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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 FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces that the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2016, with the comparative figures for the year ended 31 December 2015, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	3, 4	573,132	1,010,669
Cost of sales		<u>(547,030)</u>	<u>(973,492)</u>
Gross profit		26,102	37,177
Other revenue and gains	5	23,569	26,216
Administrative expenses		(97,017)	(95,507)
Selling expenses		(2,463)	(6,496)
Other operating expenses	6(c)	(3,185)	<u>(2,247)</u>
Loss from operations		(52,994)	(40,857)
Finance costs	6(a)	(2,079)	(601)
Share of results of joint ventures		495	527
Share of results of associates		17,513	<u>29,288</u>
Loss before taxation	6	(37,065)	(11,643)
Taxation	7	<u>–</u>	<u>–</u>
Loss for the year		<u>(37,065)</u>	<u>(11,643)</u>
Attributable to:			
Owners of the Company		(30,977)	(6,670)
Non-controlling interests		(6,088)	<u>(4,973)</u>
Loss for the year		<u>(37,065)</u>	<u>(11,643)</u>
Loss per share	9		
– Basic		<u>(0.63) HK cents</u>	<u>(0.14) HK cents</u>
– Diluted		<u>(0.63) HK cents</u>	<u>(0.14) HK cents</u>

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

For the year ended 31 December 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year	(37,065)	(11,643)
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>(2,250)</u>	<u>(6,768)</u>
Total other comprehensive loss for the year, net of tax	<u>(2,250)</u>	<u>(6,768)</u>
Total comprehensive loss for the year	<u>(39,315)</u>	<u>(18,411)</u>
Attributable to:		
Owners of the Company	(32,654)	(11,764)
Non-controlling interests	<u>(6,661)</u>	<u>(6,647)</u>
Total comprehensive loss for the year	<u>(39,315)</u>	<u>(18,411)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		37,904	22,138
Intangible assets		8,021	10,833
Investment property	<i>10</i>	191,708	–
Interests in associates		543,621	967,108
Interests in joint ventures		3,884	4,089
		<hr/> 785,138	<hr/> 1,004,168
CURRENT ASSETS			
Amount due from an associate		294,420	–
Trade and other receivables	<i>11</i>	35,014	56,832
Pledged bank deposits		9,353	9,598
Cash and cash equivalents		64,509	81,784
Tax recoverable		–	897
		<hr/> 403,296	<hr/> 149,111
CURRENT LIABILITIES			
Trade and other payables	<i>12</i>	17,604	29,483
Deferred income		245	339
Bank loan	<i>13</i>	122,500	–
Financial guarantee contract		10,000	19,995
		<hr/> 150,349	<hr/> 49,817
NET CURRENT ASSETS		<hr/> 252,947	<hr/> 99,294
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,038,085	<hr/> 1,103,462

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred income	1,060	1,075
Loans payables	30,668	26,306
Financial guarantee contract	–	10,000
Deferred tax liabilities	–	409
Loan from a director and controlling shareholder	–	20,000
	<u>31,728</u>	<u>57,790</u>
NET ASSETS	<u>1,006,357</u>	<u>1,045,672</u>
CAPITAL AND RESERVES		
Share capital	49,265	49,265
Reserves	984,269	1,016,923
	<u>1,033,534</u>	<u>1,066,188</u>
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,033,534	1,066,188
NON-CONTROLLING INTERESTS	<u>(27,177)</u>	<u>(20,516)</u>
TOTAL EQUITY	<u>1,006,357</u>	<u>1,045,672</u>

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS(s)”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It also issued certain new and revised standards, amendments and interpretation (“New HKFRSs”), which are first effective or available for early adoption for the current accounting period of the Group (as defined hereinafter). Note 2 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements included the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interests in associates and joint ventures made up to 31 December each year.

The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied for the first time, the following New HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2016.

The New HKFRSs adopted by the Group in the 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
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidated Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The application of these New HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 cycle ²
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 Transaction ³
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ³
HKFRS 9	Financial Instruments ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
HKFRS 15	Revenue from Contracts with Customers ³
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers ³
HKFRS 16	Leases ⁴

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2018.

⁴ Effective for annual periods beginning on or after 1 January 2019.

⁵ Effective for annual periods beginning on or after a date to be determined.

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 (“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 three reportable segments.

- Travel business: sales of air tickets and provision of travel-related services.
- Lottery business: provision of lottery sales agency services to the lottery market in the People’s Republic of China (“PRC”).
- Property investment business: receiving rental income from leasing office premises in Hong Kong (“HK”).

(a) Segment results, assets and liabilities

The travel reportable operating segment derives their revenue primarily from sales of air tickets and provision of travel-related services. Geographically, management considers the performance of the travel business in North America.

The lottery reportable operating segment provides lottery sales agency services to the lottery market in the PRC.

The property investment reportable operating segment derives their revenue from leasing office premises in HK.

In accordance with HKFRS 8, segment information disclosed in these 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 between segments, the Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors’ salaries, share of results of associates and joint ventures and corporate finance costs. To arrive at reportable segment profit, the management additionally provides 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 consolidated statement of profit or loss.

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

All liabilities are allocated to reportable segments other than deferred tax liabilities and corporate liabilities. Unallocated corporate liabilities mainly include financial guarantee contracts, loan from a director and controlling shareholder and part of other payables borne by 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 year is set out below:

	Travel		Lottery		Property investment		Total	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue from external customers and reportable segment revenue	562,676	941,078	8,284	69,591	2,172	–	573,132	1,010,669
Reportable segment (loss)/profit	(7,896)	(6,072)	(20,766)	(19,143)	1,293	–	(27,369)	(25,215)
Share of results of joint ventures							495	527
Share of results of associates							17,513	29,288
Unallocated corporate income							20,830	22,197
Unallocated corporate expenses							(46,785)	(38,366)
Finance costs							(1,749)	(74)
Consolidated loss before taxation							(37,065)	(11,643)
Taxation							–	–
Consolidated loss for the year							(37,065)	(11,643)

	Travel		Lottery		Property investment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	51,079	56,715	24,930	88,997	224,454	–	300,463	145,712
Unallocated corporate assets								
– Interests in associates							543,621	967,108
– Amount due from an associate							294,420	–
– Interests in joint ventures							3,884	4,089
– Tax recoverable							–	897
– Corporate assets							46,046	35,473
							1,188,434	1,153,279
Reportable segment liabilities	32,719	37,263	11,885	16,561	124,298	–	168,902	53,824
Unallocated corporate liabilities								
– Deferred tax liabilities							–	409
– Corporate liabilities							13,175	53,374
							182,077	107,607

(b) Other segment information

	Travel		Lottery		Property investment		Other corporate entities		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	29	13	236	108	–	–	82	51	347	172
Depreciation on property, plant and equipment	(643)	(795)	(1,528)	(1,907)	–	–	(2,878)	(572)	(5,049)	(3,274)
Impairment loss recognised on:										
– intangible assets	(3,167)	(2,007)	–	–	–	–	–	–	(3,167)	(2,007)
– trade receivables	(18)	(240)	–	–	–	–	–	–	(18)	(240)
Reversal of impairment loss on amount due from a joint venture	–	–	–	–	–	–	–	2,000	–	2,000
Finance costs	(4)	(527)	–	–	(326)	–	(1,749)	(74)	(2,079)	(601)
Additions to non-current assets*	169	350	115	419	191,708	–	22,585	1,568	214,577	2,337

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

(c) **An analysis of the Group's revenue from all services is as follows:**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Sales of air tickets	510,504	880,677
Travel and related service fee income	52,172	60,401
Lottery commission and services income	8,284	69,591
Rental income	2,172	–
	573,132	1,010,669

(d) **Geographical information**

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided. The Group's non-current assets included property, plant and equipment, investment property, intangible assets, interests in associates and joint ventures.

The geographical location of property, plant and equipment and investment property are based on the physical location of the asset under consideration. In the case of intangible assets, it is based on the location of operations to which these intangibles are allocated. In the case of interests in associates and joint ventures, it is based on the location of operations of such associates and joint ventures.

	Revenue from external customers		Non-current assets	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
HK (place of domicile)	2,172	–	217,407	6,074
Macau	–	–	543,621	967,108
North America	562,676	941,078	19,620	24,417
PRC	8,284	69,591	4,490	6,569
	573,132	1,010,669	785,138	1,004,168

(e) **Major customer**

There is no single external customer amount to 10% or more of the Group's revenue.

(f) **Revenue from major operations**

The Group's revenue from its major operations was listed in note 4 below.

4. REVENUE

The principal activities of the Group are travel-related business, provision of lottery sales agency services to the lottery market and property investment.

Revenue represents travel-related agency service fee income, lottery commission and services fee income as well as rental income. The amount of each significant category of revenue recognised in revenue during the year is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Lottery commission and services income	8,284	69,591
Rental income	2,172	–
Travel-related agency service fee income		
– Sales of air tickets	510,504	880,677
– Travel and related service fee income	52,172	60,401
	<u>562,676</u>	<u>941,078</u>
	<u>573,132</u>	<u>1,010,669</u>

5. OTHER REVENUE AND GAINS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Other revenue		
Interest income	347	172
Commission income	–	1
Government grant (<i>note (i)</i>)	312	–
Management fee income from an associate	512	122
Write back of long-outstanding trade payables	212	100
Gain on disposal of property, plant and equipment	1,405	14
Gain on disposal of subsidiaries	–	9
Service fee income	–	2,016
Other income	198	1,787
	<u>2,986</u>	<u>4,221</u>
Other gains		
Amortisation on financial guarantee contract	19,995	19,995
Net exchange gain	588	–
Reversal of impairment loss recognised on amount due from a joint venture	–	2,000
	<u>20,583</u>	<u>21,995</u>
Total	<u>23,569</u>	<u>26,216</u>

Note:

- (i) It represented cash received from unconditional grants by the local government to encourage the business operations in the PRC. Government grants are recognised in profit or loss when received.

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loan	326	483
Interest on bank overdraft	4	44
Interest on loan from a director and controlling shareholder	1,749	74
	<u>2,079</u>	<u>601</u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	53,313	53,167
Contributions to defined contribution retirement plan	3,019	3,499
	<u>56,332</u>	<u>56,666</u>
(c) Other operating expenses		
Impairment loss recognised on		
– intangible assets	3,167	2,007
– trade receivables	18	240
	<u>3,185</u>	<u>2,247</u>
(d) Other items		
Auditors' remuneration	1,255	1,255
Depreciation on owned property, plant and equipment	5,049	3,274
Operating lease rentals		
– properties	8,598	9,317
– plant and equipment	448	564
Net exchange loss	–	916
	<u>–</u>	<u>916</u>

7. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax	–	–
Deferred tax	–	–
	<hr/>	<hr/>
Tax charge	–	–
	<hr/>	<hr/>

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits in HK.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2015: 25%). No provision for PRC Enterprise Income Tax has been made for both years as the Group has no assessable profits arising in the PRC.

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 both years 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.

8. DIVIDENDS

No interim dividend was paid during the year (2015: nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2016 (2015: nil).

9. LOSS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss:		
Loss for the year attributable to the owners of the Company	(30,977)	(6,670)
	<hr/>	<hr/>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	4,926,491	4,926,491
	<hr/>	<hr/>

Diluted loss per share for the years ended 31 December 2016 and 2015 was the same as the basic loss per share. There were no potential dilutive ordinary shares outstanding for both years presented.

10. INVESTMENT PROPERTY

	At 31 December 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Investment property in HK at fair value		
At 1 January 2016	–	–
Addition	<u>191,708</u>	<u>–</u>
At 31 December 2016	<u>191,708</u>	<u>–</u>

No fair value gain or loss on the investment property was recognised in profit or loss for the year ended 31 December 2016. The direct operating expense from the investment property is approximately HK\$381,000 and the rental income generated from the investment property is approximately HK\$2,172,000.

For the year ended 31 December 2016, the Group had pledged the investment property to secure the bank loan granted to the Group (note 13).

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Trade receivables	4,385	6,493
Less: Impairment loss recognised on trade receivables	<u>(18)</u>	<u>(240)</u>
	<u>4,367</u>	<u>6,253</u>
Other receivables	<u>14,676</u>	<u>20,791</u>
Trade and other receivables	19,043	27,044
Prepayments and deposits	<u>15,971</u>	<u>29,788</u>
	<u>35,014</u>	<u>56,832</u>

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

Aging analysis

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:

	At 31 December 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Current	3,514	4,728
31 to 60 days overdue	419	674
61 to 90 days overdue	129	536
Over 90 days overdue	305	315
	<u>4,367</u>	<u>6,253</u>

The Group normally allows an average credit period of 30 to 90 days to customers of lottery business (2015: average credit period of 30 to 90 days); 30 days to customers of travel business (2015: average credit period of 30 days). For the customer of property investment business, no credit period was granted.

12. TRADE AND OTHER PAYABLES

	At 31 December 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Trade payables	4,757	11,883
Accrued charges and other payables	12,847	17,600
	<u>17,604</u>	<u>29,483</u>

Aging analysis

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

	At 31 December 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Current	3,021	7,524
31 to 60 days	702	818
61 to 90 days	380	1,481
Over 90 days	654	2,060
	<u>4,757</u>	<u>11,883</u>

13. BANK LOAN

	At 31 December 2016 <i>HK\$'000</i>	At 31 December 2015 <i>HK\$'000</i>
Bank loan, secured	<u>122,500</u>	<u>–</u>
Carrying amount repayable:		
On demand or within one year	<u>122,500</u>	<u>–</u>
	122,500	–
Less: Amounts shown under current liabilities	<u>(122,500)</u>	<u>–</u>
	–	–
Amounts shown under non-current liabilities	<u>–</u>	<u>–</u>

The Group had pledged the investment property to secure the bank loan granted to the Group (note 10). The bank loan bears interest at HK interbank offered rate (HIBOR) plus 2% per annum. The weighted average effective interest rate on the bank loan is 2.47% per annum.

14. EVENT AFTER REPORTING PERIOD

In February 2017, the Group has entered into a preliminary sale and purchase agreement with an independent third party regarding acquisition of a property at a consideration of approximately HK\$19.5 million. The remaining balance of the consideration of the said property in the amount of approximately HK\$17.5 million shall be paid upon completion of the acquisition which is expected to take place in April 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2016 was a tumultuous year in global politics that imposed instability on economic environment and cast shadows over consumer sentiments around the world. Despite facing global uncertainties, China and Macau economies are undergoing modest growth pace. The Group will continue to uphold its strategy of maintaining a well-balanced business portfolio and being prudent in its financial management discipline, and continue to explore new opportunities, aiming to achieve a sustainable business growth in the long run.

The following discussion should be read in conjunction with the consolidated financial statements and the related notes included in this announcement.

Results

For the year ended 31 December 2016, revenue of the Group was HK\$573.1 million, representing a decrease of 43% from HK\$1,010.7 million for the same period of 2015. Gross profit decreased by 30% to HK\$26.1 million (2015: HK\$37.2 million). The Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group, for the year ended 31 December 2016 amounted to HK\$17.5 million, representing a drop of 40% from HK\$29.3 million for the last corresponding year. Loss attributable to owners of the Company of HK\$31.0 million was recorded for the reporting year (2015: HK\$6.7 million), whilst loss per share was 0.63 HK cents (2015: 0.14 HK cents).

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

Dividends

No interim dividend was paid in 2016 (2015: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 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.

Revenue of the segment decreased to HK\$562.7 million for the year ended 31 December 2016 (2015: HK\$941.1 million). Loss in this segment posted HK\$7.9 million (2015: HK\$6.1 million) including impairment losses on certain assets of HK\$3.2 million (2015: HK\$2.2 million) were recognised for the reporting year.

Along with the gradual economic recovery and the increasing demand for leisure travel, the Group strategically deepened its operation in Canada by offering travel packages and personalised planning services to retail customers, launching its new online booking service platforms – business to consumer (B2C) and business to business (B2B) and setting up a 24-hour customer hotline in 2016. The retail segment achieved a satisfying progress during the reporting year, establishing a solid foundation for further development that supplements to its well-established corporate and wholesale businesses.

Lottery Business

The Group and its lottery business partners, similar to most of its peers, continued to temporarily suspend the paperless lottery sales agency services voluntarily (the “Suspension”) in 2016 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 suppress unauthorised sales of lottery through internet and provide clearer regulations in building a healthier and more reliable online lottery system for the enormous market. 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.

For the year ended 31 December 2016, revenue of the lottery business amounted to HK\$8.3 million, representing a decrease of 88% as compared with HK\$69.6 million for the last corresponding year, loss of HK\$20.8 million was recorded in the segment (2015: HK\$19.1 million).

Property Investment Business

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.

Revenue of the property investment business for the reporting year amounted to HK\$2.2 million, while segment profit was HK\$1.3 million.

Investment Project – Ponte 16

Although 2016 continued to be challenging for the Macau gaming market, the industry demonstrated its resilience and resumed its growth momentum in the second half of the year. The total gross gaming revenue (“GGR”) in Macau has recently stabilised with growth due to VIP segment recovery and stabilisation of mass segment. With increased competition and new rooms available in the market, the opening of new resorts has helped to revive revenue by attracting more tourists and recreational seekers to Macau.

The Group continues to respond to the current market conditions by implementing stringent cost control, while maintaining its top-class hospitality. As at 31 December 2016, the casino of Ponte 16 had 109 gaming tables, consisting of 96 mass gaming tables, 7 high-limit tables and 6 VIP tables. Adjusted EBITDA* for the reporting year was HK\$277.4 million (2015: HK\$303.7 million).

Despite the intense competition in the newer Cotai district, Ponte 16 remains one of the most popular destinations in Macau Peninsula, in respect of its strategic location that closes to the United Nations Educational, Scientific and Cultural Organisation (UNESCO) heritage site. Visitors can experience the unique local culture elements in Macau's Inner Harbour, and all-inclusive leisure and entertainment facilities at Ponte 16. Average occupancy rate of Sofitel Macau At Ponte 16 was 88% for 2016.

Sofitel Macau At Ponte 16 was proud to receive over 16 prominent industry prizes for providing delightful hospitality and world-class facilities and providing luxurious experience to guests. These awards include, inter alia, "2016 Luxury Romantic Hotel – Country Winner" by World Luxury Hotel Awards, "Modern Luxury Hotel of the Year" by The Luxury Travel Guide, "Asia's Most Attractive Hotel Platinum Award" by International Hotel Forum Organization. Privé and So SPA with L'Occitane were accredited for its rejuvenating services and exceptional dining experience, namely "2016 French Cuisine – Country Winner" by World Luxury Restaurant Awards, "2016 Luxury Urban Escape – Country Winner" by World Luxury Spa Awards and "2016 Asia's Top Spa Hotels & Resorts" by NOW Travel Asia Awards. The above recognitions proved the Group's devotion to pamper the guests with French elegant experience, making Sofitel Macau At Ponte 16 special at the heart of vintage Inner Harbour of Macau.

During the reporting year, Ponte 16 started the refurbishment of hotel rooms and introduced Macau's first handy travel smartphone service, bringing a new level of visualisation and comfort to its premium guests. To improve its customer experiences, Ponte 16 introduced various family entertainments, including exclusive 3D art jam and messy drawing workshop, as well as the Adventure Bouncer Zone featuring a large inflatable vessel where kids can set sail for ocean exploration.

With the deep roots in the local community, Ponte 16 makes strategic use of its resources to pursue its commitment to the betterment of the community. Ponte 16 is fully aware of the rules and regulations of the Macau Special Administrative Region Government, and supports the government-led promotion of Responsible Gambling by adopting a set of comprehensive policies and activities during daily operations. Ponte 16 is also committed to take environmental protection into consideration for its major corporate decisions, and participated in environmental friendly activities such as the "Macau Energy Saving Week" and the "Monthly Lights Off for One Hour" in 2016. Sofitel Macau At Ponte 16 has also adopted environmental management system to enhance efficiency and improve environmental performance, and received the "Environmental Performance Award – Excellence Award" from Business Awards of Macau during the reporting year.

* *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 31 December 2016, the Group had net current assets of HK\$253.0 million (31 December 2015: HK\$99.3 million) and net assets of HK\$1,006.4 million (31 December 2015: HK\$1,045.7 million).

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by monitoring the trade receivables of its customers on an ongoing basis. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency are Hong Kong dollars, Renminbi, Canadian dollars ("CAD") and United States dollars ("USD") as substantially all the revenues are in Renminbi, CAD and USD. The Group's transactional foreign exchange exposure was insignificant.

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 (the "Revised Loan Facility") 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. During the year, the Company had repaid all outstanding loan owed to Mr. Yeung under the Revised Loan Facility (31 December 2015: HK\$20.0 million).

During the year, the Group obtained a secured bank loan which bears interest at Hong Kong interbank offered rate (HIBOR) plus 2% per annum. The proceeds of the loan were for the Group's general operation. As at 31 December 2016, the outstanding bank loan was HK\$122.5 million.

Apart from the aforesaid loans, as at 31 December 2016, there were loans from non-controlling shareholders of CAD4.0 million and HK\$7.3 million, totally equivalent to HK\$30.7 million (31 December 2015: CAD3.4 million and HK\$7.3 million, totally equivalent to HK\$26.3 million). The loans were interest-free and unsecured.

As at 31 December 2016, total equity attributable to owners of the Company was HK\$1,033.5 million (31 December 2015: 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 12% as at 31 December 2016 (31 December 2015: 2%).

Pledge of Assets

As at 31 December 2016, the Group had secured the following assets:

- (a) the Group pledged the time deposits of CAD1.5 million and USD0.1 million, totally equivalent to HK\$9.4 million (31 December 2015: CAD1.5 million, USD0.1 million and HK\$0.6 million, totally equivalent to HK\$9.6 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of CAD1.5 million and a standby letter of credit of USD0.1 million, totally equivalent to HK\$9.3 million (31 December 2015: a standby letter of credit and overdraft facility of CAD1.5 million, a standby letter of credit of USD0.1 million and a bank guarantee of MOP0.5 million, totally equivalent to HK\$9.5 million) for the operation of the Group;
- (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”); and
- (c) the Group pledged its investment property with a carrying amount of HK\$191.7 million to secure against a bank loan granted to the Group.

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 31 December 2016 was HK\$260.9 million (31 December 2015: HK\$358.1 million).

Human Resources

As at 31 December 2016, the Group had a total of 183 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 year ahead, it is expected that potential political issues will continue to dominate global economy, while worries over trade protectionism, geopolitical risk and currency fluctuation may create uncertainties in the global markets. Foreseeing that the gaming, entertainment and tourist-related industries will remain challenging, the Group is determined to stay competitive and sustainable by proper implementation of corporate strategies and diversified business portfolio.

According to the plan formulated in early 2016, Jade Travel launched two online booking platforms which gained exposure in the retail market and extended the business coverage to integrated travel solutions. To capture the improving sentiment in Canada, Jade Travel has fully utilised its strong brand reputation and extensive network to further develop high-margin retail business to uplift its profitability, while a new brand was established to reinforce its market share in the mature corporate and wholesale businesses, and a new office was opened in Guangzhou as the hub for the future development in China market. The Group expects that such movements would allow better resources allocation and effective strategy implementation to differentiate its tailor-made services from the peers.

The recovery momentum in GGR growth gives positive signals for the Macau economy, in particular of the modest growth and sustainability of the mass market. The Group is optimistic about the long-term growth of the Macau gaming market. With the determination to transform Macau into the “World Centre of Tourism and Leisure”, a series of major infrastructure projects including, among others, the Light Rail Transit (LRT), the 4th cross-harbour bridge and Taipa (Pac On) Ferry Terminal will be progressively unveiled, making Macau more accessible and competitive in attracting tourists. In the face of a more competitive operating environment and the ever-rising expectations of tourists, Ponte 16 will continue to enhance its entertainment mix by introducing new excitements to visitors during their stay in Macau.

Under the central government’s internet plus strategy, lottery sales in China going paperless become a 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.

In addition to the acquisition of the property in Admiralty Centre, Hong Kong during the reporting year, the Group also entered into a preliminary sale and purchase agreement with an independent third party to acquire another commercial property in February 2017. The said acquisition is expected to be completed in April 2017. The Group strategically expands its property investment portfolio which will provide a steady recurring rental income and strengthen its capital base to support the Group’s further development.

Going forward, the Group will stay cautious and prudent towards the formulation and implementation of corporate strategies in 2017, whereas closely monitor market movements to identify new opportunities arisen from the market consolidation and recovery and timely adjust its strategies. 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 year ended 31 December 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 year ended 31 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Thursday, 8 June 2017 (the “2017 AGM”). For the purpose of determining the shareholders who are entitled to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Monday, 5 June 2017 to Thursday, 8 June 2017, both days inclusive, during such period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the 2017 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Friday, 2 June 2017 for registration.

REVIEW OF FINAL RESULTS

The consolidated results for the year ended 31 December 2016 have been audited by the Group’s auditors, HLB Hodgson Impey Cheng Limited, and reviewed by the audit committee of the Board, 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.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 30 March 2017

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.