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

If you have sold or transferred all your shares in Success Universe Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

**MAJOR TRANSACTION IN RELATION TO
THE PROVISION OF FINANCIAL ASSISTANCE TO
PIER 16 – PROPERTY DEVELOPMENT LIMITED**

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DEFINITIONS

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

“2007 Acquisition Circular”	the circular of the Company dated 29 January 2007 in relation to the acquisition by the Group of 12.25% equity interest in, and the related shareholder’s loan of, Pier 16 – Property Development and the possible provision of shareholder’s loan by the Group to Pier 16 – Property Development
“2007 Financial Assistance Announcement”	the announcement of the Company dated 28 June 2007 in relation to the execution of the 2007 SUG Guarantee by the Company
“2007 SUG Guarantee”	the corporate guarantee executed by the Company to guarantee the payment obligation of Pier 16 – Property Development in respect of certain syndicated loan facilities granted by a group of financial institutions on 28 June 2007, details of which are set out in the 2007 Financial Assistance Announcement
“2009 Financial Assistance Circular”	the circular of the Company dated 8 May 2009 in relation to the provision of further financial assistance by the Group to Pier 16 – Property Development
“2010 Financial Assistance Announcement”	the announcement of the Company dated 25 June 2010 in relation to the provision of further financial assistance by the Group to Pier 16 – Property Development
“2012 Financial Assistance Circular”	the circular of the Company dated 18 May 2012 in relation to, inter alia, the Existing Facilities and the Existing SUG Guarantee
“2017 Financial Assistance”	the Amended and Restated Facility Agreement, the Composite Confirmation Letter, the Livrança, the Amended and Restated Share Pledge and the Confirmation of Subordination Agreement, and the respective transactions contemplated thereunder

DEFINITIONS

“Amended and Restated Facility Agreement”	the amended and restated facility agreement dated 23 June 2017 entered into between, among others, Pier 16 – Property Development as borrower and the Lender as lender, mandated lead arranger, bookrunner, facility agent and security agent relating to the amendment and restatement of the terms of the Facility Agreement
“Amended and Restated Share Pledge”	the composite amendment and restatement of share pledges dated 23 June 2017 executed by, among others, World Fortune (as a pledgor) and Pier 16 – Property Development (as company) whereby, inter alia, World Fortune has confirmed that the provisions of the Existing Share Pledge remain in full force and effect
“Announcement”	the announcement of the Company dated 16 June 2017 in relation to the 2017 Financial Assistance
“Board”	the board of Directors
“Company”	Success Universe Group Limited (stock code: 00487), a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Composite Confirmation Letter”	the composite confirmation letter dated 23 June 2017 given by, among others, the Company in favour of the Security Agent under which, inter alia, the Company has confirmed that the provisions of the Existing SUG Guarantee remain in full force and effect
“Confirmation of Subordination Agreement”	the confirmation of subordination agreement dated 23 June 2017 executed by, among others, Pier 16 – Property Development and World Fortune under which World Fortune has confirmed that the provisions of the Existing Subordination Agreement remain in full force and effect
“Director(s)”	director(s) of the Company
“Existing Facilities”	term loan facilities in the aggregate amounts of HK\$1,900 million and RMB400 million made available to Pier 16 – Property Development pursuant to the Facility Agreement, details of which are set out in the 2012 Financial Assistance Circular

DEFINITIONS

“Existing Share Pledge”	the share pledge over all the shares in Pier 16 – Property Development given by, among others, World Fortune (as a pledgor) and Pier 16 – Property Development (as company) in favour of the Security Agent on 28 June 2012, details of which are set out in the 2012 Financial Assistance Circular
“Existing SUG Guarantee”	the corporate guarantee executed by the Company to guarantee the payment obligation of Pier 16 – Property Development in respect of the Existing Facilities granted by a group of financial institutions on 28 June 2012, details of which are set out in the 2012 Financial Assistance Circular
“Existing Subordination Agreement”	the subordination agreement entered into between, among others, Pier 16 – Property Development, the Security Agent and World Fortune in respect of subordination of certain indebtedness owing by Pier 16 – Property Development to World Fortune on 28 June 2012, details of which are set out in the 2012 Financial Assistance Circular
“Facility Agreement”	the facility agreement dated 17 April 2012 entered into between Pier 16 – Property Development as borrower and a group of financial institutions in relation to the Existing Facilities made available to Pier 16 – Property Development
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons (as defined under the Listing Rules)

DEFINITIONS

“Land Concession”	the leasing of the Property (including the ownership of all structures and buildings erected or to be erected thereon) for a 25 year period from 14 February 2005, renewable, provided by the Macau government to Pier 16 – Property Development according to the terms and conditions set forth on Dispatch 9/2005 in Official Gazette No.6-II dated 14 February 2005 which is registered with the Macau Land Registry Office (in Portuguese: Conservatória do Registo Predial, and in Chinese: 物業登記局) under no.30269F
“Land Concession Modification”	any modification, variation or waiver of any term or condition of the Land Concession agreeable by the Macau government and (if required) published in Official Gazette
“Land Premium”	the land premium and all other sums (if any) required to be paid to the relevant agency of the Macau government for any Land Concession Modification or, as reasonably determined by the Facility Agent, in connection with the ownership of the Property
“Latest Practicable Date”	17 July 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lender” or “Facility Agent” or “Security Agent”	Industrial and Commercial Bank of China (Macau) Limited, a company incorporated in Macau with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Livrança”	the legally notarized livrança (promissory note) for a sum of HK\$1,000 million dated 23 June 2017 executed by Pier 16 – Property Development and endorsed by, among others, the Company for a sum not exceeding HK\$490 million in support of the Company’s obligations under the Composite Confirmation Letter
“Macau”	the Macau Special Administrative Region of the PRC
“MOP”	Macau Pataca, the lawful currency of Macau

DEFINITIONS

“Mr. Yeung”	Mr. Yeung Hoi Sing, Sonny, an executive Director and the Chairman as well as a controlling shareholder (as defined in the Listing Rules) of the Company
“New Maturity Date”	60 months from the date of the first utilisation of the Revised Facilities under the Amended and Restated Facility Agreement
“Pier 16 – Property Development”	Pier 16 – Property Development Limited, a company incorporated in Macau with limited liability and beneficially held as to 51% by SJM-IL, an Independent Third Party, and as to 49% by World Fortune as at the Latest Practicable Date
“Ponte 16”	a world-class integrated casino-entertainment resort situated at the Property comprising a five-star luxury hotel, a casino, a shopping arcade, food and beverage functions as well as recreational facilities
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Taiwan and Macau
“Property”	a piece of land with the area of 23,066 square meters or such area as to be defined in any Land Concession Modification and located at Rua das Lorchas and Rua do Visconde Paço de Arcos, between Pier no.12A and 20, of inner harbour of Macau described in Macau Land Registry Office under number 23151 of Book B, including all structures and buildings erected or to be erected thereon
“Revised Facilities”	term loan facilities in the aggregate amounts of HK\$735 million and MOP273 million made available to Pier 16 – Property Development pursuant to the Amended and Restated Facility Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Security Documents”	collectively, the Composite Confirmation Letter, the Livrança, the Amended and Restated Share Pledge and the Confirmation of Subordination Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Silver Rich”	Silver Rich Macau Development Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Yeung as at the Latest Practicable Date
“SJMSA”	Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macau and a subsidiary of SJM Holdings Limited (a company whose issued shares are listed on the main board of the Stock Exchange, stock code: 880)
“SJM-IL”	SJM – Investment Limited, a company incorporated under the laws of Macau with limited liability and a wholly-owned subsidiary of SJMSA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUG Shareholder’s Loan”	shareholder’s loans provided by the Group to Pier 16 – Property Development for the development of Ponte 16
“World Fortune”	World Fortune Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“%”	per cent.

LETTER FROM THE BOARD



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

Executive Directors:

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

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

Non-executive Director:

Mr. Choi Kin Pui, Russelle

Independent non-executive Directors:

Ms. Yeung Mo Sheung, Ann

Mr. Chin Wing Lok, Ambrose

Mr. Chong Ming Yu

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head office and principal place

of business in Hong Kong:

Suite 1601-2 & 8-10, 16/F.

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

19 July 2017

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO
THE PROVISION OF FINANCIAL ASSISTANCE TO
PIER 16 – PROPERTY DEVELOPMENT LIMITED**

A. INTRODUCTION

References are made to the 2007 Acquisition Circular, the 2007 Financial Assistance Announcement, the 2009 Financial Assistance Circular, the 2010 Financial Assistance Announcement, the 2012 Financial Assistance Circular and the Announcement.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with further details of the 2017 Financial Assistance.

B. 2017 FINANCIAL ASSISTANCE

The Group has been providing financial assistance to Pier 16 – Property Development for the development of Ponte 16 by way of the SUG Shareholder’s Loan and the Existing SUG Guarantee which was executed by the Company to guarantee the payment obligation of Pier 16 – Property Development in respect of the Existing Facilities. As at 22 June 2017, being the date immediately before execution of the Security Documents by the Group (the “**Relevant Date**”), the outstanding balance of the SUG Shareholder’s Loan amounted to approximately HK\$513 million and the maximum liability of the Company under the Existing SUG Guarantee in respect of the Existing Facilities was HK\$1,176 million.

As at the Relevant Date, the total outstanding principal amount of the loan under the Existing Facilities was approximately HK\$506 million. In view of the maturity of the Existing Facilities on 29 June 2017 and for the purposes of, among others, refinancing the Existing Facilities and financing the repayment of certain shareholders’ loans previously advanced to Pier 16 – Property Development, Pier 16 – Property Development proposed to enter into the Amended and Restated Facility Agreement with, among others, the Lender, pursuant to which the Lender would agree to extend the maturity date under the Facility Agreement to the New Maturity Date and revise the facility amount under the Facility Agreement such that the Revised Facilities would be in the aggregate amounts of HK\$735 million and MOP273 million subject to the terms of the Amended and Restated Facility Agreement. As one of the conditions precedent for the utilisation of the Revised Facilities, the Group was required to execute the Security Documents as security for Pier 16 – Property Development’s obligations under the Amended and Restated Facility Agreement.

The Amended and Restated Facility Agreement and the Security Documents were executed on 23 June 2017.

LETTER FROM THE BOARD

A brief summary of the Revised Facilities are set out below:

Facility	Information on the facility	Purposes of the facility
A	<p>Facility amount: HK\$260 million</p> <p>Repayment term for principal: in quarterly instalments during the period from 30 September 2017 to the New Maturity Date</p> <p>Effective interest rate: HIBOR plus a margin of 2.50% per annum, which is subject to adjustment as provided in the Amended and Restated Facility Agreement</p>	<p>To refinance the facilities under the Existing Facilities in full</p>
B	<p>Facility amount: HK\$400 million</p> <p>Repayment term for principal: in quarterly instalments during the period from 30 September 2017 to the New Maturity Date</p> <p>Effective interest rate: HIBOR plus a margin of 2.50% per annum, which is subject to adjustment as provided in the Amended and Restated Facility Agreement</p>	<p>To repay the shareholders' loans previously advanced to Pier 16 – Property Development for the payment of the construction cost of the Property</p>
C	<p>Facility amount: MOP273 million</p> <p>Repayment term for principal: in quarterly instalments during the period from 30 September 2017 to the New Maturity Date</p> <p>Effective interest rate: the rate for the relevant period displayed on Thomson Reuters page “HKABHIBOR” plus a margin of 2.50% per annum, which is subject to adjustment as provided in the Amended and Restated Facility Agreement</p>	<p>To finance the payment of the Land Premium and the related costs for the Land Concession Modification</p>

LETTER FROM THE BOARD

Facility	Information on the facility	Purposes of the facility
D	<p>Facility amount: HK\$75 million</p> <p>Repayment term for principal: in quarterly instalments during the period from 30 September 2017 to the New Maturity Date</p> <p>Effective interest rate: HIBOR plus a margin of 2.50% per annum, which is subject to adjustment as provided in the Amended and Restated Facility Agreement</p>	<p>For general corporate purposes and as non-gaming working capital</p>

In connection with the Amended and Restated Facility Agreement, the Group has entered into the following Security Documents in favour of the Security Agent:

- (i) the Composite Confirmation Letter given by, among others, the Company confirming the provisions of the Existing SUG Guarantee remain in full force and effect;
- (ii) the Livrança for a sum of HK\$1,000 million given by Pier 16 – Property Development and endorsed by, among others, the Company for a sum not exceeding HK\$490 million in support of the Company’s obligations under the Composite Confirmation Letter;
- (iii) the Amended and Restated Share Pledge executed by, among others, World Fortune (as a pledgor) and Pier 16 – Property Development (as company) whereby, inter alia, World Fortune has confirmed that the provisions of the Existing Share Pledge remain in full force and effect; and
- (iv) the Confirmation of Subordination Agreement executed by, among others, Pier 16 – Property Development and World Fortune under which World Fortune has confirmed that the provisions of the Existing Subordination Agreement remain in full force and effect.

Composite Confirmation Letter

Pursuant to the Composite Confirmation Letter, the Company, among others, has confirmed that, inter alia, the provisions of the Existing SUG Guarantee remain in full force and effect. The liability of the Company under the Existing SUG Guarantee in respect of Pier 16 – Property Development’s obligations under the Amended and Restated Facility Agreement is limited to 49% thereof. If the Company has duly paid and discharged in full 49% of Pier 16 – Property Development’s obligations, no further demand shall be made on the Company. Further details of the Existing SUG Guarantee are set out in the 2012 Financial Assistance Circular.

LETTER FROM THE BOARD

Livrança

The Livrança endorsed by the Company for a sum not exceeding HK\$490 million is in support of the Company's obligations under the Composite Confirmation Letter.

Amended and Restated Share Pledge

Pursuant to the Existing Share Pledge, among others, World Fortune has pledged (in the form of first priority pledge) and assigned as collateral to the Security Agent all of its interests in the shares of Pier 16 – Property Development to secure the payment and discharge of the liabilities and obligations of Pier 16 – Property Development (actual and contingent) under the Existing Facilities. World Fortune (as a pledgor) and Pier 16 – Property Development (as company) have executed the Amended and Restated Share Pledge whereby, inter alia, World Fortune has confirmed that the provisions of the Existing Share Pledge remain in full force and effect.

Confirmation of Subordination Agreement

Pursuant to the Existing Subordination Agreement, so long as any liability or obligation (present or future, actual or contingent) under the Existing Facilities (“**Priority Indebtedness**”) is outstanding, among others, all sums (whether of principal, interest or otherwise) payable and all obligations owing to World Fortune and SJM-IL by Pier 16 – Property Development, whether present or future, actual or contingent (“**Subordinated Indebtedness**”), and the claims of World Fortune and SJM-IL in respect of the Subordinated Indebtedness shall be subordinated to the Priority Indebtedness. Further details of the Existing Subordination Agreement are set out in the 2012 Financial Assistance Circular. World Fortune, among others, has executed the Confirmation of Subordination Agreement confirming that the provisions of the Existing Subordination Agreement remain in full force and effect.

The estimated total exposure of the Company under the provision of the 2017 Financial Assistance is approximately HK\$532 million, which has taken into account 49% of the HK\$1,000 million principal amount of the Revised Facilities under the Livrança endorsed by, among others, the Company for a sum not exceeding HK\$490 million and 49% of the estimated total interest payable on the Revised Facilities of approximately HK\$42 million. As disclosed in the annual report 2016 of the Company, as at 31 December 2016, the Group recorded total equity attributable to owners of the Company of approximately HK\$1,034 million. As at 31 December 2016, the audited consolidated total assets of the Group were approximately HK\$1,188 million, of which approximately HK\$544 million and HK\$294 million were interests in associates and amount due from an associate respectively, and the cash and cash equivalents of the Group were approximately HK\$65 million.

LETTER FROM THE BOARD

The Directors are of the view that, based on the information currently available to the Group and barring unforeseen circumstances, the Group may not have to actually repay the estimated total exposure of approximately HK\$532 million under the 2017 Financial Assistance, after taking into account, among others:

- (i) the Revised Facilities are secured by, among others, a first mortgage over the Property in favour of the Security Agent and security provided by other related parties and in case of any occurrence of event of default under the Revised Facilities, the Lender may recover the outstanding indebtedness of Pier 16 – Property Development under the Amended and Restated Facility Agreement through the aforesaid security of the Revised Facilities; and
- (ii) as disclosed in the annual report 2016 of the Company, Ponte 16 recorded earnings before interest, taxation, depreciation and amortisation (and excluded interest income from the pledged bank deposit) of approximately HK\$277.4 million for the year ended 31 December 2016.

On the aforesaid basis, the Directors consider that Pier 16 – Property Development will be able to finance the repayment of its indebtedness under the Amended and Restated Facility Agreement by, among others, the business operations of Ponte 16.

Further, as disclosed in the paragraph headed “2017 Financial Assistance” above, the outstanding loan under the Existing Facilities has been repaid upon utilisation of Facility A under the Revised Facilities while Facility C under the Revised Facilities will be applied towards financing of the payment of the Land Premium and the related costs for the Land Concession Modification. Given the aforesaid and as the Composite Confirmation Letter was executed by the Company to confirm the provisions of the Existing SUG Guarantee remaining in full force and effect which in turn guarantee the payment obligation of Pier 16 – Property Development, the Directors consider that following the aforesaid repayment of the Existing Facilities, the exposure of default risk towards the Group in respect of the Existing SUG Guarantee is low.

The 2017 Financial Assistance provided by the Group to Pier 16 – Property Development is lesser than the limit of the financial assistance provided by the Group to Pier 16 – Property Development as previously approved by the Shareholders at the special general meeting of the Company held on 5 June 2012. Taking into account: (i) the outstanding balance of the SUG Shareholder’s Loan of approximately HK\$513 million as at the Relevant Date; and (ii) the estimated total exposure of approximately HK\$532 million under the provision of the 2017 Financial Assistance as stated above, the aggregate financial assistance provided by the Group to Pier 16 – Property Development under the 2017 Financial Assistance is approximately HK\$1,045 million. In the event that the aggregate financial assistance to be provided by the Group to Pier 16 – Property Development exceeds the aforesaid estimated aggregate financial assistance of approximately HK\$1,045 million, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

C. INFORMATION ON PIER 16 – PROPERTY DEVELOPMENT AND PONTE 16

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

D. REASONS FOR AND BENEFITS OF THE PROVISION OF THE 2017 FINANCIAL ASSISTANCE

The principal businesses and investments of the Group include travel-related business, provision of technology services platform and related technical support for lottery business in the PRC, property investment business and the investment project of Ponte 16, a world-class integrated casino-entertainment resort located in Macau.

As mentioned in the annual report of the Company for the year ended 31 December 2016, the recovery momentum in gross gaming revenue (“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.

The Revised Facilities have been applied towards refinancing the Existing Facilities which matured on 29 June 2017 and financing the payment of the Land Premium and the related costs for the Land Concession Modification. The Revised Facilities will also be applied towards repaying certain shareholders’ loans previously advanced to Pier 16 – Property Development as well as for general corporate purposes and as non-gaming working capital.

LETTER FROM THE BOARD

As Pier 16 – Property Development is a 49% owned associate of the Group, the Directors consider that the provision of the 2017 Financial Assistance, which facilitates the development of Ponte 16, is beneficial to the Group.

Having considered the future prospects of Ponte 16 and that the Security Documents are the requisite documents for the utilisation of the Revised Facilities, the Directors consider that the provision of the 2017 Financial Assistance is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

E. LISTING RULES IMPLICATIONS

The provision of the 2017 Financial Assistance constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Amended and Restated Facility Agreement, the Security Documents and the respective transactions contemplated thereunder and accordingly, no Shareholder or its/his associate(s) is required to abstain from voting if the Company were to convene a Shareholders' meeting for approving the Security Documents and the respective transactions contemplated thereunder.

On 16 June 2017, the Company obtained the written Shareholders' approval from Silver Rich, being a Shareholder holding an aggregate of 2,566,557,462 Shares, representing approximately 52.10% of the entire issued share capital of the Company as at 16 June 2017, in respect of the execution of the Security Documents by the Group and its performance of the respective transactions contemplated thereunder. Silver Rich is wholly-owned by Mr. Yeung, an executive Director and the Chairman as well as a controlling shareholder (as defined in the Listing Rules) of the Company. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Silver Rich has been accepted in lieu of holding a general meeting of the Shareholders.

F. FINANCIAL EFFECTS OF THE 2017 FINANCIAL ASSISTANCE ON THE GROUP

In relation to the 2017 Financial Assistance, the Group's interest in associates and financial guarantee liabilities will be both increased by the fair value of the financial guarantee contracts measured for the initial recognition by independent professional valuers on the date of grant. There is no immediate effect on profit or loss on the date of grant of the 2017 Financial Assistance. Financial guarantees are contracts that require the issuer to make specified payments to reimburse the beneficiary of the contracts (the "**Holder**") for a loss the Holder incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

LETTER FROM THE BOARD

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

The Company considers that there will not be any material effect on the earnings and assets and liabilities of the Group immediately after the execution of the Security Documents.

G. RECOMMENDATION

The Directors are of the view that the terms of the Security Documents and the respective transactions contemplated thereunder are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

H. ADDITIONAL INFORMATION

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

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

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes to the audited consolidated financial statements for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2016 has been set out in pages 90 to 217 of the annual report 2016 of the Company which was posted on 27 April 2017 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the annual report 2016:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN201704271851.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2015 has been set out in pages 47 to 119 of the annual report 2015 of the Company which was posted on 28 April 2016 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the annual report 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0428/LTN20160428385.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2014 has been set out in pages 48 to 127 of the annual report 2014 of the Company which was posted on 28 April 2015 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the annual report 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0428/LTN20150428921.pdf>

2. INDEBTEDNESS

Borrowings

As at the close of business on 31 May 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from intra-group liabilities, the Group had outstanding secured and unsecured borrowings of approximately HK\$120.9 million as follows:

	<i>HK\$'000</i>
Secured:	
Bank loans, secured	71,000

Unsecured:	
Loans payables	32,650
Other loan	17,243

	49,893

Total outstanding secured and unsecured borrowings	120,893
	=====

Guarantee

As at 31 May 2017, the Existing SUG Guarantee executed by the Company for the Existing Facilities granted to Pier 16 – Property Development, which is beneficially held as to 49% by World Fortune, an indirect wholly-owned subsidiary of the Company was outstanding. The maximum guarantee principal amount borne by the Company under the Existing SUG Guarantee was HK\$1,176 million.

The total loan outstanding from the Existing Facilities regarding the Existing SUG Guarantee as at 31 May 2017 was approximately HK\$246.0 million.

Pledge of assets

As at 31 May 2017, the Group has pledged the following assets:

- (a) the Group pledged the time deposits of approximately HK\$9.4 million to certain banks for the issuance of certain banking facilities of approximately HK\$9.3 million for the operations of the Group;

- (b) World Fortune pledged all of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the Existing Facilities; and
- (c) the Group’s investment property with carrying amount of approximately HK\$192.4 million was pledged to secure against a bank loan granted to the Group.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 May 2017, the Group had no debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured, bank borrowings including bank loans and overdrafts or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase or finance lease commitments, mortgages, charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

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

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below is the management discussion and analysis of the performance of the Group for each of the three financial years ended 31 December 2016.

During the periods under review, the principal businesses and investments of the Group include travel-related business, provision of technology services platform and related technical support for lottery business in the PRC, property investment business and the investment project of Ponte 16.

(a) For the year ended 31 December 2014

Results and business review

Profit attributable to owners of the Company of approximately HK\$96.9 million (2013: approximately HK\$18.6 million) was recorded for 2014, representing an increase of approximately 420%, which was mainly due to the improved performance of the Group's lottery business and Ponte 16 together with a gain recognised from the Disposal (as defined hereinafter) during the reporting year. Earnings per share for 2014 was 1.97 HK cents (2013: 0.42 HK cents).

Continuing operations

For the year ended 31 December 2014, the Group recorded a turnover of approximately HK\$1,304.7 million, decreased by approximately 13% from approximately HK\$1,500.8 million for the same period of 2013. Gross profit amounted to approximately HK\$82.7 million, increased by approximately 168% from approximately HK\$30.9 million for the same period of 2013. The increase was mainly due to the improved performance of the Group's lottery business. Shared profit of the associates relating to Ponte 16 for the year ended 31 December 2014 was approximately HK\$88.1 million, increased by approximately 73% as compared with approximately HK\$51.0 million for 2013. Earnings per share for 2014 was 1.48 HK cents (2013: 0.41 HK cents).

Discontinued operation

Reference was made to the Company's announcement dated 2 July 2014 in relation to the disposal of the cruise ship, "Macau Success" (the "Disposal") at a consideration of HK\$93.0 million. The Disposal was completed in August 2014 and a gain of approximately HK\$45.2 million was recognised by the Group. In 2014, turnover from the cruise ship was approximately HK\$56.1 million (2013: approximately HK\$84.0 million) and the segment profit was approximately HK\$44.3 million (2013: approximately HK\$0.5 million), including the gain of approximately HK\$45.2 million on the Disposal as mentioned above. Profit attributable to the owners of the Company from the discontinued operation of approximately HK\$24.4 million (2013: approximately HK\$0.3 million) was recorded for the reporting year. The operation of the cruise ship business was discontinued at the end of 2014.

Travel business

The Group operates one of the largest travel agencies in North America through the Company's indirect non-wholly owned subsidiaries incorporated in Canada and New York respectively (collectively "**Jade Travel**"). The Group targets the high-end MICE (Meeting, Incentive, Convention and Exhibition) and FIT (Free Independent Traveller) segments to provide services such as travel packages and arrangements.

Even though the economy in the United States of America ("USA") had shown signs of recovery in 2014, the industry competition was intense. This had virtually led to prolonged financial difficulties in a number of downstream travel agencies in the market. Under such circumstance, turnover of the segment recorded approximately HK\$1,103.5 million for 2014 (2013: approximately HK\$1,430.2 million). Loss in this segment posted approximately HK\$27.4 million (2013: approximately HK\$16.1 million) including an impairment loss on intangible assets of approximately HK\$16.4 million and bad debts written off of approximately HK\$2.2 million (2013: impairment loss recognised on certain assets of approximately HK\$2.8 million and bad debts written off of approximately HK\$0.4 million) which were recognised for the reporting year.

In March 2014, the Company increased its effective beneficial interests in Jade Travel from 80% to approximately 85% following the repurchase of shares by an intermediate holding company of Jade Travel from one of its then non-controlling shareholders.

Lottery business

The Group has a well-established sports lottery sales agency services network covering Jiangxi, Qinghai and Heilongjiang provinces in China. In 2014, the Group has successfully expanded into the welfare lottery market to provide the telephone agency sales services in Shanghai and Tianjin in China.

In 2014, the growth pace of the China lottery industry remained buoyant. Lottery sales in China grew by approximately 24% year-on-year to approximately RMB382.4 billion. Amongst which, sports lottery sales surged by approximately 33% to approximately RMB176.4 billion; this strong sales growth was mostly attributable to the FIFA World Cup 2014 that started in June 2014. Welfare lottery sales increased by approximately 17% to approximately RMB206.0 billion.

Seizing the booming market growth, the Group introduced a broadcasting channel during the FIFA World Cup 2014 to provide football commentary on its specialised online portal 128cai.com. In addition, the Group has also organised a variety of football related promotional campaigns via a well-known social media application, WeChat. Through these strategic marketing programmes, the Group has successfully boosted up their revenue from sports lottery sales agency services during the FIFA World Cup 2014 event.

As a result, turnover for the lottery business amounted to approximately HK\$201.1 million for the year ended 31 December 2014, representing an increase of approximately 185% as compared with approximately HK\$70.6 million for the last corresponding year. Accordingly, an encouraging segment profit of approximately HK\$24.5 million was recorded, representing a turnaround from the loss of approximately HK\$13.4 million in 2013.

The global event FIFA World Cup 2014 not only brought additional revenue from sports lottery sales agency services to the Group, it also proved the capability of the Group's lottery service system and network in handling massive transaction volume during the event. Since then, the Group has earned and maintained a reputation for being a trusted and reliable lottery sales agent for its business partners and lottery players.

Starting from 2014, the Group has cooperated with 北京中投視訊文化傳媒有限公司 (Beijing Zhongtoushixun Culture Media Co., Ltd) (“**CNLive**”) and 北京天潤瑞怡文化發展有限公司 (Beijing Rejoy Culture Development Co., Ltd) (“**Rejoy Culture**”) to promote mobile internet lottery sales agency services of the Group. Leveraging on the extensive customer network and technological expertise of CNLive and Rejoy Culture, this collaboration has reinforced the sales agency services and distribution capability of the Group in the mobile internet industry.

For the new venture in telephone agency sales services in Shanghai and Tianjin, the Group invested in building a brand new technology service platform for the welfare lottery in 2014. The platform is currently under trial run and the final testing stage is expected to be completed in the first half of 2015. The Group is confident that this new business line will soon make positive contributions to its revenue.

Investment project – Ponte 16

Ponte 16, the flagship investment project of the Group, is a world-class integrated casino-entertainment resort in Macau. The resort is famous in old town which is next to the Macau's World Heritage Site in the exclusive Inner Harbour and is surrounded by prolific culture and history of Macau. Equipped with a wide range of leisure and entertainment facilities, Ponte 16 has become a favourable resort for both tourists and families.

Regardless of the bustling operating environment in previous years, the Macau gaming industry has recorded a noticeable slowdown since the second half of 2014. During the reporting year, Macau GGR dropped by approximately 3% year-on-year to approximately MOP351.5 billion, despite the fact that the total number of visitors travelling from China to Macau increased by approximately 14% year-on-year to approximately 21.3 million. The decrease in the GGR was mainly due to the drop in the VIP segment, which declined by approximately 11% year-on-year, while that of the mass segment (including slot machines) in fact increased by approximately 14% year-on-year. This reflected a structural change in the composition of the tourists to Macau and the trend was partly speeded up by a number of new policies implemented during the reporting year, including tighter controls on spending with UnionPay cards, restriction on transit visa and so on.

In virtue of the acceleration of the structural change, Ponte 16 timely implemented effective strategies to capture the growing mass market, which comprised China's emerging middle class and the new generation travellers from the Asia-Pacific region. With its vision and efficient execution, Ponte 16 outperformed the market by achieving an earnings before interest, taxation, depreciation and amortisation (and excluded interest income from the pledged bank deposit) ("**Adjusted EBITDA**") of approximately HK\$461.0 million for the year ended 31 December 2014, representing an increase of approximately 19% year-on-year (2013: approximately HK\$387.3 million).

As at 31 December 2014, the casino of Ponte 16 had 109 gaming tables, 88 of which were mass gaming tables, 11 were high-limit tables and 10 were VIP tables. Average occupancy rate of Sofitel Macau At Ponte 16 stayed at over 90% in 2014.

To cater the spending pattern of the new generation travellers, Ponte 16 has been pursuing a more comprehensive entertainment mix by actively seeking new and diverse elements. In the beginning of 2014, Ponte 16 opened a new Cantonese restaurant, Le Chinois, to bring an additional gastronomical experience with countless variety of Guangdong food for guests. An online travel magazine “Macau Hot Spot P16” was also introduced in 2014. A total of 36 episodes of interactive and appealing content took audience to explore the inner beauty and diversity of Macau, including cultural sites, traditional merchants, local snacks and gourmets in the characteristic old town area. Having broadcasted on most of the popular online social media channels such as Facebook, Weibo, WeChat, YouTube, Tudou and Tencent, more than 573,900 times of viewings were recorded. On the New Year Eve of 2014, Ponte 16 organised an annual countdown concert to celebrate the arrival of 2015 with over 5,000 spectators.

With the dedication to be a preferred resort with top notch entertainment and upscale culinary experience, Sofitel Macau At Ponte 16 earned a number of reputable industry awards in 2014, which included “2014 China Hotel Awards – Best Leisure Hotel” by China LifeStyle magazine, “2014 Certificate of Excellence” by Daodao.com (the official Chinese website of TripAdvisor), “2014 Annual Travel Award – Best Resort Hotel” by Travel & Leisure China magazine, “2014 China’s Top 100 Hotels” by Travel + Leisure China, “2014 Gold Circle Award” by Agoda.com, “2014 Asia’s Top Spa Hotel & Resort Award” by NOW Travel Asia, “2014 World Luxury City Hotel Awards” by World Luxury Hotel Awards, “2014 Continental Diamond Award – The Best Resort Hotel” and “Top 10 Outstanding Manager” by World Hotel Association. The fine dining restaurant, Privé was awarded “100 Top Tables 2014” by South China Morning Post, “Best Restaurants (Hong Kong & Macau Edition)” by HK Tatler and “2014 Recommended Hotel’s Cuisine Award” by Connect Media Company Limited. All these awards have recognised the superior international standard and quality offered by Sofitel Macau At Ponte 16.

Liquidity, financial resources and gearing

As at 31 December 2014, the Group had net current assets of approximately HK\$165.9 million (31 December 2013: approximately HK\$79.0 million) and net assets of approximately HK\$1,089.6 million (31 December 2013: approximately HK\$1,009.6 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, RMB, Canadian dollars ("CAD") and United States dollars ("USD") as substantially all the turnover from continuing operations are in RMB, CAD and USD. The Group's and the Company's transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung 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 2014 to 31 October 2016 by a letter agreement dated 21 March 2014. During the reporting year, the Company had fully repaid the outstanding amount owed to Mr. Yeung in the sum of HK\$90.0 million (31 December 2013: the outstanding amount owed to Mr. Yeung was HK\$50.0 million).

Jade Travel Ltd., being an indirect non-wholly owned subsidiary of the Company which was incorporated in Canada ("**Jade Travel, Canada**") was granted secured bank loans which carry fixed interest rates and the loans shall be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the properties of Jade Travel, Canada and their renovation costs. In addition, Jade Travel, Canada purchased a certain asset under a finance lease which shall be repayable by consecutive monthly instalments. During the reporting year, Jade Travel, Canada had fully repaid the finance lease liabilities in the sum of approximately CAD16,000 (equivalent to approximately HK\$0.1 million) (31 December 2013: the outstanding amount of finance lease liabilities was approximately CAD18,000 (equivalent to approximately HK\$0.1 million)). As at 31 December 2014, the outstanding bank loans was approximately CAD1.5 million (equivalent to approximately HK\$10.3 million) (31 December 2013: approximately CAD1.6 million (equivalent to approximately HK\$11.8 million)).

Apart from the aforesaid loans, as at 31 December 2014, there were loans from non-controlling shareholders of approximately CAD1.4 million and HK\$7.3 million, totally equivalent to approximately HK\$16.9 million (31 December 2013: approximately CAD1.4 million and HK\$7.3 million, totally equivalent to approximately HK\$17.8 million). The loans were interest free and unsecured.

As at 31 December 2014, total equity attributable to owners of the Company was approximately HK\$1,078.2 million (31 December 2013: approximately HK\$984.7 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 1% as at 31 December 2014 (31 December 2013: approximately 6%).

Pledge of assets

As at 31 December 2014, the Group had secured the following assets:

- (a) the Group pledged the time deposits of approximately CAD1.3 million and HK\$0.5 million, totally equivalent to approximately HK\$9.4 million (31 December 2013: approximately CAD1.2 million and HK\$0.7 million, totally equivalent to approximately HK\$9.7 million) to certain banks for the issuance of a standby letter of credit and overdraft facility of approximately CAD1.5 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$10.6 million (31 December 2013: a standby letter of credit and overdraft facility of approximately CAD1.5 million, several bank guarantees of approximately HK\$0.2 million and MOP0.5 million respectively, totally equivalent to approximately HK\$11.6 million) for the operations of the Group;
- (b) World Fortune pledged all (31 December 2013: all) of its shares in Pier 16 – Property Development 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’s self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK\$15.8 million) (31 December 2013: approximately CAD2.4 million (equivalent to approximately HK\$17.4 million)), together with a time deposit of approximately CAD0.2 million (equivalent to approximately HK\$1.0 million) (31 December 2013: approximately CAD0.2 million (equivalent to approximately HK\$1.1 million)) were pledged to a bank to secure bank loans to Jade Travel, Canada.

Contingent liabilities

The Company gave the Existing SUG Guarantee to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Existing SUG Guarantee was HK\$1,176 million. The outstanding loan under the Syndicated Loan Facilities as at 31 December 2014 was approximately HK\$564.8 million (31 December 2013: approximately HK\$1,048.8 million).

Human resources

As at 31 December 2014, the Group had a total of 192 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.

(b) For the year ended 31 December 2015***Results and business review***

For the year ended 31 December 2015, revenue of the Group was approximately HK\$1,010.7 million, decreased by approximately 23% from approximately HK\$1,304.7 million for the same period of 2014. Gross profit dropped by approximately 55% to approximately HK\$37.2 million (2014: approximately HK\$82.7 million). The Group's shared profit of the associates relating to Ponte 16 for the year ended 31 December 2015 amounted to approximately HK\$29.3 million, decreased by approximately 67% from approximately HK\$88.1 million for the last corresponding year. Loss attributable to owners of the Company of approximately HK\$6.7 million was recorded for the reporting year (2014: profit attributable to owners of the Company of approximately HK\$96.9 million), whilst loss per share was 0.14 HK cents (2014: earnings per share from continuing operations of 1.48 HK cents).

The decline in results was mainly attributable to (i) the substantial decrease of the Group's shared profit of the associates relating to Ponte 16, the flagship investment project of the Group; and (ii) the decrease in operating revenue of the Group's lottery business and a segment loss was recorded for the reporting year as compared with a segment profit recorded in the last corresponding year.

Travel business

Jade Travel 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. Although the travel industry in North America had a difficult time in the previous years, Jade Travel has retained its business and market share, remaining as one of the largest travel agencies in Canada.

To capture the improving consumer sentiment, the Group has been actively exploring new business opportunities and expanded its retail business since the second half of 2015. Jade Travel has ceased the operation in New York, the USA in late 2015, which was aligned with the Group's business strategy that focused on deepening market penetration in Canada. With effective resources reallocation, the travel business's operating loss narrowed significantly since the second half of 2015.

Revenue of the segment decreased by approximately 15% to approximately HK\$941.1 million for the year ended 31 December 2015 (2014: approximately HK\$1,103.5 million). Loss in this segment posted approximately HK\$6.1 million, decreased by approximately 78% as compared with approximately HK\$27.4 million for the last corresponding year, including impairment loss on certain assets of approximately HK\$2.2 million (2014: impairment loss on intangible assets of approximately HK\$16.4 million and bad debts written off of approximately HK\$2.2 million) were recognised for the reporting year.

Reference was made to the Company's announcement dated 8 June 2015 in relation to the disposal of approximately 10% of 665127 British Columbia Ltd. ("**665127 BC**", being an indirect non-wholly owned subsidiary of the Company which indirectly holds the entire shareholding interests in Jade Travel), comprising a shareholder's loan of 665127 BC of approximately CAD0.9 million (equivalent to approximately HK\$5.5 million), at the total consideration of approximately CAD0.3 million (equivalent to approximately HK\$2.1 million). The transaction was completed in mid-June 2015 and the effective beneficial interests of the Group in Jade Travel was reduced from approximately 85% to 75%.

Lottery business

The Group and its lottery business partners have, similar to most of its peers, temporarily suspended 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 Sport of China which was issued in January 2015 (the “**Notice**”).

The Notice is designed to crack down the unauthorised sales of lottery through internet whilst aims at providing a healthier and more reliable market in the long run. 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.

Revenue of the lottery business amounted to approximately HK\$69.6 million for the year ended 31 December 2015, representing a decrease of approximately 65% as compared with approximately HK\$201.1 million for the last corresponding year, which was attributable to (i) the non-recurrence of the FIFA World Cup 2014 effect that stimulated the revenue of the lottery business for 2014; and (ii) the Suspension. Loss of approximately HK\$19.1 million was recorded for the year in this segment (2014: profit of approximately HK\$24.5 million).

Investment project – Ponte 16

Macau gaming sector started its downward trend since the second half of 2014. The decline of Macau’s GGR was mainly attributable to certain regional factors, including, among others, the change in spending behaviour arisen from the structural change in the composition of tourists to Macau, tighter transit visa restrictions, implementation of total smoking ban in mass market gaming areas in casinos, the tighter controls on spending with UnionPay cards and lower Chinese visitation sentiment led by the Renminbi depreciation. However, tourist visitation recorded a merely small decline of approximately 3% year-on-year to approximately 30.7 million for the year of 2015, proving Macau remained to be one of the favourite tourist destinations in Asia. During the reporting year, Ponte 16 has timely responded to the change in tourist mix by allocating resources to serve the mass market and its revenue outperformed the market, where Macau’s GGR of 2015 decreased by approximately 34% year-on-year.

As at 31 December 2015, the casino of Ponte 16 had 108 gaming tables, consisting of 92 mass gaming tables, 9 highlimit tables and 7 VIP tables, and also had 13 mah-jong tables. Adjusted EBITDA was approximately HK\$303.7 million (2014: approximately HK\$461.0 million) for the reporting year.

Featuring the world-class facilities and the impeccable services, the average occupancy rate of Sofitel Macau At Ponte 16 was recorded over 89% in 2015, and was proud to receive 20 reputable industry awards in 2015, including, inter alia, “Top 25 Hotels for Romance – China” in 2015 Travellers’ Choice® Awards by TripAdvisor, “2015 Luxury Romantic Hotel” by World Luxury Hotel Awards and more. On top of it, the world’s famous So SPA with L’Occitane is certainly the ace in Ponte 16. Offering visitors a new level of enjoyment of well-being and beauty, So SPA was highly recommended by tourists, and widely recognised by receiving “2015 Global Award for Spa” by Luxury Travel Guide, “2015 Best Luxury Wellness Spa in Macau” and “2015 Best Luxury Hotel Spa in Macau” by World Luxury Spa Awards. The accolades demonstrated our commitment to enable visitors to enjoy the romantic French elegance and sophistication in Ponte 16 at the heart of vintage Inner Harbour of Macau.

The Group believes that families and the up-rising middle class will continue to be the significant drive for Macau tourism. Ponte 16 continued to leverage its geographical and historical advantages to target at the growing mass market, by offering comprehensive entertainment experience in the Inner Harbour of Macau, and exploring new exciting amenities and programmes to satisfy travellers’ ever-changing demand. The first large-scale 3D museum in Macau, Pier 16 Macau 3D World (“**Pier 16 3D World**”), was opened in May 2015, offering a virtual experience to the tourists and introducing a new attraction to Macau. Pier 16 3D World features more than 150 photography points in different theme zones, where visitors can interact with various themed 3D paintings.

As part of its digital marketing plan, Ponte 16 has strategically introduced the unique culture, heritage, restaurants and attractions in the Inner Harbour of Macau through the monthly online travel magazine “Macau Hot Spot P16”. This platform aims at guiding travellers to discover the beauty of Macau, and encouraging them to recognise and explore the entertainment experience around Ponte 16. A total of 21 episodes were produced during the reporting year, which recorded over 680,000 times of browsing among various popular online social media platforms like Facebook, Tudou, Tencent, WeChat, Weibo and YouTube.

Liquidity, financial resources and gearing

As at 31 December 2015, the Group had net current assets of approximately HK\$99.3 million (31 December 2014: approximately HK\$165.9 million) and net assets of approximately HK\$1,045.7 million (31 December 2014: approximately HK\$1,089.6 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, RMB, CAD and USD as substantially all the revenues are in RMB, CAD and USD. The Group's and the Company's transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung 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 31 December 2015, the Company had owed to Mr. Yeung under the revised loan facility in the amount of approximately HK\$20.0 million (31 December 2014: nil).

Jade Travel, Canada, was granted secured bank loans which carried fixed interest rates and the loans should be repayable by consecutive monthly instalments. The proceeds of the loans were to finance the acquisition of the properties of Jade Travel, Canada and their renovation costs. During the reporting year, Jade Travel, Canada had fully repaid the outstanding bank loans (31 December 2014: the outstanding bank loans of approximately CAD1.5 million (equivalent to approximately HK\$10.3 million)).

Apart from the aforesaid loans, as at 31 December 2015, there were loans from non-controlling shareholders of approximately CAD3.4 million and HK\$7.3 million, totally equivalent to approximately HK\$26.3 million (31 December 2014: approximately CAD1.4 million and HK\$7.3 million, totally equivalent to approximately HK\$16.9 million). The loans were interest-free and unsecured.

As at 31 December 2015, total equity attributable to owners of the Company was approximately HK\$1,066.2 million (31 December 2014: approximately HK\$1,078.2 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 2% as at 31 December 2015 (31 December 2014: approximately 1%).

Pledge of assets

As at 31 December 2015, 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\$9.6 million (31 December 2014: approximately CAD1.3 million and HK\$0.5 million, totally equivalent to approximately HK\$9.4 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\$9.5 million (31 December 2014: a standby letter of credit and overdraft facility of approximately CAD1.5 million and a bank guarantee of approximately MOP0.5 million, totally equivalent to approximately HK\$10.6 million) for the operations of the Group;
- (b) World Fortune pledged all (31 December 2014: all) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of the Syndicated Loan Facilities; and
- (c) the Group's self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK\$12.9 million) (31 December 2014: the Group's self-occupied properties with carrying amount of approximately CAD2.3 million (equivalent to approximately HK\$15.8 million), together with a time deposit of approximately CAD0.2 million (equivalent to approximately HK\$1.0 million)) was pledged to a bank to secure bank loans to Jade Travel, Canada. The said pledge was subsequently released in February 2016.

Contingent liabilities

The Company gave the Existing SUG Guarantee to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Existing SUG Guarantee was HK\$1,176 million. The outstanding loan under the Syndicated Loan Facilities as at 31 December 2015 was approximately HK\$358.1 million (31 December 2014: approximately HK\$564.8 million).

Human resources

As at 31 December 2015, the Group had a total of 187 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.

(c) For the year ended 31 December 2016***Results and business review***

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.

Travel business

Jade Travel, Canada 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 personalized 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 in 2016 in response to the promulgation of 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 GGR in Macau has recently stabilised with growth due to VIP segment recovery and stabilization 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 Organisation. Privé and So SPA with L'Occitane were accredited for their 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 Macau, 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.

Liquidity, financial resources and gearing

As at 31 December 2016, the Group had net current assets of HK\$252.9 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, RMB, CAD and USD as substantially all the revenues are in RMB, CAD and USD. The Group’s transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung 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 pledged all (31 December 2015: all) of its shares in Pier 16 – Property Development to a bank, for and on behalf of the syndicate of lenders, in respect of 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 the Existing SUG Guarantee to a bank in respect of the Syndicated Loan Facilities in 2012. The maximum guarantee amount borne by the Company under the Existing SUG 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.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

According to the plan formulated in early 2016, Jade Travel, Canada 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, Canada 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.

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.

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

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

Interest in the Shares

Name of Director	Long position/ Short position		Nature of interest	Number of Shares interested or deemed to be interested	Approximate percentage of issued voting Shares as at the Latest Practicable Date
Mr. Yeung (<i>Note</i>)	Long position		Corporate interest	2,566,557,462	52.10%

Note:

Mr. Yeung, an executive Director and the Chairman of the Company, had a corporate interest in 2,566,557,462 Shares by virtue of the interest of the Shares held by Silver Rich, which is wholly-owned by Mr. Yeung.

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

3. DISCLOSURE OF OTHER INTERESTS

(a) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had, or was proposed to have, a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(b) Interests in competing business

As at the Latest Practicable Date, the interests of a Director in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business was as follows:-

Mr. Yeung, an executive Director and the Chairman of the Company, has the following interests in the companies listed below whose business may compete or is likely to compete with the Group's property investment business (the "**Competing Business**") pursuant to the Listing Rules:

Name of company	Nature of competing business	Nature of interest
Active Profit Investment Limited	property investment in Hong Kong (commercial building)	director and ultimate beneficial owner
Albright Trading Limited	property investment in Hong Kong (commercial building)	ultimate beneficial owner
Asia City Holdings Limited	property investment in Hong Kong (commercial building)	owned as to 50% beneficial interest
Crownpeak International Investment Limited	property investment in Hong Kong (commercial building)	director and ultimate beneficial owner
Famous Capital International Limited	property investment in Hong Kong (commercial building)	ultimate beneficial owner

Name of company	Nature of competing business	Nature of interest
Lawman Company Limited	property investment in Hong Kong (commercial building)	ultimate beneficial owner
Parhan (Holdings) Limited	property investment in Hong Kong (commercial building)	ultimate beneficial owner
Powerful Concept Limited	property investment in Hong Kong (commercial building)	ultimate beneficial owner
Sino Eagle Limited	property investment in Hong Kong (commercial building)	ultimate beneficial owner

Since any significant business decision of the Group is to be determined by the Board in which half of the members are independent non-executive Directors, the Group is capable of carrying on its business independently of, and at arm's length from, the Competing Business.

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

(c) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(d) Directors' interest in contracts or arrangements

The following contracts or arrangements in which a Director is materially interested and which are significant in relation to the business of the Group subsisted as at the Latest Practicable Date:

- (i) the loan facility letter dated 1 December 2008 as amended by the letters dated 14 April 2009, 25 June 2009, 23 June 2010, 15 March 2012, 18 March 2013, 21 March 2014 and 15 March 2016 were signed between the Company as borrower and Mr. Yeung as lender for the grant of a term loan facility up to HK\$290 million by Mr. Yeung to the Company; and
- (ii) the tenancy agreement dated 26 June 2017 (the “**Tenancy Agreement**”) was entered into between Good Sun Development Limited (“**Good Sun**”, an indirect wholly-owned subsidiary of the Company) as landlord and Success International Management Services Limited (“**SIMSL**”, a company wholly and beneficially owned by Mr. Yeung) as tenant in respect of the leasing of the premises situated at Units 1003 and 1004A, 10th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong (the “**Premises**”) for a term of two years commencing from 2 July 2017 (with an option to renew for a further term of two years at the then open market) at a monthly rental of HK\$465,348, exclusive of government rates, air-conditioning charges and management fees and all other outgoings, and with a rent-free period of two months from 2 July 2017 to 1 September 2017. Further details of the Tenancy Agreement are set out in the announcement of the Company dated 26 June 2017.

Save as disclosed above, as at the Latest Practicable Date, no contract or arrangement in which any of the Directors was materially interested and which was significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

5. MATERIAL CONTRACTS

The members of the Group had, within the two years immediately preceding the Latest Practicable Date, entered into the following contracts (other than contracts in the ordinary course of business of the Group) which were or might be material:

- (a) the preliminary sale and purchase agreement dated 11 May 2016 entered into between Yuanta Securities (Hong Kong) Company Limited as vendor and Good Sun as purchaser in relation to the sale and purchase of the Premises at the consideration of HK\$175 million, details of which are set out in the announcement of the Company dated 11 May 2016;
- (b) the Composite Confirmation Letter;

- (c) the Livrança;
- (d) the Amended and Restated Share Pledge;
- (e) the Confirmation of Subordination Agreement; and
- (f) the Tenancy Agreement entered into between Good Sun as landlord and SIMSL as tenant in respect of the leasing of the Premises, details of which are set out in the subparagraph headed “Directors’ interest in contracts or arrangements” under the paragraph headed “Disclosure of Other Interests” above in this appendix.

6. GENERAL

- (a) The secretary of the Company is Ms. Chiu Nam Ying, Agnes. Ms. Chiu is a qualified solicitor and an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators respectively. She holds a Master degree of Laws from The University of Sheffield, United Kingdom.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Suite 1601-2 & 8-10, 16th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (c) The principal share registrar and transfer agent of the Company is MUFG Fund Services (Bermuda) Limited at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Suite 1601-2 & 8-10, 16th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including 2 August 2017:

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the material contracts as referred to in the paragraph headed “Material Contracts” above in this appendix; and
- (iii) the annual reports of the Company for each of the two years ended 31 December 2016.