

Press Release

[For Immediate Release]

Success Universe Announces 2023 Interim Results

Overview

- Revenue was approximately HK\$68.4 million and gross profit was approximately HK\$7.5 million for the first half of 2023
- Profit attributable to owners of the Company was approximately HK\$153.8 million, which was mainly attributable to (i) the recognition of a substantial fair value gain on the Group's overseas listed equity securities of approximately HK\$105.5 million; and (ii) the Group's share of a profit of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates") of approximately HK\$71.6 million
- Revenue of the travel business increased by approximately 26% to approximately HK\$67.1 million; segment profit was approximately HK\$1.0 million
- Revenue of the property investment business was approximately HK\$1.3 million; segment profit was approximately HK\$4.7 million, including a recognition of a fair value gain on investment properties and a reversal of write-down of carrying amount of the Group's stock of properties in the aggregate amount of approximately HK\$2.3 million
- Benefitted from the impressive surge in visitor arrivals which positively drove the overall recovery of Macau, an Adjusted EBITDA* of approximately HK\$167.8 million was recorded for Ponte 16 and the Group shared a profit of the Associates of approximately HK\$71.6 million

30 August 2023, Hong Kong - Success Universe Group Limited ("Success Universe" or the "Company", Stock Code: 00487.HK, together with its subsidiaries, collectively the "Group") today announces the unaudited condensed consolidated interim results for the six months ended 30 June 2023.

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

RESULTS

For the six months ended 30 June 2023, revenue of the Group was approximately HK\$68.4 million, increased by approximately 26% from approximately HK\$54.5 million for the same period of 2022. Gross profit increased by approximately 41% to approximately HK\$7.5 million (2022: approximately HK\$5.3 million). The Group's shared profit of the Associates for the first half of 2023 was approximately HK\$71.6 million (2022: share of loss of approximately HK\$9.6 million). Profit attributable to owners of the Company for the six months ended 30 June 2023 was approximately HK\$153.8 million (2022: loss of approximately HK\$125.5 million), whilst earnings per share was 3.12 HK cents (2022: loss per share of 2.55 HK cents).

The turnaround from loss to profit for the six months ended 30 June 2023 was mainly attributable to (i) the recognition of a substantial fair value gain on the Group's overseas listed equity securities of approximately HK\$105.5 million; and (ii) the Group's share of a profit of the Associates of approximately HK\$71.6 million.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: nil).

REVIEW OF OPERATIONS

Travel Business

The Group operates Jade Travel Ltd. ("Jade Travel"), one of the largest travel agencies in Canada specialising in providing professional travel solutions to customers through dedicated segments targeting the wholesale and retail markets. The recovery in air passenger traffic, which was observed in 2022 and continued in the first half of 2023, heralded a solid start to the year. Such improvements across the regions demonstrated the resilience of recovery in the global tourism. The Asia Pacific region played a significant role in driving the momentum, as a result of the reopening of borders of China and certain countries in the region. In spite of the fact that the number of international flight routes had not fully returned to pre-pandemic levels, the market continued to witness an increasing travel demand from business travellers and international students during the reporting period.

In late 2022, the Group secured an approval from the International Air Transport Association (IATA) to expand its ticketing business in China, paving the way for Jade Travel to capitalise on the opportunities presented by the recovery of domestic and international air travels. This approval has enabled the Group to prepare for the roll-out of relevant product offerings, which will be instrumental in driving business development once the ramp-up phase is completed. The implementation of Jade Travel's online auto-ticketing system and online ticketing platform

to online ticketing agencies (OTA) contributed to its improved performance and profitability. Coupled with stringent cost control measures carried out in the past few years, Jade Travel has seen steady improvements in its financial performance. Revenue of the travel business segment for the six months ended 30 June 2023 increased by approximately 26% to approximately HK\$67.1 million (2022: approximately HK\$53.2 million). Profit of approximately HK\$1.0 million was recorded in this segment (2022: approximately HK\$3.7 million), including a reversal of impairment loss on intangible assets of approximately HK\$0.4 million which was recognised for the reporting period (2022: approximately HK\$3.6 million).

Property Investment Business

During the first half of 2023, the commercial property market in Hong Kong faced challenges and remained weak amidst a global economic slowdown and consecutive interest rate hikes that curbed investment activities. While the worldwide relaxation of anti-pandemic measures and the reopening of borders are expected to usher in resuming to full normalcy, concerns relating to a global recession, geopolitical tensions and potential further rate hikes have continued to cloud the market's momentum. Despite the headwinds confronting the market, Hong Kong's strategic position as a bustling business hub, connecting Mainland China and other international markets, has also had a positive impact on its commercial property market. Furthermore, the Hong Kong Government has implemented various initiatives aimed at attracting overseas investments and enterprises while supporting the city's efforts to regain competitiveness.

Revenue of the property investment business for the six months ended 30 June 2023 amounted to approximately HK\$1.3 million (2022: approximately HK\$1.3 million). Segment profit was approximately HK\$4.7 million (2022: approximately HK\$3.1 million) which was mainly due to recognition of a fair value gain on investment properties and a reversal of write-down of carrying amount of the Group's stock of properties in the aggregate amount of approximately HK\$2.3 million for the reporting period (2022: a fair value gain on investment properties and partially offset by a write-down of carrying amount of the Group's stock of properties in the net amount of approximately HK\$0.7 million).

Investment Project – Ponte 16

Macau has made remarkable strides in its recovery journey, emerging from the shadow of the pandemic. Since the Macau Government officially announced the end of COVID-19 restrictions in early January 2023, the market has witnessed a significant influx of visitors during the two high-travel seasons for Chinese tourists, namely the Chinese New Year holidays in January and the Labour Day holidays in May 2023. The momentum in visitor arrivals continued throughout June 2023, with a notable increase in visitors from Hong Kong and Mainland China, which constituted the majority of Macau's visitor base.

Overall, Macau experienced an impressive surge in visitor arrivals. Based on the Macau Government's data, Macau welcomed a daily average of over 64,000 visitor arrivals, reaching

approximately 11.6 million in the first half of 2023, representing a remarkable increase of 236.1% compared to the last corresponding period. This resurgence in visitation has positively impacted Macau's gross gaming revenue (“GGR”), which recorded a year-on-year growth of more than 200%, amounted to approximately MOP80.1 billion for the first half of 2023. Particularly, the mass market's GGR successfully recovered to pre-pandemic level, playing a pivotal role in driving the overall recovery of Macau.

Benefitting from the remarkable return of visitors to Macau, Ponte 16, a world-class integrated casino-entertainment resort situated in the culturally rich Inner Harbour area, achieved strong performance in the first half of 2023. With its strategic location with excellent infrastructure and transportation connections, Ponte 16 offers visitors from Mainland China and Hong Kong convenient access through multiple border checkpoints. Furthermore, with the ongoing efforts of the Macau Government and major stakeholders in developing Macau as a world centre of tourism and leisure, consumer spending behaviours showcasing a more diverse expenditure pattern across entertainment, hotel accommodation, exhibitions and retail sales have been observed. As Ponte 16 continuously enhances its entertainment offerings to provide top-notch gaming and hospitality experiences, it benefits from the evolving consumer trends while maintaining its status as one of the most desirable destinations in the Macau Peninsula.

Ponte 16 has deep-rooted connections in the local community and is dedicated to boosting tourism and the local economy. Along with Macau's integration into China's national development plan for the Greater Bay Area, Ponte 16's “OLA 澳優遊” (“OLA”), the one-stop platform featuring travel information and promotions in Macau's local community, continued to expand its presence in Macau and Zhuhai during the first half of 2023, fostering stronger interconnectedness within the Greater Bay Area. Since the launch of OLA in late 2021, 110 merchant partners have been recruited, covering 167 merchant outlets. This has helped Ponte 16 to strengthen its market presence and firmly establish itself on the fast track to recovery in 2023. Additionally, to develop impactful marketing strategies, Ponte 16 actively collaborates with various social media and online platforms, thereby widening its exposures among Chinese younger generations whose spending habits and buying intentions are strongly influenced by endorsements and recommendations from Key Opinion Leaders (KOLs).

As at 30 June 2023, the casino of Ponte 16 had 109 gaming tables in operation, consisting of 103 mass tables and 6 high-limit tables. The average occupancy rate of Sofitel Macau At Ponte 16 reached approximately 85% for the first half of 2023 (2022: approximately 46%). For the six months ended 30 June 2023, an Adjusted EBITDA* of approximately HK\$167.8 million was recorded (2022: Adjusted EBITDA* loss of approximately HK\$1.0 million).

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PROSPECTS

Entering into the second half of the year, China is on track to achieve its modest 2023 growth target. The Central Government has planned additional stimulus initiatives to further boost development momentum, optimise the economic structure and facilitate continuous recovery. Meanwhile, despite the headwinds such as high inflation and interest rates, the International Monetary Fund (IMF) has modestly increased its 2023 global growth forecast, attributed to the gradual recovery and resilient global economic activity observed. Moreover, as pressures on inflation and global supply chains gradually eased during the second quarter of 2023, consumer and business sentiment have shown improvements in most major economies.

In 2023, international tourism is expected to consolidate its recovery, driven by the pent-up travel demand, particularly from Asia Pacific, and the reopening of destinations and markets. The World Tourism Organisation (UNWTO) estimates that international tourism arrivals could reach over 80% of pre-pandemic levels this year. With Jade Travel's strong brand reputation in wholesale business and well-established relationships with airlines in North America and China, it is well-prepared to capitalise on these growing opportunities. Jade Travel aims to expand its offerings and provide a broader range of products to leading domestic and international travel portals. Furthermore, Jade Travel will be relaunching bespoke packages and local tours to exotic destinations worldwide, such as specialised small group tours to Cuba and South America, to cater for the diverse interests of retail travellers who seek unique and exceptional experiences. Emphasising its commitment to thriving in the evolving travel landscape, Jade Travel will continue leveraging its enhanced online capabilities to expand its global presence and improve profitability.

In the immediate term, it is anticipated that the demand for the property market in Hong Kong will be restrained by high interest rates. However, the reopening of borders provides a solid foundation for the recovery of commercial property demand, particularly in prime districts. The Group maintains an optimistic outlook towards the commercial property market in Hong Kong and firmly believes that its investment portfolio will continue to generate stable returns. By closely monitoring market developments and leveraging Hong Kong's strategic position, the Group remains prudent to navigate current challenges and future opportunities in the commercial property sector.

Macau demonstrated a strong momentum in tourism recovery as it progresses into the second half of the year. In July 2023, Macau's GGR experienced a substantial growth of approximately 9.6% month-on-month to approximately MOP16.7 billion. This exceptional performance exceeded the GGR recorded in May 2023 and stands as the highest monthly figure since February 2020. With several festive seasons approaching in the second half of the year, including the National Day holidays and Christmas holidays, it is anticipated that the actual

GGR will surpass the Macau Government's estimated GGR of MOP130 billion for 2023. Leveraging the remarkable resurgence of visitors to Macau, the Group perceives the mass market as the most promising segment for sustainable growth. Ponte 16, situated in the exclusive Inner Harbour area of Macau, will continue to offer an exceptional accommodation experience enriched with a distinctive cultural connotation, along with its enhanced comprehensive entertainment facilities and initiatives. As a casino-entertainment resort, Ponte 16 maintains its leading position, supported by strong partnerships with neighbouring communities. Furthermore, the Group will continue to implement targeted marketing initiatives across various social media and online platforms to enhance exposure of the local culture to Chinese visitors.

Looking ahead, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, “We are encouraged by the positive developments across diverse markets and sectors. We will maintain an optimistic and well-positioned stance to navigate the evolving business landscape and remain committed to formulating and implementing prudent corporate strategies that prioritise the development of our diversified portfolio of businesses. Leveraging its strategic foresight and disciplined decision-making, the Group remains steadfast in its commitment to driving long-term sustainable growth and capturing emerging opportunities.”

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About Success Universe Group Limited

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

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