approximately HK\$1,029.8 million (31 December 2015: approximately HK\$1,045.7 million).

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”, being a Director and a controlling shareholder of the Company) provided a HK\$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK\$290 million on 14 April 2009 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 31 October 2016 to 31 October 2018 by a supplemental letter of agreement dated 15 March 2016. As at 30 June 2016, the Company had owed to Mr. Yeung under the revised loan facility in the amount of approximately HK\$41.7 million (31 December 2015: HK\$20.0 million).

Apart from the aforesaid loan, as at 30 June 2016, there were loans from non-controlling shareholders of approximately CAD3.5 million and HK\$7.3 million, totally equivalent to approximately HK\$28.4 million (31 December 2015: approximately CAD3.4 million and HK\$7.3 million, totally equivalent to approximately HK\$26.3 million). The loans were interest-free and unsecured.

As at 30 June 2016, total equity attributable to owners of the Company was approximately HK\$1,053.9 million (31 December 2015: approximately HK\$1,066.2 million). The gearing ratio, which was measured on the basis of the interest-bearing borrowings of the Group over total equity attributable to owners of the Company, was approximately 4% as at 30 June 2016 (31 December 2015: approximately 2%).

Pledge of Assets

As at 30 June 2016, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately CAD1.5 million, USD0.1 million and HK\$0.6 million, totally equivalent to approximately HK\$10.2 million (31 December 2015: approximately CAD1.5 million, USD0.1 million and HK\$0.6 million, totally equivalent to approximately HK\$9.6 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million, a standby letter of credit of approximately USD0.1 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$10.2 million (31 December 2015: a standby letter of credit and overdraft facility of approximately CAD1.5 million, a standby letter of credit of approximately USD0.1 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$9.5 million) for the operations of the Group. The pledged time deposit in the amount of approximately HK\$0.6 million was subsequently released in July 2016; and

- (b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2015: all) of its shares in Pier 16 – Property Development Limited (“Pier 16 – Property Development”, an associate of the Group) to a bank, for and on behalf of the syndicate of lenders, in respect of the syndicated loan facilities of HK\$1,900 million and RMB400 million granted to Pier 16 – Property Development (the “Syndicated Loan Facilities”).

Contingent Liabilities

The Company gave a corporate guarantee (the “Guarantee”) to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Guarantee was HK\$1,176 million.

The outstanding loan under the Syndicated Loan Facilities as at 30 June 2016 was approximately HK\$312.0 million (31 December 2015: approximately HK\$358.1 million).

Human Resources

As at 30 June 2016, the Group had a total of 181 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits. Share options may also be granted to eligible employees of the Group as a long-term incentive.

Prospects

In the face of the political and economic uncertainties, global economy performance is expected to achieve modest growth in the second half of 2016 arising from softer monetary policies by global central banks. The quick market rebound over Brexit has showed the gradual improving market sentiment. With the supportive policies brought by the governments, the Group is determined to accelerate its organic growth with its diversified business platforms, and will continue to contribute to the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

According to the plan formulated in early 2016 for the travel business, two online booking platforms – a business to consumer (B2C) and a business to business (B2B) will gain further exposure in both retail and corporate markets. The Group will also set up a 24-hour customer hotline service to support both online and offline enquiries and reservations across different time zones, and will extend the business coverage with integrated travel solutions to capture the improving sentiment. These new moves will certainly create synergy with the Group’s operation in Ponte 16 by providing Macau travel recommendations directly to the end-consumers in Canada.

With the determination to transform Macau into the “World Centre of Tourism and Leisure”, Macau government has laid out the “Five Year Development Plan (2016-2020)”. It is believed that a series of measures will be progressively unveiled to accelerate the development of Macau tourist-related industries. Coupled with the upcoming infrastructure and entertainment facilities in and nearby Macau, the visitation is expected to steadily increase, supporting the growth of mass market gaming and tourist-related industries. Ponte 16 will exert tenacious endeavours to implement effective strategies to stay in pace with the enhancement of Macau tourism as well as to contribute to the industry.

Under the central government's internet plus strategy, lottery sales in China going paperless become the strong growth momentum of the industry. A sound regulatory system is essential to restore the sustainable development of this massive paperless lottery market. The Group is actively seeking for business opportunities during the Suspension period and preparing to re-tap into the lottery market with its established network and resources, such as the physical sales channels in certain cities.

Going forward, the Group will stay cautious and prudent towards the formulation and implementation of corporate strategies, whereas constantly identifies suitable business opportunities to achieve a long term growth. The Group believes that such strategies will lead it to a stronger foothold in the gaming, entertainment and tourist-related industries in the Asia-Pacific region.

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

During the six months ended 30 June 2016, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2016.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2016 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng Limited, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

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

Hong Kong, 30 August 2016

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