

Press Release

[For Immediate Release]

Success Universe Announces 2020 Annual Results

Overview

- Revenue was approximately HK\$363.8 million and gross profit was approximately HK\$17.5 million for 2020
- Loss attributable to owners of the Company was approximately HK\$141.9 million
- Revenue of the travel business decreased by approximately 69% to approximately HK\$354.2 million due to wide spread of the COVID-19 pandemic, which put the global tourism industry almost into a halt
- Revenue of the property investment business decreased by approximately 49% to approximately HK\$9.7 million, while segment loss was approximately HK\$80.5 million, mainly due to recognition of a fair value loss on investment properties and write-down of carrying amount of stock of properties
- Ponte 16, the Group's flagship investment project, recorded an Adjusted EBITDA* loss of approximately HK\$242.9 million. The financial performance of the associates relating to Ponte 16 was significantly impacted by COVID-19 and the Group shared a substantial loss of approximately HK\$145.7 million

30 March 2021, Hong Kong - Success Universe Group Limited (“Success Universe” or the “Company”, Stock Code: 00487.HK, together with its subsidiaries, collectively the “Group”) today announces the consolidated results for the year ended 31 December 2020.

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

RESULTS

For the year ended 31 December 2020, revenue of the Group was approximately HK\$363.8 million, decreased by approximately 68% from approximately HK\$1,147.4 million for the last corresponding year. Gross profit decreased by approximately 42% to approximately HK\$17.5 million (2019: approximately HK\$30.3 million). The Group's shared loss of the associates relating to Ponte 16, the flagship investment project of the Group (the "Associates"), for the year ended 31 December 2020 was approximately HK\$145.7 million, whereas a profit of the Associates of approximately HK\$116.8 million was shared by the Group for the last corresponding year. Loss attributable to owners of the Company for the year ended 31 December 2020 was approximately HK\$141.9 million (2019: profit of approximately HK\$74.2 million), whilst loss per share was 2.88 HK cents (2019: earnings per share of 1.51 HK cents).

The turnaround from profit to loss was mainly attributable to (i) the Group's share of a substantial loss of the Associates as a result of the outbreak of COVID-19 since early 2020 which has severely affected the financial performance of the Associates; and (ii) a fair value loss on the Group's investment properties as well as write-down of carrying amount of the Group's stock of properties, notwithstanding that a fair value gain on the Group's overseas listed equity securities acquired during the year was recorded.

DIVIDENDS

No interim dividend was paid in 2020 (2019: nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2020 (2019: nil).

REVIEW OF OPERATIONS

Travel Business

Revenue of the travel business amounted to approximately HK\$354.2 million, decreased by approximately 69% for the year ended 31 December 2020 (2019: approximately HK\$1,128.6 million). Loss in this segment increased by approximately 186% to approximately HK\$11.2 million (2019: approximately HK\$3.9 million), which was mainly due to the severe disruptions to the tourism industry caused by the pandemic and impairment loss on intangible assets of approximately HK\$4.3 million and allowance for expected credit losses on trade receivables of approximately HK\$2.8 million recognised for the year ended 31 December 2020 (2019: both nil).

Jade Travel has been closely communicating with its customers since the start of the pandemic, offering its professional services and utmost assistance to support changes of customers' travel plans. Furthermore, Jade Travel has committed to support local government's efforts to control the spread of COVID-19 and has adopted all necessary measures to ensure a safe environment for its customers and employees. Jade Travel has also flexibly reallocated resources to streamline operations and adopted cost reduction measures, with a strong will of maintaining its

critical leadership role in the North America travel market.

Property Investment Business

Revenue of the property investment business for the year ended 31 December 2020 amounted to approximately HK\$9.7 million, representing a decrease of approximately 49% as compared with approximately HK\$18.8 million for the last corresponding year. Segment loss was approximately HK\$80.5 million (2019: segment profit of approximately HK\$11.0 million), which was mainly due to recognition of a fair value loss on investment properties of approximately HK\$79.4 million (2019: fair value gain of approximately HK\$1.2 million) as well as write-down of carrying amount of stock of properties amounting to approximately HK\$8.9 million for the year ended 31 December 2020 (2019: approximately HK\$14.5 million).

During 2020, the Hong Kong commercial property market was under significant pressure as an economic downturn was incurred from the pandemic. Falling rental values, decline in transactions and increasing vacancy in office space had been recorded across all major office submarkets in Hong Kong. Although a slightly narrower decline of the Grade-A office rental was recorded towards the end of 2020, the overall commercial property market was clouded by uncertainty in 2020.

Faced with such challenges, the Group was steadfast in maintaining financial prudence and closely monitored the commercial property market to adjust its investment portfolio flexibly, maintaining robust asset balance and resilience. Hong Kong is in a unique position of being an international commercial hub, thus the Group remains cautiously positive in the future of the commercial property market. It is expected that the market demand and rental income of Hong Kong commercial properties will be eventually stabilised once the pandemic is over.

Investment Project – Ponte 16

The gaming and occupancy performance of Ponte 16 for 2020 were inevitably affected by COVID-19. Although the casino operations in Ponte 16 resumed on a reduced basis on 20 February 2020, certain COVID-19 precautionary measures such as limiting the number of gaming tables allowed to operate and the number of seats available per table, slot machine spacing, temperature checks, compulsory wearing of mask and health declaration have remained in effect. Due to the global travel haul, the average occupancy rate of Sofitel Macau At Ponte 16 remained low for 2020 (2019: over 90%). An Adjusted EBITDA* loss of approximately HK\$242.9 million was recorded for the year ended 31 December 2020, whereas the Adjusted EBITDA* was HK\$377.5 million for the last corresponding year. As at 31 December 2020, the casino of Ponte 16 had 88 gaming tables in operation, consisting of 82 mass gaming tables and 6 high-limit tables.

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

To alleviate the financial pressure brought by COVID-19, Ponte 16 has been carrying out a series of cost containment measures, streamlining operational efficiency with flexible manpower arrangement. In addition, bringing its full support to the Macau government's pandemic prevention measures, Ponte 16 has adopted a series of high standard precautionary hygiene measures to ensure a safe environment for its staff and guests.

PROSPECTS

COVID-19 has decimated the global tourism and travel industries. Many countries remain in full or partial lockdown, which greatly limit visitation levels. A full recovery of market sentiments takes time and will be heavily dependent on the reopening of international borders and the widespread rollout of effective vaccines. For the time being, Jade Travel will closely monitor the global tourism market and engage with customers and partners closely to strengthen itself as a reliable brand and service provider. In addition, Jade Travel will continue to explore different available travel products and options to enrich its competitive offerings to cater the changing customers' needs. Leveraging its core strengths, Jade Travel will be well-positioned to capture the returning demand while the industry begins to recover.

Decline of the Grade-A office rental in Hong Kong showed signs of further softening in November 2020. However, with the evolving pandemic condition and rising unemployment rate, it is hard to estimate whether the rental decline trend will continue. The Group remains cautiously positive in the commercial property market for its solid foundation as office buildings in prime areas exhibited resilience for decades.

After the resumption of Individual Visit Scheme across the Mainland China in late September 2020, monthly visitor arrivals of Macau have been increasing steadily. The Group believes that further recovery of Macau's hospitality and gaming activities would rely strongly on the further relaxing border restrictions. Ponte 16 will prioritise the maintenance of its operational advantages including its professional and dependable management team, diverse and comprehensive entertainment mix and its all-round hospitality services that emerge with the essence of local beauty and culture in the Inner Harbour area. Meanwhile, Ponte 16 will continue to support government pandemic prevention policies, overcome prevailing challenges and be ready to capture new opportunities once the travel restriction begins to lift.

Looking forward, **Mr. Yeung Hoi Sing, Sonny, Chairman of Success Universe Group Limited** commented, "It is too early to tell when the pandemic would be over at the moment and the influences will definitely last for a certain period. The recovery pace will depend heavily on the evolution of COVID-19 and the development of the vaccines. The Group will continue to monitor the situation, proactively review its investment portfolio, consider other investment tools when and as appropriate, and seek opportunities from challenges, in order to create sustainable value for its shareholders, partners and customers."

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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.

For investor and media enquiries, please contact:

Success Universe Group Limited

Corporate Communication Department

Email: corpcom@successug.com

Tel: 852-3101 8668

DLK Advisory Limited

Maggie Lee

Email: maggielee@dlkadvisory.com

Tel: 852-2854 8720

Skye Shum

Email: skyeslum@dlkadvisory.com

Tel: 852-2854 8722