
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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, together with the accompanying form of proxy, 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 the 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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING ACQUISITION OF 100% EQUITY INTERESTS
IN THE TARGET COMPANIES
HOLDING INDIRECTLY THE PROPERTIES
AND
TENANCY AGREEMENTS CONSTITUTING
CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF SPECIAL GENERAL MEETING**

Independent Financial Adviser

to the Independent Board Committee and the Independent Shareholders

Beijing Securities
Beijing Securities Limited
北京證券有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 7 to 25 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 26 and 27 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition is set out on pages 28 to 48 of this circular.

A notice convening the SGM to be held at Boardroom 8, Lower Lobby, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 26 April 2018 at 2:30 p.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM (i.e. not later than 2:30 p.m. on Tuesday, 24 April 2018) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish. Voting on the proposed resolution at the SGM will be taken by poll.

6 April 2018

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	7
Letter from the Independent Board Committee	26
Letter from the Independent Financial Adviser	28
Appendix I – Valuation Report on the Properties	I-1
Appendix II – General Information	II-1
Notice of the SGM	SGM-1

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Sale Loans by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 13 February 2018 entered into among the Purchaser, the Vendor and the Guarantor in relation to the Acquisition
“Announcement”	the announcement issued by the Company dated 13 February 2018 in relation to, among others, the Acquisition Agreement, the Tenancy Agreements and the transactions contemplated thereunder
“Annual Cap(s)”	the total aggregate maximum amount payable by SIMSL under the First Tenancy Agreement, Tenancy Agreement I and Tenancy Agreement II for each of the two financial years ending 31 December 2019
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Bank”	United Overseas Bank Limited
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“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
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Acquisition Agreement
“Completion Date”	the date on which Completion takes place

DEFINITIONS

“Consideration”	the total consideration for the Sale Shares and Sale Loans payable by the Purchaser
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Property”	Office No. 1003 and Office No. 1004A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong
“Famous Capital”	Famous Capital International Limited, a company incorporated in the BVI with limited liability and registered in Hong Kong as a registered non-Hong Kong company, wholly-owned by Target Company B and the owner of Property B
“First Tenancy Agreement”	the tenancy agreement entered into between Good Sun and SIMSL in respect of the Existing Property, details of which have been disclosed in the announcement of the Company dated 26 June 2017
“Good Sun”	Good Sun Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“Guarantor”	Mr. Yeung, being the guarantor of the Vendor to the Purchaser for all the obligations and liabilities of the Vendor under the Acquisition Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Board comprising Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu, being all the independent non-executive Directors, established by the Board for the purpose of advising the Independent Shareholders in relation to the fairness and reasonableness of the Acquisition
“Independent Financial Adviser” or “Beijing Securities”	Beijing Securities Limited, a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company, as approved by the Independent Board Committee, for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
“Independent Shareholders”	Shareholders other than Mr. Yeung and his associates
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons
“Latest Practicable Date”	29 March 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“LCH (Asia-Pacific) Surveyors”	LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor engaged for the preparation of the Valuation Report
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 May 2018 or such later date as the Vendor and the Purchaser may agree in writing
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Massive Success Group”	Target Company B and Famous Capital
“Merchant Charm Group”	Target Company A and Powerful Concept

DEFINITIONS

“Mr. Yeung”	Mr. Yeung Hoi Sing, Sonny, the Chairman of the Board and an executive Director as well as a controlling shareholder of the Company
“Net Current Asset Value”	(A) the aggregate amount of (i) prepayments in respect of insurance premium, government rents and rates and management fees in respect of Property A or, as the case may be, Property B, (ii) deposits with utilities companies and management fee deposits and other deposits held by the manager or management company of Admiralty Centre in respect of Property A or, as the case may be, Property B insofar as they are subsisting and transferrable to the subsequent purchaser of the relevant Properties or refundable to the owner of the relevant Properties, and (iii) prepaid rental under Tenancy Agreement I or, as the case may be, Tenancy Agreement II; less (B) the aggregate amount of all liabilities (other than the relevant Sale Loans) of the Merchant Charm Group and the Massive Success Group respectively, in each case, as at Completion
“Properties”	collectively, Property A and Property B
“Property A”	Office No. 1001A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong
“Property B”	Office No. 1004B on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong
“Property Charges”	collectively, Property Charge A and Property Charge B
“Property Charge A”	the legal charge/mortgage dated 2 February 2017 in respect of Property A executed by Powerful Concept in favour of the Bank registered at the Land Registry by Memorial no. 17021601950134
“Property Charge B”	the legal charge/mortgage dated 2 February 2017 in respect of Property B executed by Famous Capital in favour of the Bank registered at the Land Registry by Memorial no. 17021601950125
“Powerful Concept”	Powerful Concept Limited, a company incorporated in Hong Kong with limited liability, wholly-owned by Target Company A and the owner of Property A

DEFINITIONS

“Purchaser”	Victory Devotion Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Sale Loans”	collectively, Sale Loan A and Sale Loan B
“Sale Loan A”	all amount owing by Target Company A to the Vendor as at Completion
“Sale Loan B”	all amount owing by Target Company B to the Vendor as at Completion
“Sale Shares”	collectively, Sale Share A and Sale Share B
“Sale Share A”	one issued share of and in Target Company A, being the only issued share of and in Target Company A as at the date of the Acquisition Agreement and at Completion
“Sale Share B”	one issued share of and in Target Company B, being the only issued share of and in Target Company B as at the date of the Acquisition Agreement and at Completion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“SIMSL”	Success International Management Services Limited, a company incorporated in the BVI with limited liability and registered in Hong Kong as a registered non-Hong Kong company, and indirect wholly and beneficially owned by Mr. Yeung
“Shareholder(s)”	holder(s) of Share(s)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Target Companies”	Target Company A and Target Company B
“Target Company A”	Merchant Charm Limited, a company incorporated in the BVI with limited liability, which owns all the issued share of Powerful Concept
“Target Company B”	Massive Success Global Limited, a company incorporated in the BVI with limited liability, which owns all the issued shares of Famous Capital
“Target Group Companies”	collectively, the Target Companies, Powerful Concept and Famous Capital
“Tenancy Agreement I”	the existing tenancy agreement dated 30 June 2017 made between Powerful Concept and SIMSL in respect of Property A
“Tenancy Agreement II”	the existing tenancy agreement dated 30 June 2017 made between Famous Capital and SIMSL in respect of Property B
“Tenancy Agreements”	collectively, Tenancy Agreement I and Tenancy Agreement II
“Valuation Report”	the report on valuation of the Properties as at 31 January 2018 conducted by LCH (Asia-Pacific) Surveyors as set out in Appendix I to this circular
“Vendor”	Active Trade Investments Limited, a company incorporated in the BVI with limited liability and direct wholly and beneficially owned by Mr. Yeung, which owns all the issued shares of Target Company A and Target Company B
“%”	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

6 April 2018

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING ACQUISITION OF 100% EQUITY INTERESTS
IN THE TARGET COMPANIES
HOLDING INDIRECTLY THE PROPERTIES
AND
TENANCY AGREEMENTS CONSTITUTING
CONTINUING CONNECTED TRANSACTIONS**

A. INTRODUCTION

References are made to the Announcement in which the Board announced that on 13 February 2018 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loans, and the announcement of the Company dated 29 March 2018 in relation to the revised Annual Caps.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition, the Acquisition Agreement and the Tenancy Agreements; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition and the Acquisition Agreement; (iii) the advice from the Independent Financial Adviser on the Acquisition and the Acquisition Agreement; (iv) the valuation report on the Properties; (v) other information as required under the Listing Rules; and (vi) the notice convening the SGM.

B. THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are summarised as follows:

Date: 13 February 2018

- Parties:**
- (1) Victory Devotion Limited, as purchaser
 - (2) Active Trade Investments Limited, as vendor
 - (3) the Guarantor, as guarantor for the Vendor

The Purchaser is a direct wholly-owned subsidiary of the Company.

Subject matter of the Acquisition

Pursuant to the Acquisition Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase from the Vendor, free from encumbrances, the Sale Shares and the Sale Loans.

The Sale Shares represent the entire issued share capital of the Target Companies as at the date of the Acquisition Agreement and at Completion. The Sale Loans represent the aggregate amounts owing by the respective Target Companies to the Vendor on Completion. Based on the unaudited consolidated management accounts of the Merchant Charm Group and the Massive Success Group as at 31 January 2018, the Sale Loans amounted to approximately HK\$97.7 million in aggregate, of which (i) Sale Loan A amounted to approximately HK\$31.4 million; and (ii) Sale Loan B amounted to approximately HK\$66.3 million.

Consideration and the basis for its determination

The total consideration for the Sale Shares and the Sale Loans is as follows:

- (i) for Sale Share A and Sale Loan A, (a) HK\$53,200,000 plus (b) the Net Current Asset Value for the Merchant Charm Group, out of which the consideration for Sale Loan A shall be the face value thereof on a dollar for dollar basis and the balance shall be the consideration for Sale Share A; and

LETTER FROM THE BOARD

- (ii) for Sale Share B and Sale Loan B, (a) HK\$94,800,000 plus (b) the Net Current Asset Value for the Massive Success Group, out of which the consideration for Sale Loan B shall be the face value thereof on a dollar for dollar basis and the balance shall be the consideration for Sale Share B.

The Consideration shall be paid by the Purchaser in the following manner:

- (a) a deposit of HK\$14,800,000 (“**Deposit**”) has been paid on the signing of the Acquisition Agreement, and will be applied as part payment of the Consideration upon Completion; and
- (b) the remaining balance shall be payable on Completion.

Based on the unaudited consolidated management accounts of the Merchant Charm Group and the Massive Success Group as at 31 January 2018, their respective Net Current Asset Value were approximately HK\$51,000 and HK\$61,000, and therefore the Consideration shall be approximately HK\$148,112,000. The Company expects that there will be no material change to the amount of the Consideration upon Completion.

The Consideration will be financed by the Group’s internal resources, including but not limited to, utilisation of the existing banking facilities.

The Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to (a) the unaudited consolidated management accounts of the Merchant Charm Group and the Massive Success Group as at 31 January 2018; (b) the rental payable by SIMSL, as tenant, under the Tenancy Agreements; and (c) the valuation of the Properties of HK\$153 million as at 31 January 2018 conducted by LCH (Asia-Pacific) Surveyors, an independent professional surveyor, which was determined under the market approach.

Conditions precedent

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- a. the approval by the Independent Shareholders of the Acquisition Agreement and the transactions contemplated thereunder at the SGM;
- b. compliance by the Company of all requirements under the Listing Rules or otherwise of the Stock Exchange which require compliance in relation to the Acquisition Agreement and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- c. the Vendor having shown and proved that Powerful Concept and Famous Capital have good title to Property A and Property B respectively under Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- d. the warranties by the Vendor under the Acquisition Agreement being true and accurate in all material respects and not misleading;
- e. the Bank having provided written confirmation to Powerful Concept and Famous Capital that it will release the Property Charges upon receipt of a sum not exceeding the balance of the Consideration payable on Completion, without imposing any obligations on the Target Group Companies or any other conditions; and
- f. the Purchaser being reasonably satisfied with the results of its due diligence review on the Target Group Companies.

The Vendor shall use its reasonable endeavours to procure the fulfilment and satisfaction of the conditions (c) to (e) above and the Purchaser shall use its reasonable endeavours to procure the fulfilment and satisfaction of the conditions (a) and (b) above. The Vendor and the Purchaser shall jointly use all reasonable endeavours to procure the fulfilment and satisfaction of the condition (f) above.

The Purchaser may in its absolute discretion at any time waive the above conditions (c) to (f) by notice in writing to the Vendor. Neither the Vendor nor the Purchaser may waive the other conditions above.

As at the Latest Practicable Date, conditions (c), (e) and (f) above had been fulfilled, condition (a) had not yet been fulfilled and the Purchaser was not aware of any matter which would render the conditions (b) or (d) being unable to be fulfilled.

As at the Latest Practicable Date, the Directors had no intention to waive the condition (d). However, the Directors (save and except for Mr. Yeung and Dr. Ma Ho Man, Hoffman) may consider waiving it should such waiver be in the interests of the Company and the Shareholders as a whole. The Group will publish further announcement should it waive such condition precedent.

LETTER FROM THE BOARD

If any of the conditions above (other than condition (d) which shall remain fulfilled up to Completion, unless waived by the Purchaser) has not been fulfilled (or, where applicable, waived by the Purchaser) by the Long Stop Date, the Acquisition Agreement shall terminate automatically whereupon the Vendor shall forthwith refund to the Purchaser the Deposit without interest costs or compensation and the provisions of the Acquisition Agreement (other than certain surviving clauses) shall henceforth have no further force and effect and no party shall have any liability under the Acquisition Agreement except in respect of any antecedent breaches.

Guarantee

Pursuant to the Acquisition Agreement, Mr. Yeung as the Guarantor, unconditionally and irrevocably guarantees to the Purchaser the due and punctual performance and discharge by the Vendor of all of its obligations and liabilities under the Acquisition Agreement.

Completion

Subject to the fulfilment or waiver (as the case may be) of the conditions above, Completion shall take place on the fifth Business Day after the fulfilment or (if applicable) waiver of the last of the conditions above or such other date as the parties to the Acquisition Agreement may agree in writing. As at the Latest Practicable Date, it is expected that Completion shall take place on or around end of April 2018.

The Vendor undertakes to obtain the release of the Property Charges on Completion.

If the Vendor or the Purchaser fails to complete the sale and purchase in accordance with the provisions of the Acquisition Agreement, the non-defaulting party may by notice in writing terminate the Acquisition Agreement in which event:

- (i) if the defaulting party is the Vendor, the Vendor shall forthwith refund the Deposit to the Purchaser without prejudice to any rights and remedies the Purchaser may have against the Vendor for all damages (i.e. monetary compensation to the Purchaser such as costs and expenses incurred, loss of profit or increase in value of the Sale Shares and Sale Loans, as the court may assess) that the Purchaser may suffer as a result of such default and the Purchaser may also enforce specific performance of the Acquisition Agreement in lieu of or addition to any claim for damages by reason of the Vendor's default;
- (ii) if the defaulting party is the Purchaser, the Vendor shall be entitled to forfeit the Deposit without prejudice to any rights and remedies the Vendor may have against the Purchaser for damages over and above the Deposit forfeited.

LETTER FROM THE BOARD

The Company is of the view that such default provision is one of the market norms and which is fair and reasonable and in the interests of the Company, as it will ensure that the loss of the Purchaser will be fully covered, rather than other alternative market terms such as the Vendor only compensating the Purchaser with an amount equal to the Deposit for its failure to complete which may not be able to fully cover all losses of the Purchaser in such case especially in a rising market.

If, on or before the Completion Date, there is a breach of the warranties material to the transactions contemplated under the Acquisition Agreement as a whole which could reasonably be expected to influence the decision for a purchaser for value of the Sale Shares and the Sale Loans and the Vendor shall fail to remedy the breach before the date scheduled for Completion, the Purchaser may by notice in writing to the Vendor rescind the Acquisition Agreement and in which event the Deposit shall be refunded to the Purchaser forthwith without prejudice to any other rights or remedies the Purchaser may have.

C. INFORMATION OF THE GROUP, THE PURCHASER AND THE VENDOR

The principal businesses and investments of the Group include travel-related business, property investment business and the investment project of Ponte 16, a world-class integrated casino-entertainment resort located in Macau.

The Purchaser, Victory Devotion Limited, is a direct wholly-owned subsidiary of the Company.

The Vendor is a company incorporated in the BVI and an investment holding company. It is beneficially and wholly-owned by Mr. Yeung, the Chairman of the Board and an executive Director as well as a controlling shareholder of the Company.

D. INFORMATION OF THE TARGET GROUP COMPANIES

Target Company A, a company incorporated in the BVI, is an investment holding company whose sole asset is the entire shareholding of Powerful Concept. Powerful Concept is a company incorporated in Hong Kong whose sole asset and activity is Property A and the leasing thereof.

Target Company B, a company incorporated in the BVI, is an investment holding company whose sole asset is the entire shareholding of Famous Capital. Famous Capital is a company incorporated in the BVI and registered in Hong Kong as a registered non-Hong Kong company whose sole asset and activity is Property B and the leasing thereof.

LETTER FROM THE BOARD

Both Property A and Property B are located on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong, comprising total saleable area of approximately 3,205 square feet. Property A is currently leased to SIMSL under Tenancy Agreement I and Property B is currently leased to SIMSL under Tenancy Agreement II. For details of the lease arrangement, please refer to the paragraph headed “F. The Tenancy Agreements” in this letter.

Property A was acquired by the Vendor, through Powerful Concept, in 2016. The acquisition cost of Property A incurred by the Vendor, including related expenses such as legal cost, agency fee and stamp duty, was approximately HK\$31.6 million.

Property B was acquired by the Vendor, through the acquisition of Famous Capital, in 2016 at the total costs, including related expenses such as legal cost and agency fee, of approximately HK\$66.7 million.

Although the Consideration is higher than the total acquisition costs incurred by the Vendor in its acquisitions of Property A and Property B, given the lapse of time between these acquisitions and the Acquisition Agreement and the upward trend in property prices of commercial properties in core districts in Hong Kong during such period, and that the Consideration was determined with reference to the valuation of the Properties of HK\$153 million as at 31 January 2018 conducted by an independent professional surveyor, the Directors, including the independent non-executive Directors after having considered the advice of the Independent Financial Adviser, consider that the Consideration is fair and reasonable.

The Properties are now subject to the Property Charges in favour of the Bank to secure banking facilities granted to a company which is indirect wholly and beneficially owned by Mr. Yeung, which outstanding principal amount is approximately HK\$35.8 million as at 2 March 2018. The Vendor undertakes to obtain the release of the Property Charges on Completion.

LETTER FROM THE BOARD

E. FINANCIAL INFORMATION OF THE TARGET GROUP COMPANIES

Financial information of the Merchant Charm Group

Target Company A was incorporated on 21 July 2016 and became the holding company of Powerful Concept on 18 August 2016. The unaudited consolidated financial information of the Merchant Charm Group (comprising Target Company A and Powerful Concept) for the period from 21 July 2016 (date of incorporation of Target Company A) to 31 March 2017 is as follows:

	For the period from 21 July 2016 to 31 March 2017 HK\$'000
Net loss before taxation	441
Net loss after taxation	441

The net loss after taxation of the Merchant Charm Group for the period from 21 July 2016 to 31 March 2017 of approximately HK\$441,000 was mainly due to the depreciation expenses of approximately HK\$456,000 in accordance with the accounting policy of the Merchant Charm Group.

The unaudited consolidated net liabilities of the Merchant Charm Group as at 31 January 2018 was approximately HK\$601,000, representing the total assets of approximately HK\$30,932,000 (being the carrying amount of Property A of approximately HK\$30,720,000 and the current assets of approximately HK\$212,000) less the liabilities (being the security deposit received under Tenancy Agreement I of approximately HK\$161,000 and the shareholder's loan of approximately HK\$31,372,000). The net liabilities was mainly due to the losses incurred as a result of depreciation expenses thereon, which lower the net carrying amount of property, plant and equipment.

The unaudited Net Current Asset Value of the Merchant Charm Group as at 31 January 2018 was approximately HK\$51,000, representing the current assets of approximately HK\$212,000 less the security deposit received under Tenancy Agreement I of approximately HK\$161,000.

LETTER FROM THE BOARD

Financial information of the Massive Success Group

Target Company B was incorporated on 9 August 2016 and became the holding company of Famous Capital on 3 October 2016. The unaudited consolidated financial information of the Massive Success Group (comprising Target Company B and Famous Capital) for the period from 9 August 2016 (date of incorporation of Target Company B) to 31 March 2017 is as follows:

	For the period from 9 August 2016 to 31 March 2017
	<i>HK\$'000</i>
Net loss before taxation	1,059
Net loss after taxation	1,043

The net loss after taxation of the Massive Success Group for the period from 9 August 2016 to 31 March 2017 of approximately HK\$1,043,000 was mainly due to the depreciation expenses of approximately HK\$765,000 in accordance with the accounting policy of the Massive Success Group.

The unaudited consolidated net liabilities of the Massive Success Group as at 31 January 2018 was approximately HK\$1,693,000, representing the total assets of approximately HK\$64,986,000 (being the carrying amount of (i) Property B of approximately HK\$51,003,000, and (ii) goodwill of approximately HK\$13,572,000 and the current assets of approximately HK\$411,000) less the liabilities (being the security deposit received under Tenancy Agreement II of approximately HK\$350,000 and the shareholder's loan of approximately HK\$66,329,000). The net liabilities was mainly due to the losses incurred as a result of depreciation expenses thereon, which lower the net carrying amount of property, plant and equipment.

The unaudited Net Current Asset Value of the Massive Success Group as at 31 January 2018 was approximately HK\$61,000, representing the current assets of approximately HK\$411,000 less the security deposit received under Tenancy Agreement II of approximately HK\$350,000.

LETTER FROM THE BOARD

F. THE TENANCY AGREEMENTS

Tenancy Agreement I

The principal terms of Tenancy Agreement I are as follows:

Date of agreement	:	30 June 2017
Landlord	:	Powerful Concept
Tenant	:	SIMSL
Property	:	Office No. 1001A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong (i.e. Property A)
Tenancy term	:	Two (2) years commencing from 2 July 2017 to 1 July 2019 with an option by SIMSL to renew for a further term of two (2) years at the then open market rental
Rental	:	HK\$74,204 per month, exclusive of government rates, air-conditioning charges and management fees and all other outgoings, which are also payable by SIMSL
Security Deposit	:	HK\$161,412, representing two months' rental and air-conditioning charges and management fees
Rent-free period	:	Two (2) months from 2 July 2017 to 1 September 2017
Early termination	:	(i) Powerful Concept may, without prejudice to any other rights and remedies it may have, early terminate the tenancy if the rent or other money payable under the Tenancy Agreement I shall be overdue for 7 days or more or if SIMSL shall be in breach of any terms or stipulations under the Tenancy Agreement I; and

LETTER FROM THE BOARD

- (ii) if the premises or any part thereof shall be damaged and rendered totally unfit for use due to force majeure not attributable to the fault or negligence of SIMSL or become subject to a closure or demolition order or is otherwise rendered inaccessible, and the premises have not been repaired and reinstated within 3 months of the occurrence of the destruction or damage or remaining subject to the closure or demolition order, either party may terminate the Tenancy Agreement I but without prejudice to any claim for antecedent breach by either party against the other.

Tenancy Agreement II

The principal terms of Tenancy Agreement II are as follows:

- Date of agreement : 30 June 2017
- Landlord : Famous Capital
- Tenant : SIMSL
- Property : Office No. 1004B on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong (i.e. Property B)
- Tenancy term : Two (2) years commencing from 2 July 2017 to 1 July 2019 with an option by SIMSL to renew for a further term of two (2) years at the then open market rental
- Rental : HK\$163,644 per month, exclusive of government rates, air-conditioning charges and management fees and all other outgoings, which are also payable by SIMSL
- Security Deposit : HK\$350,138, representing two months' rental and air-conditioning charges and management fees

LETTER FROM THE BOARD

- Rent-free period : Two (2) months from 2 July 2017 to 1 September 2017
- Early termination : (i) Famous Capital may, without prejudice to any other rights and remedies it may have, early terminate the tenancy if the rent or other money payable under the Tenancy Agreement II shall be overdue for 7 days or more or if SIMSL shall be in breach of any terms or stipulations under the Tenancy Agreement II; and
- (ii) if the premises or any part thereof shall be damaged and rendered totally unfit for use due to force majeure not attributable to the fault or negligence of SIMSL or become subject to a closure or demolition order or is otherwise rendered inaccessible, and the premises have not been repaired and reinstated within 3 months of the occurrence of the destruction or damage or remaining subject to the closure or demolition order, either party may terminate the Tenancy Agreement II but without prejudice to any claim for antecedent breach by either party against the other.

According to the rental opinion letters of LCH (Asia-Pacific) Surveyors dated 12 February 2018, by reference to comparable market rental transactions and listings for similar premises in the same building and/or the same district, the rental payable by SIMSL under the Tenancy Agreements were at the market rental prevailing at the date of the relevant Tenancy Agreements and that the commercial terms in the Tenancy Agreements were fair and reasonable and on normal commercial terms. In view of the above, the Directors (including the independent non-executive Directors) considered that the terms of the Tenancy Agreements (including the rent and Annual Caps) are fair and reasonable and on normal commercial terms.

LETTER FROM THE BOARD

SIMSL is indirect wholly and beneficially owned by Mr. Yeung and therefore also a connected person of the Company. As Powerful Concept and Famous Capital, being the landlords under the Tenancy Agreements, will become indirect wholly-owned subsidiaries of the Company upon Completion, the Tenancy Agreements will upon Completion constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Annual Caps for the First Tenancy Agreement and the Tenancy Agreements disclosed in the Announcement were HK\$7,725,000 and HK\$4,242,000 for the years ending 31 December 2018 and 2019. Due to the postponement of the expected Completion Date to on or around end of April 2018 and the adjustment for rounding up to the nearest thousand of the annual rental income under the First Tenancy Agreement and the Tenancy Agreements, the Annual Caps have been revised as set out below, and it is expected that the aggregate maximum amount payable by SIMSL to Powerful Concept and Famous Capital under the Tenancy Agreements after Completion together with the First Tenancy Agreement payable to Good Sun, for each of the two financial years ending 31 December 2019 (rounded up to the nearest thousand) should not exceed HK\$7,528,000 and HK\$4,244,000 respectively, calculated as follows:

Annual Caps	For the year ending 31 December 2018 HK\$'000	For the year ending 31 December 2019 HK\$'000
Rental income under the First Tenancy Agreement <i>(Note 1)</i>	5,585	2,808
Rental income under Tenancy Agreement I <i>(Note 2)</i>	606	448
Rental income under Tenancy Agreement II <i>(Note 2)</i>	1,337	988
Total	7,528	4,244

Note 1: amounts adjusted for rounding up from HK\$5,584,000 and HK\$2,807,000 as disclosed in the Announcement.

Note 2: calculated as from Completion, assuming it to take place on 26 April 2018 instead of 1 April 2018 as disclosed in the Announcement in view of the current expected Completion Date to be on or around end of April 2018.

LETTER FROM THE BOARD

As the largest Annual Cap in respect of the amount payable by SIMSL to the landlords under the Tenancy Agreements for each of the two financial years ending 31 December 2019, on their own is less than, but on an aggregated basis with the First Tenancy Agreement exceeds, HK\$3,000,000 but all the applicable percentage ratios calculated on an annual basis pursuant to Rule 14.07 of the Listing Rules, on such aggregation, are less than 5%, the Tenancy Agreements are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

The Company shall comply with the applicable requirements of Chapter 14A of the Listing Rules upon renewal of any of the First Tenancy Agreement, Tenancy Agreement I and Tenancy Agreement II, as appropriate.

G. REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

With the disposal by the Group of its lottery business in the third quarter of 2017, as announced by the Company on 8 September 2017, the current businesses and investments of the Group include travel-related business, property investment business and the investment project of Ponte 16, a world-class integrated casino-entertainment resort located in Macau. It is the present intention of the Group to continue its existing businesses.

As disclosed in the Company's interim report for the six months ended 30 June 2017, the Group stepped into the property investment business in 2016 with a view that the market demand of prime office premises in the central commercial locations would remain thriving in the upcoming years. In August 2016 the Group completed the acquisition of the Existing Property and in April 2017 the Group completed the acquisition of an office premises in Wanchai, both from Independent Third Parties.

With refinancing of the investment project at Ponte 16, as announced by the Company in June 2017, completed and the Group having recuperated a substantial amount of shareholder's loans contributed to the project and the disposal of its lottery business also completed, the Group has been exploring other investment opportunities including the expansion of its property investment portfolio. Admiralty Centre is one of the target locations and the Group has been looking out for the for-sale properties in the building through an independent property agent. While the executive Directors were evaluating the properties put on the market, Mr. Yeung indicated that he may consider selling the Properties to the Group if the Group is interested in acquiring them. The Company then instructed LCH (Asia-Pacific) Surveyors to provide the open market valuation of the Properties. Taking into account of (i) the location, view, size and

LETTER FROM THE BOARD

potential contract sum, condition and tenancy status of the other properties in the same building on the market and the Properties; and (ii) the open market valuation of the Properties, the Company considered that the Properties are more attractive investment opportunity for the Group than the other properties in the same building on the market and commence negotiation with Mr. Yeung on the price and other commercial terms for the transaction. The negotiation was primarily handled by Dr. Ma Ho Man, Hoffman, the other executive Director and the Deputy Chairman of the Board with the support of the Group's management team.

According to the Rating and Valuation Department of the Hong Kong Government, grade A offices are defined as modern with high quality finishes, flexible layout, large floor plates, spacious, well decorated lobbies and circulation areas, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, professional management and parking facilities normally available. The Board considers that Admiralty Centre falls under this category and which is also categorised as such by property agencies. According to the rental index and price index for grade A offices in Hong Kong from 2014 to 2017 released by Savills (Hong Kong) Limited, a member of a global real estate services provider, it is noted that the rental index for grade A offices in Hong Kong (including Admiralty) has increased from approximately 328.9 in the first quarter of 2014 to approximately 389.4 in the fourth quarter of 2017, representing an increase of approximately 18.4% during the period whilst the price index for grade A offices in Hong Kong has increased from approximately 590.4 in the first quarter of 2014 to approximately 832.1 in the fourth quarter of 2017, representing an increase of approximately 40.9% during the period. In particular, in the fourth quarter of 2017 alone, the price index rose approximately 8.4%.

The Board, including the independent non-executive Directors after having considered the advice of the Independent Financial Adviser, considers that both the rental and price for grade A offices in Hong Kong (including Admiralty) will be able to maintain their growth momentum. The Properties are located adjacent to the Existing Property currently held by the Group and the Acquisition has the potential to increase the overall efficiencies of these properties in terms of layout such as removal of partitioning walls as well as providing the Group with more leasing options to potential tenants, given that the Existing Property together with the Properties would offer saleable area of approximately 9,627 square feet in total. In addition, it is expected that the monthly rental income of the Properties pursuant to the Tenancy Agreements will be approximately HK\$238,000, which outweighs (i) the monthly interest income of the Group's cash deposit of the same amount in a commercial bank in paying for part of the Consideration; and (ii) the monthly interest expenses to be incurred of utilising the Group's existing banking facilities in paying for part of the Consideration. The Company therefore considers that the Acquisition provides the Group with a good opportunity to enlarge its property portfolio and capture potential capital appreciation of the Properties.

LETTER FROM THE BOARD

Furthermore, the Tenancy Agreements will generate steady recurring rental income and strengthen income base of the Group.

In view of the above, the Board, including the independent non-executive Directors after having considered the advice of the Independent Financial Adviser, considers that the terms of the Acquisition Agreement are on normal commercial terms that are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

By virtue of the connection between Mr. Yeung, the Purchaser and the Vendor, Mr. Yeung is considered to have material interest in the Acquisition. Further, Dr. Ma Ho Man, Hoffman, the Deputy Chairman of the Board and an executive Director, is the nephew of Mr. Yeung. Both of them have abstained from voting on the resolutions of the Board to approve the Acquisition Agreement and the transactions contemplated thereunder.

H. FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, each of the Target Group Companies will become indirect wholly-owned subsidiaries of the Company, and their results and assets and liabilities will be consolidated into the financial statements of the Group.

After Completion, the Group's assets are expected to increase by approximately HK\$48 million, being the value of the Properties of HK\$148 million offset by the cash utilised of approximately HK\$100 million for the settlement of the Consideration, and the Group's liabilities are expected to increase by approximately HK\$48 million, being the amount of existing banking facilities utilised for the settlement of the Consideration.

The revenue of the Merchant Charm Group was approximately HK\$0.1 million for the period from 21 July 2016 to 31 March 2017. The net loss after taxation of the Merchant Charm Group was approximately HK\$0.4 million (including depreciation expenses of approximately HK\$0.4 million) for the period from 21 July 2016 to 31 March 2017.

The revenue of the Massive Success Group was nil for the period from 9 August 2016 to 31 March 2017. The net loss after taxation of the Massive Success Group was approximately HK\$1.0 million (including depreciation expenses of approximately HK\$0.7 million) for the period from 9 August 2016 to 31 March 2017.

According to the Group's accounting policies, the Properties will be classified as investment properties under the Group's non-current assets upon Completion, which are measured using fair value model and no depreciation expense will be incurred after Completion.

LETTER FROM THE BOARD

The total estimated acquisition related expenses for the Acquisition of approximately HK\$0.6 million is to be charged to the consolidated statement of profit or loss of the Group.

In taking consideration of the effect on the earnings, the Group takes into account of the loss making of the Target Group Companies, interest expenses to be incurred of utilising the Group's existing banking facilities in paying for part of the Consideration and the transaction cost which will be offset by the rental income from the Properties.

It is intended that after Completion, the Properties will be held for leasing and thus the Acquisition is expected to have positive effect on the Group's earnings. The Company expects that there will not be any material changes in financial results of the Target Group Companies upon Completion. The Company considers that the Acquisition would have no material effects on the earnings, total assets and liabilities of the Group immediately after Completion.

I. LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Vendor is direct wholly and beneficially owned by Mr. Yeung, who is the Chairman of the Board and an executive Director as well as a controlling shareholder of the Company, and thus is a connected person of the Company. The Acquisition therefore also constitutes a connected transaction for the Company. As certain applicable percentage ratios under the Listing Rules exceed 5% and the Consideration exceeds HK\$10 million, the Acquisition is subject to the reporting, announcement, circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu, has been established to advise the Independent Shareholders in relation to the Acquisition. Beijing Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE BOARD

J. SGM

Set out on pages SGM-1 to SGM-3 is a notice convening the SGM to be held at Boardroom 8, Lower Lobby, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 26 April 2018 at 2:30 p.m., at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM (i.e. not later than 2:30 p.m. on Tuesday, 24 April 2018) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish. Voting on the proposed resolution at the SGM will be taken by poll.

Mr. Yeung, who is the Chairman of the Board and an executive Director as well as a controlling shareholder of the Company, and his associates, holding 2,566,557,462 Shares, representing approximately 52.10% of the issued Shares as at the Latest Practicable Date, are required to abstain from voting in respect of the proposed resolution approving the Acquisition Agreement and the transactions contemplated thereunder at the SGM.

Save for the aforesaid and to the Directors' best knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder has any material interest in the Acquisition and therefore is required to abstain from voting on the proposed resolution approving the Acquisition Agreement and the transactions contemplated thereunder at the SGM.

K. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 April 2018 to Thursday, 26 April 2018, both days inclusive, during which period no transfer of Shares will be effected.

In order to be eligible to attend and vote at the SGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 20 April 2018 for registration.

LETTER FROM THE BOARD

L. RECOMMENDATION

Your attention is drawn to (i) the letter of the Independent Board Committee set out on pages 26 and 27 of this circular containing its recommendation to the Independent Shareholders; and (ii) the letter of advice from the Independent Financial Adviser set out on pages 28 to 48 of this circular containing its recommendation to the Independent Board Committee and the Independent Shareholders and the principal factors which it has considered in arriving at the recommendation in respect of the Acquisition Agreement and the transactions contemplated thereunder.

The Board (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) considers that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Acquisition Agreement are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Acquisition Agreement and the transactions contemplated thereunder at the SGM.

You are advised to read the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser mentioned above before voting on the resolution to be proposed at the SGM.

M. 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
Ma Ho Man, Hoffman
Deputy Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders in respect of the Acquisition.



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

6 April 2018

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING ACQUISITION OF 100% EQUITY INTERESTS
IN THE TARGET COMPANIES
HOLDING INDIRECTLY THE PROPERTIES**

We refer to the circular of the Company dated 6 April 2018 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Independent Board Committee has been formed to advise you in respect of the Acquisition Agreement and the transactions contemplated thereunder. Beijing Securities has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 28 to 48 of the Circular.

Your attention is also drawn to the “Letter from the Board” as set out on pages 7 to 25 of the Circular and the additional information set out in the appendices thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Acquisition Agreement, and taking into account the advice of Beijing Securities, in particular the principal factors, reasons and recommendation as set out in their letter, we consider that the Acquisition is in the ordinary and usual course of business of the Group and the entering into of the Acquisition Agreement is in the interests of the Company and the Independent Shareholders as a whole, and the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Yeung Mo Sheung, Ann

Chin Wing Lok, Ambrose

Chong Ming Yu

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Beijing Securities
Beijing Securities Limited
北京證券有限公司

BEIJING SECURITIES LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

6 April 2018

*To the Independent Board Committee and the Independent Shareholders of
Success Universe Group Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION – ACQUISITION OF 100% EQUITY INTERESTS IN THE TARGET COMPANIES HOLDING INDIRECTLY THE PROPERTIES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition. Details of the Acquisition are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 6 April 2018 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 13 February 2018, the Purchaser, the Vendor and the Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser, a direct wholly-owned subsidiary of the Company, has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loans, representing the entire issued share of each of Target Company A and Target Company B and the amounts owing to the Vendor by the respective Target Companies on Completion, at the Consideration of HK\$148,000,000 (subject to adjustment based on the Net Current Asset Value), which will be satisfied in cash.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As certain applicable percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Further, as the Vendor is wholly and beneficially owned by Mr. Yeung, who is the Chairman of the Board and an executive Director as well as a controlling shareholder of the Company, and thus is a connected person of the Company. Therefore, the Acquisition also constitutes a connected transaction for the Company. As certain applicable percentage ratios under the Listing Rules exceed 5% and the Consideration exceeds HK\$10 million, the Acquisition is also subject to the reporting, announcement, circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Independent Board Committee, which is currently comprising of all the independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu, has been established to advise the Independent Shareholders regarding the Acquisition. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

Beijing Securities Limited is not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, there was no engagement between the Company and Beijing Securities Limited. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby Beijing Securities Limited will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to whether the terms of the Acquisition Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole and how the Independent Shareholders should, as well as how the Independent Board Committee should recommend the Independent Shareholders to, vote on the proposed resolution in respect of the Acquisition Agreement and the transactions contemplated thereunder at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors, the Company and its management.

We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Acquisition, we have considered the following principal factors and reasons:

1. Background and reasons for entering into the Acquisition Agreement

1.1 Background information of the Group

The principal businesses and investments of the Group include travel-related business, property investment business and the investment project of Ponte 16, a world-class integrated casino-entertainment resort located in Macau. The Purchaser, Victory Devotion Limited, is a direct wholly-owned subsidiary of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the audited financial results of the Group for the years ended 31 December 2015 and 2016 respectively as extracted from the Company's annual report for the year ended 31 December 2016 (the "Annual Report") and the unaudited financial results of the Group for the six months ended 30 June 2016 and 2017 respectively as extracted from the Company's interim report for the six months ended 30 June 2017 (the "Interim Report").

Summary consolidated statement of profit or loss

	For the six months ended		For the year ended	
	30 June		31 December	
	2017	2016	2016	2015
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue	284,844	347,059	573,132	1,010,669
Loss attributable to owners of the Company for the period/year	(21,073)	(12,613)	(30,977)	(6,670)

Summary consolidated statement of financial position

	As at		
	30 June	As at 31 December	
	2017	2016	2015
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(Unaudited)	(Audited)	(Audited)
Total assets	1,141,974	1,188,434	1,153,279
Total liabilities	157,176	182,077	107,607
Net assets	984,798	1,006,357	1,045,672

For the year ended 31 December 2016, the Group's revenue decreased by approximately 43.3% from approximately HK\$1,010.7 million for the year ended 31 December 2015 to approximately HK\$573.1 million for the year ended 31 December 2016. The decrease in revenue of the Group was mainly due to the voluntary and temporary suspension of the paperless lottery sales agency services of the Group's lottery business as well as the decrease in the revenue derived from the travel business of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2016, the Group recorded a loss attributable to owners of the Company of approximately HK\$31.0 million as compared with a loss attributable to owners of the Company of approximately HK\$6.7 million for the year ended 31 December 2015. The increase in the loss for the year ended 31 December 2016 was due to the decrease of the Group's shared profit of the associates relating to Ponte 16; the decrease in the revenue as well as the 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 as mentioned above; and the impairment loss on the carrying amount of the trademark of the Group's travel business.

For the six months ended 30 June 2017, the Group's revenue decreased by approximately 17.9% from approximately HK\$347.1 million for the six months ended 30 June 2016 to approximately HK\$284.8 million for the six months ended 30 June 2017. For the six months ended 30 June 2017, the paperless lottery sales agency services of the Group's lottery business continued to be suspended and the decrease in the revenue of the Group was mainly due to the decrease in the revenue derived from the travel business of the Group.

For the six months ended 30 June 2017, the Group recorded a loss attributable to owners of the Company of approximately HK\$21.1 million as compared with a loss attributable to owners of the Company of approximately HK\$12.6 million for the six months ended 30 June 2016. The loss for the six months ended 30 June 2017 was due to the decrease of the Group's share of profit of the associates relating to Ponte 16; and the decrease in operating revenue and increase in loss of the Group's travel business.

As at 30 June 2017, the Group recorded total assets, total liabilities and net assets of approximately HK\$1,142.0 million, HK\$157.2 million and HK\$984.8 million respectively.

Looking forward, as set out in the Interim Report, the Group has stepped into the property investment business in 2016 with the view that the market demand of prime office premises in the central commercial location will remain thriving in the upcoming years. In April 2017, the Company completed the acquisition of a property in Sing-Ho Finance Building, Wanchai from an Independent Third Party. Together with the Existing Property in Admiralty Centre, the two commercial properties are generating steady recurring rental income as well as providing capital appreciation potential to the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Background information of the Vendor

The Vendor is a company incorporated in the BVI and is an investment holding company. It is beneficially and wholly-owned by Mr. Yeung, the Chairman of the Board and an executive Director as well as a controlling shareholder of the Company.

1.3 Information of the Target Group Companies and the Properties

Merchant Charm Group comprises the Target Company A and Powerful Concept. Target Company A, a company incorporated in the BVI on 21 July 2016, is an investment holding company whose sole asset is the entire shareholding of Powerful Concept. Powerful Concept is a company incorporated in Hong Kong whose sole asset and activity is Property A and the leasing thereof.

Massive Success Group comprises the Target Company B and Famous Capital. Target Company B, a company incorporated in the BVI on 9 August 2016, is an investment holding company whose sole asset is the entire shareholding of Famous Capital. Famous Capital is a company incorporated in the BVI and registered in Hong Kong as a registered non-Hong Kong company whose sole asset and activity is Property B and the leasing thereof.

Set out below is a summary of the unaudited consolidated financial information of the Merchant Charm Group for the period from 21 July 2016 (date of incorporation of Target Company A) to 31 March 2017 and the Massive Success Group for the period from 9 August 2016 (date of incorporation of Target Company B) to 31 March 2017:

Financial information of the Merchant Charm Group

Target Company A was incorporated on 21 July 2016 and became the holding company of Powerful Concept on 18 August 2016. The unaudited consolidated financial information of the Merchant Charm Group (comprising Target Company A and Powerful Concept) for the period from 21 July 2016 (date of incorporation of Target Company A) to 31 March 2017 is as follows:

	For the period from 21 July 2016 to 31 March 2017 HK\$'000
Net loss before taxation	441
Net loss after taxation	441

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The net loss after taxation of the Merchant Charm Group for the period from 21 July 2016 to 31 March 2017 of approximately HK\$441,000 was mainly due to the depreciation expenses of approximately HK\$456,000 in accordance with the accounting policy of the Merchant Charm Group.

The unaudited consolidated net liabilities of the Merchant Charm Group as at 31 January 2018 was approximately HK\$601,000, representing the total assets of approximately HK\$30,932,000 (being the carrying amount of Property A of approximately HK\$30,720,000 and the current assets of approximately HK\$212,000) less the liabilities (being the security deposit received under Tenancy Agreement I of approximately HK\$161,000 and the shareholder's loan of approximately HK\$31,372,000). The net liabilities was mainly due to the losses incurred as a result of depreciation expenses thereon, which lower the net carrying amount of property, plant and equipment. The unaudited Net Current Asset Value of the Merchant Charm Group as at 31 January 2018 was approximately HK\$51,000, representing the current assets of approximately HK\$212,000 less the security deposit received under Tenancy Agreement I of approximately HK\$161,000.

Financial information of the Massive Success Group

Target Company B was incorporated on 9 August 2016 and became the holding company of Famous Capital on 3 October 2016. The unaudited consolidated financial information of the Massive Success Group (comprising Target Company B and Famous Capital) for the period from 9 August 2016 (date of incorporation of Target Company B) to 31 March 2017 is as follows:

	For the period from 9 August 2016 to 31 March 2017 HK\$'000
Net loss before taxation	1,059
Net loss after taxation	1,043

The net loss after taxation of the Massive Success Group for the period from 9 August 2016 to 31 March 2017 of approximately HK\$1,043,000 was mainly due to the depreciation expenses of approximately HK\$765,000 in accordance with the accounting policy of the Massive Success Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The unaudited consolidated net liabilities of the Massive Success Group as at 31 January 2018 was approximately HK\$1,693,000, representing the total assets of approximately HK\$64,986,000 (being the carrying amount of (i) Property B of approximately HK\$51,003,000, and (ii) goodwill of approximately HK\$13,572,000 and the current assets of approximately HK\$411,000) less the liabilities (being the security deposit received of approximately HK\$350,000 and the shareholder's loan of approximately HK\$66,329,000). The net liabilities was mainly due to the losses incurred as a result of depreciation expenses thereon, which lower the net carrying amount of property, plant and equipment. The unaudited Net Current Asset Value of the Massive Success Group as at 31 January 2018 was approximately HK\$61,000, representing the current assets of approximately HK\$411,000 less the security deposit received under Tenancy Agreements II of approximately HK\$350,000.

Both Property A and Property B are located on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong, comprising total saleable area of approximately 3,205 square feet. Property A is currently leased to SIMSL under Tenancy Agreement I at HK\$74,204 per month (exclusive of government rates, air-conditioning charges and management fees and all other outgoings, which are also payable by SIMSL) and Property B is currently leased to SIMSL under Tenancy Agreement II at HK\$163,644 per month (exclusive of government rates, air-conditioning charges and management fees and all other outgoings, which are also payable by SIMSL). Further details of the Tenancy Agreements are set out in the Letter from the Board.

As appraised by LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor (the “**Independent Surveyor**”), the aggregate market value of the Properties as at 31 January 2018 was HK\$153 million. Details of the valuation of the Properties are set out in Appendix I to the Circular.

1.4 Reasons for entering into the Acquisition Agreement

As set out in the Letter from the Board, the refinancing of the investment project at Ponte 16 in 2017 has enabled the Group to recuperate a substantial amount of shareholder's loans contributed to the project. Details of the refinancing is set out in the announcement of the Company dated 16 June 2017. Furthermore, the Group has disposed of its lottery business in 2017 as well. Details of the disposal is set out in the announcement of the Company dated 8 September 2017. Having completed the disposal of the lottery business as well as the refinancing at Ponte 16, the Group has been exploring for investment opportunities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

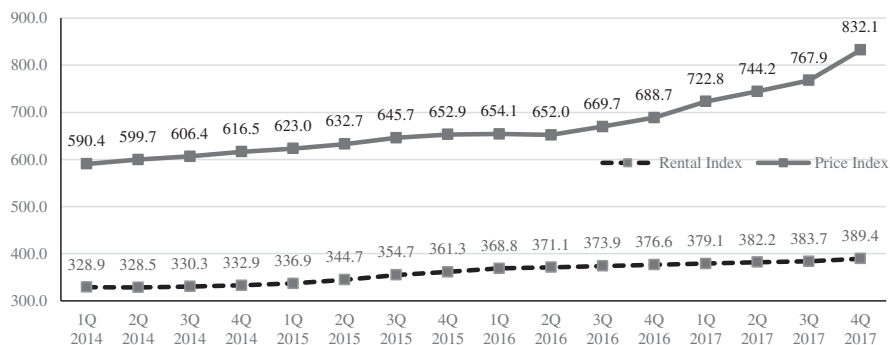
The Group believes that both the rental and price for offices in the central business district in Hong Kong will be able to maintain their growth momentum. Further, as the Properties are located adjacent to the Existing Property (i.e., Office No. 1003 and Office No. 1004A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong) held currently by the Group, the Acquisition has the potential to increase the overall efficiencies of these properties and also represents a good opportunity to enlarge its property portfolio and capture potential capital appreciation of the Properties. After Completion, the Group intends the Properties to be held for leasing.

In order to assess the merits of the Acquisition, we have reviewed the office property market in Hong Kong.

According to the Rating and Valuation Department of the Hong Kong Government, grade A offices are defined as modern with high quality finishes, flexible layout, large floor plates, spacious, well decorated lobbies and circulation areas, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, professional management, and parking facilities normally available. We consider Admiralty Centre falls under this category and which is also categorised by property agencies. The following graph is the rental index and price index for grade A offices in Hong Kong from 2014 to 2017 as released by Savills (Hong Kong) Limited, a group member of a global real estate services provider. The review period starting from 2014 is selected on the basis that it provides a reasonable timeframe to analyse the property market trend in Hong Kong. We are of the view that the review period is a reasonable timeframe given that it covers a period encompassing more than two years prior to the Vendor having acquired the Properties in 2016 and the subsequent period thereafter up to the last quarter of 2017. Therefore, such period is sufficient for the Shareholders to understand the overall trend in the office property market in Hong Kong before the Vendor acquired the Properties as well as the subsequent trend after the Properties were acquired by the Vendor in 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Savills (Hong Kong) –
Rental and Price Index of Grade A Offices in Hong Kong
(including Admiralty)**

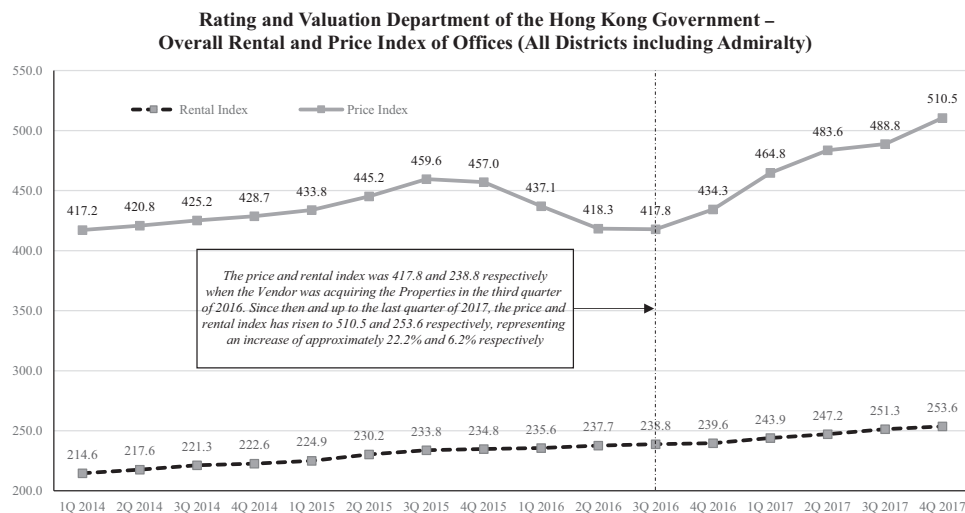


Source: Savills (Hong Kong) Limited

As noted in the graph above, the rental index for grade A offices in Hong Kong (including Admiralty) has increased from approximately 328.9 in the first quarter of 2014 to approximately 389.4 in the fourth quarter of 2017, representing an increase of approximately 18.4% during the period whilst the price index for grade A offices in Hong Kong has increased from approximately 590.4 in the first quarter of 2014 to approximately 832.1 in the fourth quarter of 2017, representing an increase of approximately 40.9% during the period. In particular, in the fourth quarter of 2017, the price index rose approximately 8.4%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The growth in the grade A offices in Hong Kong is also similar with the results obtained from statistics released by the Rating and Valuation Department of the Hong Kong Government. The following graph is the overall rental index and price index for offices in all districts (including Admiralty) in Hong Kong from 2014 to 2017 as released by the Rating and Valuation Department of the Hong Kong Government:



Source: statistics released by the Rating and Valuation Department of the Hong Kong Government in February 2018.

As noted in the graph above, the overall rental index for offices in all districts (including Admiralty) in Hong Kong has increased from approximately 214.6 in the first quarter of 2014 to approximately 253.6 in the fourth quarter of 2017, representing an increase of approximately 18.2% during the period whilst the overall price index for offices in all districts in Hong Kong has increased from approximately 417.2 in the first quarter of 2014 to approximately 510.5 in the fourth quarter of 2017, representing an increase of approximately 22.4% during the period. In the fourth quarter of 2017, the price index rose approximately 4.4%. In addition, the price index has continued to increase in early 2018 and the overall price index for offices in all districts (including Admiralty) in Hong Kong was at a high of approximately 514.7 in January 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further, prior to the fourth quarter of 2015, the overall price index of offices in all districts (including Admiralty) in Hong Kong was in an upward trend, increasing from 417.2 in the first quarter of 2014 to 459.6 in the third quarter of 2015. However, from the third quarter of 2015 to the third quarter of 2016, the overall price index of offices in all districts (including Admiralty) in Hong Kong was in a decreasing trend, decreasing from 459.6 to 417.8. It is our understanding that the decrease during such period was highly likely due to the implementation of various government's cooling measures to the property market which likely have casted a negative sentiment towards the general property market in Hong Kong during this time period (it was during the third quarter of 2016 when the Vendor entered into the relevant sale and purchase agreements to acquire the Properties). But by the fourth quarter of 2016, the property market in Hong Kong in general has been in an upward trend again. Therefore, as reflected in the overall price index of offices in all districts (including Admiralty) in Hong Kong above, the price index has increased from 417.8 in the third quarter of 2016 to (i.e., when the Vendor entered into the relevant preliminary sale and purchase agreements to acquire the Properties) 510.5 in the fourth quarter of 2017 and also to 514.7 in January 2018, representing an increase of approximately 22.2% and 23.2% respectively. Shareholders should also note that the price index represents the general market trend of the office prices in Hong Kong and the individual property price will depend on various other factors such as the floor, view, size, and conditions, etc.

Having reviewed the statistics for offices in Hong Kong, we are of the view that the office property market in Hong Kong is favourable.

Having considered the above and in particular that (i) the Group has been exploring for investment opportunities after completion of the disposal of the lottery business as well as the refinancing at Ponte 16; (ii) the Properties are located adjacent to the Existing Property and therefore the Acquisition has the potential to increase the overall efficiencies of these properties; and (iii) the favourable office property market in Hong Kong, we are of the view that the entering into of the Acquisition Agreement is in the ordinary and usual course of the business of the Group and is fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. The Acquisition Agreement

- Date: 13 February 2018
- Parties:
- (1) Victory Devotion Limited, as purchaser
 - (2) Active Trade Investments Limited, as vendor
 - (3) the Guarantor, as guarantor for the Vendor
- Subject Matter of the Acquisition: Pursuant to the Acquisition Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase from the Vendor, free from encumbrances, the Sale Shares and the Sale Loans. The Sale Shares represent the entire issued share capital of the Target Companies as at the date of the Acquisition Agreement and at Completion.
- The Sale Loans represent the aggregate amounts owing by the respective Target Companies to the Vendor on Completion. Based on the unaudited consolidated management accounts of the Merchant Charm Group and the Massive Success Group as at 31 January 2018, the Sale Loans amounted to approximately HK\$97.7 million in aggregate, of which (i) Sale Loan A amounted to approximately HK\$31.4 million; and (ii) Sale Loan B amounted to approximately HK\$66.3 million.
- Consideration: The total consideration for the Sale Shares and the Sales Loans is as follows:
- (i) for Sale Share A and Sale Loan A, (a) HK\$53,200,000 plus (b) the Net Current Asset Value for the Merchant Charm Group, out of which the consideration for Sale Loan A shall be the face value thereof on a dollar for dollar basis and the balance shall be the consideration for Sale Share A; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) for Sale Share B and Sale Loan B, (a) HK\$94,800,000 plus (b) the Net Current Asset Value for the Massive Success Group, out of which the consideration for Sale Loan B shall be the face value thereof on a dollar for dollar basis and the balance shall be the consideration for Sale Share B.

As set out above, we understand that the Consideration is subject to the adjustment of the Net Current Asset Value as at Completion. We noted that from our search in the Stock Exchange website that similar adjustments were also done by other listed companies on the Stock Exchange in their transactions regarding acquisition of companies which major asset(s) is/are Hong Kong properties and therefore we are of the view that such adjustment is in line with market practice.

The Consideration shall be paid by the Purchaser in the following manner:

- (a) a deposit of HK\$14,800,000 has been paid on the signing of the Acquisition Agreement, and will be applied as part payment of the Consideration upon Completion; and
- (b) the remaining balance shall be payable on Completion.

Completion:

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent, Completion shall take place on the fifth Business Day after the fulfilment or (if applicable) waiver of the last of the conditions precedent or such other date as the parties to the Acquisition Agreement may agree in writing. As at the Latest Practicable Date, it is expected that Completion shall take place on or around end of April 2018.

The Vendor undertakes to obtain the release of the Property Charges on Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If the Vendor or the Purchaser fails to complete the sale and purchase in accordance with the provisions of the Acquisition Agreement, the non-defaulting party may by notice in writing terminate the Acquisition Agreement in which event:

- (i) if the defaulting party is the Vendor, the Vendor shall forthwith refund the Deposit to the Purchaser without prejudice to any rights and remedies the Purchaser may have against the Vendor for all damages (i.e. monetary compensation to the Purchaser such as costs and expenses incurred, loss of profit or increase in value of the Sale Shares and Sale Loans, as the court may assess) that the Purchaser may suffer as a result of such default and the Purchaser may also enforce specific performance of the Acquisition Agreement in lieu of or addition to any claim for damages by reason of the Vendor's default;
- (ii) if the defaulting party is the Purchaser, the Vendor shall be entitled to forfeit the Deposit without prejudice to any rights and remedies the Vendor may have against the Purchaser for damages over and above the Deposit forfeited.

If, on or before the Completion Date, there is a breach of the warranties material to the transactions contemplated under the Acquisition Agreement as a whole which could reasonably be expected to influence the decision for a purchaser for value of the Sale Shares and the Sale Loans and the Vendor shall fail to remedy the breach before the Completion Date, the Purchaser may by notice in writing to the Vendor rescind the Acquisition Agreement and in which event the Deposit shall be refunded to the Purchaser forthwith without prejudice to any other rights or remedies the Purchaser may have.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are of the view that the default provisions for the Vendor is fair and reasonable given that in addition of the Vendor refunding the Deposit to the Purchaser, the Purchaser shall be able to claim for all damages that the Purchaser may have suffered as a result of the default by the Vendor. Further, we have reviewed other acquisition of Hong Kong properties by listed companies on the Stock Exchange in the 12-month preceding the date of the Acquisition Agreement. Whilst there were various default provisions adopted in our review of the property transactions conducted by listed companies on the Stock Exchange, we noted that Pine Care Group Limited (stock code: 1989) has also adopted similar default provisions to the default provisions under the Acquisition Agreement in its acquisition of properties in Hong Kong from an independent third party and therefore we are of the view that the default provisions under the Acquisition Agreement falls within normal market practice.

Further details of the principal terms of the Acquisition Agreement including the conditions precedent are set out in the Letter from the Board.

Analysis on the fairness and reasonableness of the Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to (a) the unaudited consolidated management accounts of the Merchant Charm Group and the Massive Success Group as at 31 January 2018; (b) the rental payable by SIMSL under the Tenancy Agreements; and (c) the valuation of the Properties of HK\$153 million as at 31 January 2018 conducted by the Independent Surveyor. Based on the unaudited consolidated management accounts of the Merchant Charm Group and the Massive Success Group as at 31 January 2018, the Consideration shall be approximately HK\$148,112,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) *Valuation methodology and assumptions*

Powerful Concept and Famous Capital are the legal and beneficial owners of the Properties. As at 31 January 2018, the Independent Surveyor has valued the Properties with an aggregate amount of HK\$153 million (the “**Valuation**”). The following is the valuation of Property A and Property B.

Registered Owner	Address	Amount of valuation (HK\$ million)
Powerful Concept	Property A – Office No. 1001A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong	55
Famous Capital	Property B – Office No. 1004B on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Hong Kong	98
Total:		<u>153</u>

For our due diligence of the Valuation, we have discussed with the Independent Surveyor the basis of the Valuation and raised questions on areas where we require further explanation. We noted that the Valuation has been carried out using the market approach to value the reversionary interests of the Properties after expiry of the tenancies (the “**Reversionary Value**”), and considering the current rent receivable and market-derived yield in valuing the term value (the “**Term Value**”). Therefore, the Term Value is determined based on the capitalisation of the net rental income of the Properties derived from the existing tenancies and the Reversionary Value takes into account for the reversionary potential of the property interests which consider the market value of the Properties by making comparison with the sales, listings or offerings of similar comparable properties (the “**Comparable Transactions**”) discounted at an appropriate yield. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the capital values. The Independent Surveyor noted that such approach is a common valuation methodology in valuing properties similar to the Properties and we have also reviewed similar property valuations conducted by other listed companies on the Stock Exchange and noted that such approach is commonly adopted valuation methodology in valuing property subject to tenancies. Further, since the Properties will be deriving income from its existing tenancies and is held for investment, we consider such approach is an appropriate valuation methodology to appraise the Properties and accordingly, we concurred with the Independent Surveyor in adopting such market approach for the purposes of the Valuation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the methodology and parameters applied by the Independent Surveyor in arriving at the Valuation. As stated above, in arriving at the Reversionary Value, Comparable Transactions are used by the Independent Surveyor in valuing the Properties. We have obtained from the Independent Surveyor details of the Comparable Transactions and noted that the Independent Surveyor has adopted various sales comparables in Admiralty Centre transacted/listed around the six month period of the date of Valuation and we are of the view that the Comparable Transactions are relevant in assessing the reversionary of the property interests given that these sales comparables are recent transacted/listed in Admiralty Centre. There are five Comparable Transactions and the transacted/listed price ranged from approximately HK\$42,500 to HK\$46,000 per square foot on saleable area basis with an average of HK\$44,000 per square foot on saleable area basis. Adjustments have been made by the Independent Surveyor on the floor, view, time, size, listing nature and other factors etc to reflect the differences between the Properties and the Comparable Transactions. As the Properties enjoy sea view and are newly renovated, these factors are taken into account of for an upward adjustment on the sales comparables price. The following is a table with details of the Comparable Transactions:

Date of sale and purchase agreement/listing	Location in Admiralty Centre	Saleable area <i>(square feet)</i>	Consideration <i>(HK\$ million)</i>	Price per saleable square foot <i>(HK\$ per saleable square foot)</i>
20 September 2017	Tower 2, Unit 8, 6th Floor	727	30.9	42,500
12 November 2017	Tower 1, Unit 21, 26th Floor	626	27.6	44,100
30 November 2017	Tower 1, Unit C2, 29th Floor	1,517	65.2	43,000
22 January 2018	Tower 1, Unit 3, 13th Floor	4,476	190.0	42,500
8 February 2018	Tower 1, Unit 3A, 6th Floor	1,728	78.8	45,600

The yield applied in discounting the Reversionary Value is also market-derived with reference to the derived rate of return from rental and price of properties in Admiralty Centre. In addition, we have reviewed the current rent receivable under the Tenancy Agreements. The current rent receivable is approximately HK\$74 per saleable square foot. We have compared the current rent receivable under the Properties with the current listing of rental price in Admiralty Centre instead of recent rental transactions as only leases with a term of more than three years is required to be registered with the Land Registry. Therefore, the record in the Land Registry is incomplete and also there is no publicly available record for us to compare the rental rate of leases similar in duration to the Tenancy Agreements which have a term of two years. In our review of the current listing of rental price in Admiralty Centre as published by one of the largest property agencies website in Hong Kong, Centaline Commercial, we noted that the current listing rental price is in the range of approximately HK\$70 to HK\$80 per saleable square foot depending on floor, view, size and conditions etc. As such, we are of the view that it is reasonable for the Independent Surveyor to use the current rent receivable under the Tenancy Agreements as its bases for the Term Value as the current rent receivable falls within the current asking market rental

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

rate. Based on our review of the work done by the Independent Surveyor including the Comparable Transactions and the determination of the yield as well as our discussion with the Independent Surveyor, we are of the view that the basis and assumptions in arriving at the Valuation is fair and reasonable.

In addition, we have enquired the Independent Surveyor as to its qualifications, expertise and independence. We have also reviewed the Independent Surveyor's terms of engagement (including its scope of work). We were not aware of any irregularities during our discussion with the Independent Surveyor or in our review of its qualification and works.

For cross-checking purpose, we have reviewed the current listing of property prices in Admiralty Centre (the "**Admiralty Centre Prices**") according to Centaline Commercial and the Admiralty Centre Prices ranged from approximately HK\$40,000 to HK\$80,000 per saleable square foot depending on floor, view, size and conditions etc. Given that the Valuation per saleable square foot of the Properties of approximately HK\$47,740 falls within the range of the Admiralty Centre Prices, we consider that the Valuation is fair and reasonable.

(ii) Fairness and reasonableness of the Consideration

In determining the fairness of the Consideration, we have compared it to the fair value of the Sale Shares and the Sale Loans in aggregate. In determining the fair value of the Sale Shares, we have used the Valuation of HK\$153 million (being the valuation of the Properties) and adjusted it to include amount of other assets and other liabilities (including the Sale Loans) of the Target Group Companies as at 31 January 2018 of approximately HK\$0.6 million and HK\$98.2 million respectively. In this regard, the fair value of the Sale Shares is approximately HK\$55.4 million (the "**Sale Shares Value**"). When the Sale Shares Value is added with the Sale Loans with an aggregate amount of approximately HK\$97.7 million as at 31 January 2018 which are to be acquired as part of the Acquisition, the value for the Acquisition so calculated is approximately HK\$153.1 million (the "**Transaction Value**").

In light of the above and that the Consideration of approximately HK\$148.1 million is at a discount of approximately 3.3% to the Transaction Value, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is further noted that the Consideration is higher than the total acquisition costs incurred by the Vendor in its acquisitions of the Properties. We understand that the Vendor entered into the relevant preliminary sale and purchase agreements to acquire the Properties in August 2016. As set out in the subsection headed “Reasons for entering into the Acquisition Agreement” above, the overall price index of offices in all districts (including Admiralty) in Hong Kong was trending downward when the Vendor was acquiring the Properties in the third quarter of 2016 as the implementation of various government’s cooling measures to the property market has likely casted a negative sentiment towards the general property market in Hong Kong during this time period. However, since then, the office property market has recovered and the overall price index of offices in all districts (including Admiralty) in Hong Kong has increased approximately 22.2% from the third quarter of 2016 to the last quarter of 2017 and approximately 23.2% from the third quarter of 2016 to January 2018. In addition to the increase in the overall price index of offices in all districts (including Admiralty) in Hong Kong since the Vendor acquired the Properties as mentioned above, given that (i) the Properties contain sea view which will enhance the desirability and premium of the Properties; (ii) the Properties were newly renovated in 2017; (iii) the current continued upward trend in the property price of offices, in particular, grade A offices; (iv) the lapse of time between acquisitions by the Vendor and the Acquisition Agreement and the general negative sentiment in the property market during the time when the Vendor was acquiring the Properties; and (v) the Consideration was determined with reference to the valuation of the Properties of HK\$153 million as at 31 January 2018 conducted by the Independent Surveyor, we are of the view that it is not unreasonable that the Consideration is higher than the total acquisition costs incurred by the Vendor in its acquisitions of the Properties (i.e., representing approximately 50.6% higher than the price that the Vendor acquired the Properties in 2016) and also that the Consideration is fair and reasonable.

3. Financial effects of the Acquisition

Upon Completion, each of the Target Group Companies will become indirect wholly-owned subsidiaries of the Company, and their results and assets and liabilities will be consolidated into the financial statements of the Group. As set out in the sub-section headed “1.4 Reasons for entering into the Acquisition Agreement”, it is intended that after Completion, the Properties will be held for leasing and accordingly we are of the view that the Acquisition is expected to have positive effect on the Group’s earnings.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors discussed above and in particular the following:

- (i) the Group has been exploring for investment opportunities after completion of the disposal of the lottery business as well as the refinancing at Ponte 16;
- (ii) Properties are located adjacent to the Existing Property and therefore the Acquisition has the potential to increase the overall efficiencies of these properties;
- (iii) the favourable office property market in Hong Kong;
- (iv) the Consideration was determined after arm's length negotiation between the Vendor and the Purchaser; and
- (v) the Consideration is at a discount to the Transaction Value,

we consider that the terms of the Acquisition Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the proposed resolution in respect of the Acquisition Agreement and the transactions contemplated thereunder at the SGM.

Yours faithfully,
For and on behalf of
Beijing Securities Limited
Charles Li
Director

The following is the valuation report prepared for the purpose of incorporation in this circular received from LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor, in connection with their opinion of values of the Properties as at 31 January 2018.



The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the HKIS Valuation Standards 2017 (the “HKIS Standards”) and published by the Hong Kong Institute of Surveyors (the “HKIS”). The standards entitles the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for reader’s identification purpose only and have no legal status or implication in this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to us at the Latest Practicable Date (as defined in the circular of Success Universe Group Limited of today’s date (the “Circular”)). If additional documents and facts are made available, we reserve the right to amend this report and its conclusions.

17th Floor
Champion Building
287-291 Des Voeux Road Central
Hong Kong

6 April 2018

The Board of Directors
Success Universe Group Limited
Suites 1601-2 and 8-10, 16th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with the instructions to us by the present management of Success Universe Group Limited (hereinafter referred to as the “Instructing Party”) to value the designated real properties (same as the word *properties* in this report) in Hong Kong proposed to be acquired by Success Universe Group Limited (the “Company”) and its subsidiaries (collectively, together with

the Company hereinafter referred to as the “Group”), we confirm that we have made inspection, enquiries and obtained such further information as we consider necessary to support our findings and our opinion of values of the properties as at 31 January 2018 (hereinafter referred to as the “Valuation Date”). Our work product is for the Instructing Party’s internal management reference purpose and to be incorporated into an announcement and/or a circular of the Company for its shareholders’ reference.

We understand that the Instructing Party will incorporate our work product (regardless of form of presentation) as part of its business due diligence and we have not been engaged to make specific sales or purchase recommendations, or give opinion for any financing arrangement. We further understand that the use of our work product will not supplant other due diligence, which the Instructing Party should conduct, in reaching its business decisions regarding the properties valued. Our work is designed solely to provide an independent valuation that will allow the Instructing Party to make an informed decision.

BASIS OF VALUATION AND ASSUMPTIONS

In this engagement, we have provided our opinion of values of the properties on market value basis. The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely.

The term “Market Value” is defined by the HKIS Standards as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Unless otherwise stated, our valuations of the properties have been made on the assumptions that, as at the Valuation Date,

1. the legally interested party in each of the properties has free and uninterrupted rights to assign its relevant property interest for the whole of the unexpired terms as granted, and any premium payable have already been fully paid; and
2. the legally interested party in each of the properties sells its relevant property interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the property interest.

Should any of the above not be the case, it will have adverse impact to the values as reported.

VALUATION METHODOLOGY

In assessing the market value of the properties on “as-is” basis and subject to the existing tenancies, we have considered the market comparison method of the market approach and the term and reversion method (also known as investment method and sometimes this method also refers as market approach because the reversionary interests and the rate of return are market-derived). In assessing the term value, we considered the rent receivable from the existing tenancy agreement and a market-derived yield to discount the future rental income. In assessing the reversionary value, we have adopted the market comparison method in assessing the market value of the property interests after expiry of the tenancies. Our valuation conclusion is by summation of term value and reversionary value.

MATTERS THAT MIGHT AFFECT THE VALUES REPORTED

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing on the properties valued nor any expenses or taxation which may be incurred in affecting a sale of each of the properties. Unless otherwise stated, it is assumed that the properties are free from all encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In our valuations, we have assumed that the properties are able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported values significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

ESTABLISHMENT OF TITLES

In the course of valuations, we have conducted title searches on the properties in the Land Registry of Hong Kong, and we have been provided copies of tenancy agreements of the properties. However, we have not inspected the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We are not legal professional and we are unable to ascertain the titles and to report any encumbrances (if any) that are registered against the properties. No responsibility or liability is assumed.

In our report, we have assumed that the registered owners of the properties have free and uninterrupted rights to occupy, to transfer, to mortgage or to let its relevant property interests (in this instance, an absolute title) for the whole of the unexpired terms as granted, free of all encumbrances, and that there would have no legal impediment (especially from the regulators) for the registered owners to continue the legal titles of the properties. Should this not be the case, it will affect our findings or conclusion of values in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES

We have conducted inspections to the exterior, and where possible, the interior of the properties in respect of which we have been provided with such information as we have requested for the purpose of this valuation engagement. The inspection was conducted by our Sr Elsa Ng (professional surveyor) on 9 February 2018. We have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in a reasonable condition. We cannot express an opinion about or advise upon the conditions of the properties and our work product should not be taken as making any implied representation or statement about the conditions of the properties. No building survey, structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. We assumed all usual main services of water, electricity, telephone and drainage are provided to the properties. No tests were carried out to the services (if any) and we are unable to identify those services either covered, unexposed or inaccessible.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made in the properties, and that the use of the attached valuation certificate should not be used as the building surveys of the properties. If the Instructing Party or any party interested in the properties wants to satisfy themselves for the condition of the properties, they should obtain a surveyor's detailed inspection and report of their own.

We have not carried out on-site measurements to verify the correctness of the floor areas of the properties, but have assumed that the floor areas shown on the documents and official floor plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement did not include land survey to verify the legal boundaries and the exact locations of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the representation of the Company's personnel with regard to the legal boundaries and locations of the properties. No responsibility is assumed in this regard.

SOURCES OF INFORMATION AND ITS VERIFICATION

We have relied solely on the information provided by the Instructing Party or appointed personnel of the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

When we adopted the work products from other professions, external data providers and/or the Instructing Party or appointed personnel of the Company in our valuations, the assumptions and caveats adopted by them in arriving at their opinion also applied in our valuations. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching at our opinion. As we have not performed an audit, we are not expressing an audit opinion in our valuations.

As at the Latest Practicable Date, we are unable to identify any adverse news against the properties which may affect the reported values in this report. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the values reported herein.

We are unable to accept any responsibility for the information that has not been supplied to us by the Instructing Party or appointed personnel of the Company. Also, we have sought and received confirmation from the Instructing Party or appointed personnel of the Company that no material factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Instructing Party of material and latent facts that may affect the valuations.

To the best of our knowledge, all data set forth in the attached summary of values and the valuation certificate are true and accurate. Although gathered from reliable sources, no warranty is made nor liability assumed for the accuracy of any data, opinion, or estimates identified as being furnished by others which have been used in formulating the attached summary of values and the valuation certificate.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party or appointed personnel of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars (“HK\$”).

LIMITING CONDITIONS

Our opinion of values of the properties in the attached summary of values and the valuation certificate are valid only for the stated purpose as at the Valuation Date and for the sole use of the Instructing Party. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and no obligation is assumed to revise the summary of values and the valuation certificate to reflect events or conditions which occur subsequent to the date hereof.

Neither we nor any individuals signing or associated with this engagement shall be required by reason of this engagement to give further consultation, testimony, or appear in court or other legal proceedings, unless prior specific arrangements have been made.

Neither the whole nor any part of the attached summary of values and the valuation certificate or any reference made hereto may be included in any published document, circular or statement, or be published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in the Circular for the Company's shareholders' reference.

STATEMENTS

The attached summary of values and the valuation certificate are prepared in line with the reporting guidelines as contained in Chapter 5 of the Listing Rules (as defined in the Circular) as well as the HKIS Standards. The valuations have been undertaken by us, acting as external valuer, qualified for the purpose of the valuations.

We retain a copy of this report together with the data from which it was prepared. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for future reference.

The analysis or valuations of the properties depend solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported findings or conclusion of values significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion of values and we have no significant interest in the properties, the Group or the values reported.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Elsa Ng Hung Mui *B.Sc. M.Sc. RPS (GP)*
Executive Director

Contributing valuers:

Junior Ho *B.Sc. M.Sc.*

Lee Hoi Kit Alex *B.Sc.*

Sr Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong, Macau and mainland China since 1994. She is a Fellow member of HKIS and a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

SUMMARY OF VALUES**Properties in Hong Kong and Valued on Market Value Basis**

Property	Amount of valuations in existing state as at 31 January 2018
1. Office Unit No. 1001A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	HK\$55,000,000 (100 per cent.)
2. Office Unit No. 1004B on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong	HK\$98,000,000 (100 per cent.)
	<hr/>
	Total: <u>HK\$153,000,000*</u>

* *In words, HONG KONG DOLLARS ONE HUNDRED AND FIFTY THREE MILLION ONLY*

VALUATION CERTIFICATE

Properties in Hong Kong and Valued on Market Value Basis

Property	Description and tenure	Particulars of occupancy	Amount of valuation in its existing state as at 31 January 2018
1. Office Unit No. 1001A on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong 174/227600th shares of and in Inland Lot No. 8423 (the "Lot")	<p>The property comprises an office unit (which is adjoining to Property No.2 below) on the 10th Floor of a 28-storeyed office tower erected over a common 4-storeyed podium with another office tower block.</p> <p>The building was completed in 1980.</p> <p>The property has a saleable area of approximately 107.40 square meters (1,156 square feet).</p> <p>The Lot is held under a Conditions of Grant No. UB11226 for a term of 75 years and renewable for further 75 years thereof commencing from 18 August 1978.</p> <p>The current annual rent payable for the Lot is equal to \$1,000.00 per annum.</p>	<p>As inspected by us and confirmed by the appointed personnel of the Company, as at the Valuation Date, the property was subject to tenancy for office purpose. (See Note 3 below)</p>	<p>HK\$55,000,000 (100 per cent. interest)</p> <p>HONG KONG DOLLARS FIFTY FIVE MILLION ONLY</p>

Notes:

- The registered owner of the property is Powerful Concept Limited vide an Assignment dated 18 October 2016 and registered in the Land Registry by Memorial No. 16110300680014 on 3 November 2016.
- The property is subject to a Mortgage in favour of United Overseas Bank Limited in the consideration of all moneys dated 2 February 2017 and registered in the Land Registry by Memorial No. 17021601950134 on 16 February 2017.
- According to the information available to us, the property is subject to a tenancy agreement dated 30 June 2017 and entered into between Powerful Concept Limited as landlord and Success International Management Services Limited as tenant for a term of two years commencing from 2 July 2017 to 1 July 2019 at a monthly rental of HK\$74,204.00, exclusive of government rates, air-conditioning charges and management fees and all other outgoings. The tenant has an option to renew the tenancy for a further term of two years at the then open market rental.

Property	Description and tenure	Particulars of occupancy	Amount of valuation in its existing state as at 31 January 2018
2. Office Unit No. 1004B on the 10th Floor of Tower 1 of Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong 2049/4088th of 610/227600th shares of and in Inland Lot No. 8423 (the "Lot")	<p>The property comprises an office unit (which is adjoining to Property No.1 above) on the 10th Floor of a 28-storeyed office tower erected over a common 4-storeyed podium with another office tower block.</p> <p>The building was completed in 1980.</p> <p>The property has a saleable area of approximately 190.36 square meters (2,049 square feet).</p> <p>The Lot is held under a Conditions of Grant No. UB11226 for a term of 75 years and renewable for further 75 years thereof commencing from 18 August 1978.</p> <p>The current annual rent payable for the Lot is equal to \$1,000.00 per annum.</p>	<p>As inspected by us and confirmed by the appointed personnel of the Company, as at the Valuation Date, the property was subject to tenancy for office purpose. (See Note 3 below)</p>	<p>HK\$98,000,000 (100 per cent. interest)</p> <p>HONG KONG DOLLARS NINETY EIGHT MILLION ONLY</p>

Notes:

- The registered owner of the property is Famous Capital International Limited vide an Assignment dated 7 June 2013 and registered in the Land Registry by Memorial No. 13061801960017 on 18 June 2013.
- The property is subject to a Mortgage in favour of United Overseas Bank Limited in the consideration of all moneys dated 2 February 2017 and registered in the Land Registry by Memorial No. 17021601950125 on 16 February 2017.
- According to the information available to us, the property is subject to a tenancy agreement dated 30 June 2017 and entered into between Famous Capital International Limited as landlord and Success International Management Services Limited as tenant for a term of two years commencing from 2 July 2017 to 1 July 2019 at a monthly rental of HK\$163,644.00, exclusive of government rates, air-conditioning charges and management fees and all other outgoings. The tenant has an option to renew the tenancy for a further term of two years at the then open market rental.

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 Board, had a corporate interest in 2,566,557,462 Shares by virtue of the interest of the Shares held by Silver Rich Macau Development Limited, which is direct wholly and beneficially 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 were as follows:

Mr. Yeung, an executive Director and the Chairman of the Board, 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

Name of company	Nature of competing business	Nature of interest
Famous Capital	property investment in Hong Kong (commercial building)	ultimate beneficial owner
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	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, other than Mr. Yeung's interest in the Acquisition, 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

Other than the Acquisition Agreement, 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 signed between the Company as borrower and Mr. Yeung as lender for the grant of a term loan facility of up to HK\$290 million by Mr. Yeung to the Company (collectively, the “**Loan Facility Letters**”); and
- (ii) the First Tenancy Agreement entered into between Good Sun as landlord and SIMSL as tenant in respect of the leasing of the Existing Property 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 rental) 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 First 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. 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. 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.

6. 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:

- (i) 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 Existing Property at the consideration of HK\$175 million, details of which are set out in the announcement of the Company dated 11 May 2016;
- (ii) the composite confirmation letter dated 23 June 2017 (the “**Composite Confirmation Letter**”) given by, among others, the Company in favour of Industrial and Commercial Bank of China (Macau) Limited (the “**Security Agent**”) as security agent under which, inter alia, the Company confirmed that the provisions of the corporate guarantee executed by the Company to guarantee the payment obligation of Pier 16 – Property Development Limited (“**Pier 16 – Property Development**”, an associate of the Group) in respect of the term loan facilities in the aggregate amounts of HK\$1,900 million and RMB400 million made available to Pier 16 – Property Development granted by a group of financial institutions on 28 June 2012 remain in full force and effect, details of which are set out in the circular of the Company dated 19 July 2017 (the “**2017 Circular**”);
- (iii) 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, details of which are set out in the 2017 Circular;
- (iv) the composite amendment and restatement of share pledges dated 23 June 2017 executed by, among others, World Fortune Limited (“**World Fortune**”, an indirect wholly-owned subsidiary of the Company) as pledgor and Pier 16 – Property Development as company whereby, inter alia, World Fortune confirmed that the provisions of the share pledge over all the shares in Pier 16 – Property Development given by, among others, World Fortune as pledgor and Pier 16 – Property Development as company in favour of the Security Agent on 28 June 2012 remain in full force and effect, details of which are set out in the 2017 Circular;

- (v) the confirmation of subordination agreement dated 23 June 2017 executed by, among others, Pier 16 – Property Development and World Fortune under which World Fortune confirmed that the provisions of 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 remain in full force and effect, details of which are set out in the 2017 Circular; and
- (vi) the sale and purchase agreement dated 8 September 2017 entered into between Victory Devotion Limited as vendor and Wide Fortune Group Limited as purchaser in relation to the disposal of (i) eight shares of par value of US\$1.00 each in the issued share capital of Honour Rich China Development Limited (“**Honour Rich**”, a then 80% indirectly owned subsidiary of the Company), representing 80% of the total issued share capital of Honour Rich; (ii) all the shareholder’s loans due or owing by Honour Rich to Victory Devotion Limited; and (iii) the aggregate amount of all the loans due or owing by Mr. Wu Hong to Victory Devotion Limited at the aggregate consideration of HK\$12 million, details of which are set out in the announcement of the Company dated 8 September 2017.

7. EXPERTS

(a) Qualification of experts

The following are the names and qualifications of the experts who have given their opinion or advice which are contained in this circular:

Name	Qualification
Beijing Securities	a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
LCH (Asia-Pacific) Surveyors	independent professional surveyor

(b) Interests of experts

As at the Latest Practicable Date, each of Beijing Securities and LCH (Asia-Pacific) Surveyors did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. CONSENTS

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter, report, advice and/or references to its name, in the form and context in which they respectively appear in this circular.

9. 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, the notice of the SGM and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

10. 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 the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts as referred to in the paragraph headed “6. Material contracts” above in this appendix;
- (c) the Loan Facility Letters;
- (d) the First Tenancy Agreement;
- (e) the Acquisition Agreement;
- (f) the Tenancy Agreement I;
- (g) the Tenancy Agreement II;
- (h) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 26 and 27 of this circular;
- (i) the letter from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 28 to 48 of this circular;
- (j) the Valuation Report, the text of which is set out in Appendix I to this circular;
- (k) the written consents referred to in the paragraph headed “8. Consents” in this appendix; and
- (l) this circular.

NOTICE OF THE SGM



SUCCESS

SUCCESS UNIVERSE GROUP LIMITED 實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Success Universe Group Limited (the “**Company**”) will be held at Boardroom 8, Lower Lobby, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 26 April 2018 at 2:30 p.m. for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the sale and purchase agreement dated 13 February 2018 (“**Acquisition Agreement**”) entered into among Victory Devotion Limited, a direct wholly-owned subsidiary of the Company, as purchaser (“**Purchaser**”), Active Trade Investments Limited, a company direct wholly and beneficially owned by Mr. Yeung Hoi Sing, Sonny (“**Mr. Yeung**”), the Chairman of the board of directors of the Company (“**Board**”), an executive director of the Company as well as a controlling shareholder of the Company, as vendor (“**Vendor**”) and Mr. Yeung, as guarantor for the Vendor (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification) pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued shares of Merchant Charm Limited and Massive Success Global Limited and all amounts owing to the Vendor by these two companies, the terms and conditions thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

NOTICE OF THE SGM

- (b) the Board be and is hereby generally and unconditionally authorised for and on behalf of the Company to do all such acts and things and to sign all such documents and to take such actions as it considers necessary or expedient or desirable in connection with or to give effect to the Acquisition Agreement and to implement the transactions contemplated thereunder and to agree to such variation, amendments, supplement or waivers of matters relating thereto as, in the opinion of the Board, are in the interest of the Company.”

By order of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Chiu Nam Ying, Agnes
Company Secretary

Hong Kong, 6 April 2018

Notes:

1. A form of proxy to be used for the SGM is enclosed with the circular dated 6 April 2018 issued by the Company.
2. Any shareholder of the Company (“**Member(s)**”) entitled to attend and vote at the SGM is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A Member who is the holder of two or more shares of the Company (“**Share(s)**”) may appoint more than one proxy to attend and vote on his/her behalf at the SGM. A proxy need not be a Member but must attend the SGM in person to represent the Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same power on behalf of the Member which he/she or they represent as such Member could exercise.
3. Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
5. To be valid, the instrument appointing a proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the office of the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, in accordance with the instructions printed thereon not less than forty-eight (48) hours before the time appointed for holding the SGM (i.e. not later than 2:30 p.m. on Tuesday, 24 April 2018).

NOTICE OF THE SGM

6. Completion and deposit of an instrument appointing a proxy will not preclude a Member from attending and voting in person at the SGM or any adjournment thereof if the Member so wishes and in such event, the instrument appointing a proxy shall be deemed to have been revoked.
7. For the purpose of determining the Members who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 23 April 2018 to Thursday, 26 April 2018, both days inclusive, during such period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the SGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 20 April 2018 for registration.
8. References to time and dates in this notice are to Hong Kong time and dates.