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SUCCESS

SUCCESS UNIVERSE GROUP LIMITED

實德環球有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00487)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

INTERIM RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	<i>Note</i>	Unaudited	
		For the six months ended	
		30/6/2022	30/6/2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	54,536	35,384
Cost of sales		<u>(49,240)</u>	<u>(31,120)</u>
Gross profit		5,296	4,264
Other revenue and gain	4	2,492	2,745
Fair value gain on investment properties		1,100	9,600
Loss arising on change in fair value of financial assets at fair value through profit or loss		(97,020)	(7,109)
Administrative expenses		(21,677)	(23,362)
Other operating expenses	5(c)	<u>(1,713)</u>	<u>(4,950)</u>
Loss from operations		(111,522)	(18,812)
Finance costs	5(a)	(4,658)	(4,010)
Share of results of joint ventures		320	332
Share of results of associates		<u>(9,605)</u>	<u>(30,274)</u>
Loss before taxation	5	(125,465)	(52,764)
Taxation	6	<u>–</u>	<u>–</u>
Loss for the period		<u>(125,465)</u>	<u>(52,764)</u>
Loss for the period attributable to owners of the Company		<u>(125,465)</u>	<u>(52,764)</u>
Loss per share			
– Basic and diluted	8	<u>(2.55) HK cents</u>	<u>(1.07) HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited	
	For the six months ended	
	30/6/2022	30/6/2021
	HK\$'000	HK\$'000
Loss for the period	(125,465)	(52,764)
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(323)	1,252
Profit arising on change in fair value of financial assets at fair value through other comprehensive income	—	216
	<hr/>	<hr/>
Total other comprehensive (loss)/income for the period, net of tax	(323)	1,468
	<hr/>	<hr/>
Total comprehensive loss for the period	(125,788)	(51,296)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive loss for the period attributable to owners of the Company	(125,788)	(51,296)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Note</i>	Unaudited At 30/6/2022 HK\$'000	Audited At 31/12/2021 HK\$'000
Non-current assets			
Property, plant and equipment		241,415	247,675
Intangible assets		8,587	9,855
Investment properties		139,700	138,600
Interests in associates		537,447	547,052
Interests in joint ventures		7,643	7,323
		934,792	950,505
Current assets			
Stock of properties		111,000	111,400
Trade and other receivables	9	14,934	9,952
Financial assets at fair value through profit or loss		171,082	266,804
Pledged bank deposits		561	558
Cash and cash equivalents		39,340	49,611
		336,917	438,325
Current liabilities			
Trade and other payables	10	25,478	17,282
Bank loans		258,500	302,500
Lease liabilities		400	584
Financial guarantee contract		322	322
		284,700	320,688
Net current assets		52,217	117,637
Total assets less current liabilities		987,009	1,068,142

	Unaudited At 30/6/2022 <i>HK\$'000</i>	Audited At 31/12/2021 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	152	336
Loan from a director and controlling shareholder	105,000	60,000
Financial guarantee contract	–	161
	<u>105,152</u>	<u>60,497</u>
Net assets	<u>881,857</u>	<u>1,007,645</u>
Capital and reserves		
Share capital	49,265	49,265
Reserves	832,592	958,380
	<u>881,857</u>	<u>1,007,645</u>
Total equity attributable to owners of the Company	<u>881,857</u>	<u>1,007,645</u>

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021 as contained in the Company’s Annual Report 2021 (the “Annual Report 2021”).

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements are denominated in Hong Kong dollar (“HK\$”). Unless otherwise specifically stated, all amounts are presented in thousand.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss (“FVTPL”), which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements are consistent with those used in the Annual Report 2021, except as otherwise described below.

Application of Amendments to Hong Kong Financial Reporting Standards (“HKFRS(s)”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the condensed consolidated financial statements:

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provide information about components of the Group. This information are reported to and reviewed by the chief operating decision maker (the “CODM”) for the purposes of resource allocation and performance assessment.

The CODM considers the business from both geographic and service perspective.

The Group has presented the following two reportable segments:

- Travel business: sales of air tickets and provision of travel-related services.
- Property investment business: receiving rental income from leasing office premises and sale of properties in Hong Kong.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8 “Operating Segments”, segment information disclosed in these condensed consolidated financial statements has been prepared in a manner consistent with the information used by the Group’s CODM for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group’s CODM monitors the results and assets attributable to each reportable segment on the following basis:

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors’ emoluments, share of results of associates and joint ventures, loss arising on change in fair value of financial assets at FVTPL, impairment loss recognised on intangible assets which are allocated to corporate assets and corporate finance costs. To arrive at reportable segment profit, the management additionally provide segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, interest income and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

All assets are allocated to reportable segments other than amount due from associates, interests in associates and joint ventures as well as financial assets at FVTPL. Unallocated corporate assets mainly included part of the property, plant and equipment as well as intangible assets, together with cash and cash equivalents of the central administration companies.

All liabilities are allocated to reportable segments other than corporate liabilities. Unallocated corporate liabilities mainly include financial guarantee contracts, loan from a director and controlling shareholder and bank loans and other payables borne by the central administration companies.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Travel Unaudited For the six months ended		Property investment Unaudited For the six months ended		Total Unaudited For the six months ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	<u>53,216</u>	<u>33,437</u>	<u>1,320</u>	<u>1,947</u>	<u>54,536</u>	<u>35,384</u>
Reportable segment profit/(loss)	<u>3,670</u>	<u>(1,854)</u>	<u>3,057</u>	<u>11,988</u>	<u>6,727</u>	<u>10,134</u>
Share of results of joint ventures					320	332
Share of results of associates					(9,605)	(30,274)
Loss arising on change in fair value of financial assets at FVTPL					(97,020)	(7,109)
Impairment loss recognised on intangible assets					(4,882)	(3,734)
Unallocated corporate income					896	748
Unallocated corporate expenses					(17,247)	(18,861)
Finance costs					(4,654)	(4,000)
Consolidated loss before taxation					(125,465)	(52,764)
Taxation					-	-
Consolidated loss for the period					<u>(125,465)</u>	<u>(52,764)</u>

	Travel		Property investment		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	at	at	at	at	at	at
	30/6/2022	31/12/2021	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	46,053	34,662	251,265	250,493	297,318	285,155
Unallocated corporate assets						
– Interests in associates					537,447	547,052
– Interests in joint ventures					7,643	7,323
– Financial assets at FVTPL					171,082	266,804
– Corporate assets					258,219	282,496
					1,271,709	1,388,830
Reportable segment liabilities	19,671	11,638	1,556	1,503	21,227	13,141
Unallocated corporate liabilities						
– Corporate liabilities					368,625	368,044
					389,852	381,185

(b) Other segment information

	Travel		Property investment		Other corporate entities		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	For the six months ended		For the six months ended		For the six months ended		For the six months ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Bank interest income	-	-	-	-	3	3	3	3
Depreciation:								
– owned property, plant and equipment	(134)	(279)	-	-	(5,823)	(5,826)	(5,957)	(6,105)
– right-of-use assets	(349)	(328)	-	-	-	(92)	(349)	(420)
(Allowance for)/reversal of allowance for expected credit losses on trade receivables	(43)	734	-	-	-	-	(43)	734
Reversal of impairment losses/ (impairment losses) recognised on intangible assets	3,612	(1,450)	-	-	(4,882)	(3,734)	(1,270)	(5,184)
Fair value gain on investment properties	-	-	1,100	9,600	-	-	1,100	9,600
Write-down of stock of properties, net	-	-	(400)	(500)	-	-	(400)	(500)
Finance costs	(4)	(10)	-	-	(4,654)	(4,000)	(4,658)	(4,010)
Additions to non-current assets*	30	6	-	-	35	418	65	424

* Additions to non-current assets only include the additions to property, plant and equipment but excluded right-of-use assets for both periods.

(c) Disaggregation of revenue

	Unaudited	
	For the six months ended	
	30/6/2022	30/6/2021
	HK\$'000	HK\$'000
Revenue from contract with customers:		
<i>Recognised at a point in time</i>		
<u>Travel business:</u>		
Sales of air tickets	48,279	33,024
Travel and related service fee income	4,937	413
	<u>53,216</u>	<u>33,437</u>
Revenue from other sources:		
Rental income	1,320	1,947
	<u>1,320</u>	<u>1,947</u>
Total revenue	<u>54,536</u>	<u>35,384</u>

4. OTHER REVENUE AND GAIN

	Unaudited	
	For the six months ended	
	30/6/2022	30/6/2021
	HK\$'000	HK\$'000
Other revenue:		
Interest income on bank deposits	3	3
Interest income from financial assets at fair value through other comprehensive income	–	139
Government grants (<i>note</i>)	823	640
Other income	1,505	1,640
	<u>2,331</u>	<u>2,422</u>
Other gain:		
Amortisation of financial guarantee contract	161	323
	<u>161</u>	<u>323</u>
Total	<u>2,492</u>	<u>2,745</u>

Note:

For the period ended 30 June 2022, the Group recognised government grant of approximately HK\$823,000 (for the six months ended 30 June 2021: approximately HK\$640,000) in respect of COVID-19-related subsidies which are related to Employment Support Scheme under the Anti-epidemic Fund provided by the Hong Kong government and several subsidies schemes provided by the Canada government to support the enterprises which have severe disruptions caused by COVID-19.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) as follows:

	Unaudited	
	For the six months ended	
	30/6/2022	30/6/2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans	3,053	2,826
Interest on loan from a director and controlling shareholder	1,601	1,174
Interest on lease liabilities	4	10
	<u>4,658</u>	<u>4,010</u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	10,457	9,942
Contributions to defined contribution retirement plan	431	417
	<u>10,888</u>	<u>10,359</u>
(c) Other operating expenses		
Write-down of stock of properties, net	400	500
Impairment losses recognised on intangible assets, net	1,270	5,184
Allowance for/(reversal of allowance for) expected credit losses on trade receivables	43	(734)
	<u>1,713</u>	<u>4,950</u>
(d) Other items		
Auditors' remuneration	504	600
Depreciation:		
– owned property, plant and equipment	5,957	6,105
– right-of-use assets	349	420
Gain on disposal of property, plant and equipment	–	(110)
Loss on disposal of financial assets at fair value through other comprehensive income	–	143
Gross rental income from investment properties	(1,320)	(1,947)
Less: Direct operating expenses incurred for investment properties that generated rental income during the period	154	157
Operating lease rentals		
– short-term lease	395	865
– low-value assets	37	56
Net exchange gain	(1,302)	(38)

6. TAXATION IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Unaudited	
	For the six months ended	
	30/6/2022	30/6/2021
	HK\$'000	HK\$'000
Current tax	<u>–</u>	<u>–</u>

Hong Kong Profits Tax is calculated at 16.5% (for the six months ended 30 June 2021: 16.5%) of the estimated assessable profit for the period. No Hong Kong Profits Tax, in which the subsidiaries operate, has been provided for the six months ended 30 June 2022 and 2021 as the Group has no estimated assessable profits for the periods.

Canadian subsidiaries are subject to Canadian Corporate Income Tax which comprises federal and provincial income taxes. The net federal income tax is calculated at 15% (for the six months ended 30 June 2021: 15%) and the provincial income tax is calculated at the rates prevailing in the relevant provinces. No provision for Canadian Corporate Income Tax has been made for the period ended 30 June 2022 as the Group has sufficient tax losses brought forward available to offset the current period's estimated assessable profits in Canada (for the six months ended 30 June 2021: no assessable profits).

The People Republic of China ("PRC") subsidiary is subject to PRC Enterprise Income Tax at 25% (for the six months ended 30 June 2021: 25%). No provision for PRC Enterprise Income Tax has been made for the periods ended 30 June 2022 and 2021 as the Group has no assessable profits arising in the PRC.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

No dividend payable to owners of the Company attributable to the previous financial year was approved and paid during the period.

8. LOSS PER SHARE

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

	Unaudited	
	For the six months ended	
	30/6/2022	30/6/2021
	HK\$'000	HK\$'000
Loss:		
Loss for the period attributable to the owners of the Company	<u>(125,465)</u>	<u>(52,764)</u>
	<i>'000</i>	<i>'000</i>
	<i>shares</i>	<i>shares</i>
Number of shares:		
Weighted average number of shares for the purpose of basic loss per share	<u>4,926,491</u>	<u>4,926,491</u>

Diluted loss per share for the periods ended 30 June 2022 and 2021 was the same as the basic loss per share. There were no potential dilutive ordinary shares outstanding for both periods presented.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables, the aging analysis for trade receivables, based on the due dates and net of allowance for expected credit losses, is as follows:

	Unaudited	Audited
	At	At
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Current	10,378	3,498
31 to 60 days	445	552
61 to 90 days	230	135
Over 90 days	412	721
	<hr/>	<hr/>
Trade receivables	11,465	4,906
Other receivables	1,233	901
Prepayments and deposits	2,236	4,145
	<hr/>	<hr/>
	14,934	9,952
	<hr/> <hr/>	<hr/> <hr/>

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

Included in trade receivables, the lease receivables of approximately HK\$145,000 (31 December 2021: approximately HK\$203,000) arise from properties rental income.

The Group normally allows an average credit period of 30 days to customers of travel business (31 December 2021: average credit period of 30 days). For the customer of property investment business, no credit period was granted.

10. TRADE AND OTHER PAYABLES

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

	Unaudited	Audited
	At	At
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Current	12,495	3,587
31 to 60 days	318	95
61 to 90 days	574	68
Over 90 days	127	1,398
	<hr/>	<hr/>
Trade payables	13,514	5,148
Accrued charges and other payables	11,964	12,134
	<hr/>	<hr/>
	25,478	17,282
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MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the first half of 2022, the business environment was rife with challenges. The appearance of the highly contagious Omicron variant had driven another wave of infections around the world, which discouraged cross-border travel to a degree. China was influenced by this new wave of Omicron-led outbreak, which triggered rigorous traffic control measures and imposed lockdowns in multiple cities. The new COVID-19 outbreaks in Hong Kong and Macau during the first half of 2022 led to the tightening of various quarantine and social distancing measures. As a result, tourism, hospitality and gaming industries continued to struggle during the period under review.

In addition, the global economy has been battered by a slew of events, which include supply chain disruption, the consecutive rate hike announced by the Federal Reserve, and the Russia-Ukraine conflict. These have led to a serious rise in inflation and the cost of living. Under such a turbulent and unpredictable environment, investment sentiment was inevitably dampened and weakened, slowing the pace of economic recovery.

In June 2022, Law 7/2022 (the “New Gaming Law”), which amended Law 16/2001 “Legal Framework for Operating Games of Chance in Casinos”, was approved by the Macau Legislative Assembly. The New Gaming Law has cleared uncertainties regarding the prospects of the gaming industry with the aim to promote a healthy development of the gaming industry, and will surely facilitate its long-term sustainable development. However, in the short to medium-term, the recovery of the gaming industry will still depend on the development of the pandemic, the unity and concerted efforts of the Macau government and its people as well as the backing of the Central Government. The Group will closely monitor the gaming industry movements and is confident in its development and recovery.

Results

For the six months ended 30 June 2022, revenue of the Group was approximately HK\$54.5 million, increased by approximately 54% from approximately HK\$35.4 million for the same period of 2021. Gross profit was approximately HK\$5.3 million, increased by approximately 24% from approximately HK\$4.3 million for the last corresponding period. The Group’s shared loss of the associates relating to Ponte 16, the flagship investment project of the Group (the “Associates”), for the first half of 2022 was approximately HK\$9.6 million, decreased by approximately 68% from approximately HK\$30.3 million for the last corresponding period. Loss attributable to owners of the Company for the reporting period increased by approximately 1.4 times to approximately HK\$125.5 million (2021: approximately HK\$52.8 million), whilst loss per share was 2.55 HK cents (2021: 1.07 HK cents).

The increase in the unaudited consolidated loss of the Group for the six months ended 30 June 2022 was mainly attributable to a substantial increase in the unrealised fair value loss on the Group's overseas listed equity securities, notwithstanding the decrease in the Group's share of loss of the Associates. The unrealised fair value loss is a non-cash item and will not affect the cash flows of the Group.

Interim Dividend

The directors of the Company ("Director(s)") do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

Review of Operations

Travel Business

The Group operates one of the largest travel agencies in Canada, Jade Travel Ltd. ("Jade Travel"), which has dedicated segments targeting wholesale and retail markets respectively to provide customers with professional travel solutions. In the first half of 2022, the international tourism industry showed signs of recovery, as many tourist destinations had either eased or removed entry restrictions and quarantine measures. In April 2022, the government of Canada announced further relaxation of its border control measures, including, inter alia, the removal of mandatory quarantine and the pre-arrival test for fully vaccinated travellers. As a result, the travel demand from business and international students had shown a steady rise, most notably in May and June 2022. Thanks to its well-established network with all airlines operating in Canada and its online platform which provides round-the-clock customer service, Jade Travel was able to welcome the market recovery.

For the six months ended 30 June 2022, benefitting from the re-opening of Canada's border, the revenue of the travel business segment increased by approximately 59% to approximately HK\$53.2 million from approximately HK\$33.4 million for the last corresponding period. Profit of approximately HK\$3.7 million was recorded in this segment (2021: loss of approximately HK\$1.9 million), including a reversal of impairment loss on intangible assets of approximately HK\$3.6 million (2021: an impairment loss of approximately HK\$1.5 million) which was recognised for the reporting period.

Property Investment Business

During the first half of 2022, as affected by the new wave of COVID-19 outbreak and the ongoing social distancing policies, the demand for commercial property in Hong Kong remained weak. Due to the fluctuations in global stock markets and the hiking interest rates, purchase demand for properties was further cooled down. However, the recent falling rent rate and net absorption seemed to have plateaued in light of the gradual containment and stabilisation of the fifth wave of pandemic outbreak. Investors' sentiment is expected to revive gradually after the announcement of the loosening of various border control measures by the Hong Kong government in June 2022. As Hong Kong's robust fundamentals of being one of Asia's most successful financial hubs holding strong, the Group remains cautiously confident that the commercial property market in Hong Kong will recover further eventually and its investment portfolio will consistently contribute stable returns.

Revenue of the property investment business for the six months ended 30 June 2022 amounted to approximately HK\$1.3 million (2021: approximately HK\$1.9 million). Segment profit was approximately HK\$3.1 million (2021: approximately HK\$12.0 million), including the recognition of a fair value gain on investment properties of approximately HK\$1.1 million for the reporting period (2021: approximately HK\$9.6 million).

Investment Project – Ponte 16

Macau's economy was seriously challenged during the first half of 2022 due to the outbreak of the Omicron variant. The strict prevention and control measures, which were promptly implemented in both Mainland China and Macau, had directly affected the visitation from Mainland China. This wave of Omicron outbreak was gradually under control in Mainland China which made travelling during the Labour Day Golden Week possible in May 2022. Unfortunately, Macau reported local Omicron cases soon after, which once again put a halt not only on Macau's gaming and hospitality industries but also its economy. For the first half of 2022, accumulated Macau's gross gaming revenue amounted to approximately MOP26.3 billion, representing a decrease of 46.4% as compared with the same period of last year, attributable to the outbreak-induced border closures. Total tourist visitation numbers from January to June 2022 amounted to approximately 3.5 million, representing a decrease of 11.8% compared with the same period of last year.

Despite being affected by the Omicron outbreak and tightening visitation policy to preserve public health and safety in Macau, Ponte 16 continues to implement stringent cost control measures and streamline operations. Ponte 16's efforts to safeguard the health and safety of its employees and guests never stop. Precautionary measures, including, inter alia, more frequent disinfection of the premises, limiting the number of seats available per gaming table, compulsory temperature checks, wearing of surgical masks, compulsory health declaration and checking the health code of all visitors and its staff before allowing their entry, are in place to minimize the risk of infection. Ponte 16 operates in strict compliance with the anti-epidemic rules and regulations implemented by the Macau government. Subsequent to the period under review, the Group has provided shareholder's loans of HK\$19.6 million and HK\$9.8 million in July and August 2022 respectively in proportion to the Group's 49% shareholding in Pier 16 – Property Development Limited (“Pier 16 – Property Development”, an associate of the Group) for the purpose of financing its operating cost.

Following the implementation of the New Gaming Law in June 2022, Ponte 16 kept close communication with the Macau government to ensure its operations fulfilled the highest degree of compliance and legality. Ponte 16 is committed to playing its role in contributing to a healthy and long-term development of Macau's gaming industry and community.

During the reporting period, Ponte 16 continued to operate the “OLA澳優遊” (“OLA”), the one-stop platform featuring travel information and promotions in Macau. Ponte 16 continued to collaborate with local enterprises, including, inter alia, merchants and hotels, utilising the strong cultural resources of the Inner Harbour Area and its surrounding areas to provide discounts and privileges to its customers via OLA. OLA is committed to offering a truly wonderful cultural, travel and entertainment experience while catering for the needs of target customers and tourists, promoting the economy of the Macau Peninsula, as well as achieving synergy with local merchant partners to revitalise hospitality and tourism of Macau.

As at 30 June 2022, the casino of Ponte 16 had 109 gaming tables, consisting of 101 mass tables and 8 high-limit tables. The average occupancy rate of Sofitel Macau At Ponte 16 was approximately 46% for the first half of 2022 (2021: approximately 53%). For the six months ended 30 June 2022, an Adjusted EBITDA* loss of approximately HK\$1.0 million was recorded (2021: approximately HK\$41.4 million).

Despite the hospitality and tourism industries were seriously impacted by the highly contagious Omicron variant, Sofitel Macau At Ponte 16 has remained steadfast, as always, in maintaining its high quality of service with its widely recognised efforts. As of 30 June 2022, Sofitel Macau At Ponte 16 has received 3 honourable awards including “Enjoyable Travel Awards—Best City Resort” by Enjoyable Travel and “Best Resort Hotels” and “Best Executive Lounges” by the “2021 Travel & Leisure Industry Awards” presented by Travel & Leisure Magazine.

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

Significant Investment

The Group continued to hold overseas listed equity securities during the reporting period to diversify its investment portfolio. As at 30 June 2022, the Group held the following significant investment which was classified as financial assets at fair value through profit or loss:

Name of investment	Trading symbol	Number of common stock held as at 30 June 2022	Approximate percentage of stockholding as at 30 June 2022 %	Investment cost as at 30 June 2022 <i>Equivalent to HK\$ million</i>	Fair value as at 30 June 2022 <i>Equivalent to HK\$ million</i>	Approximate percentage to the Group's total assets as at 30 June 2022 %
Tesla, Inc. ("Tesla")	TSLA	32,250	0.003	47	171	13

Name of investment	Trading symbol	Number of common stock held as at 31 December 2021	Approximate percentage of stockholding as at 31 December 2021 %	Investment cost as at 31 December 2021 <i>Equivalent to HK\$ million</i>	Fair value as at 31 December 2021 <i>Equivalent to HK\$ million</i>	Approximate percentage to the Group's total assets as at 31 December 2021 %
Tesla	TSLA	32,250	0.003	47	267	19

Tesla was incorporated in the State of Delaware, the United States of America with its common stock traded on The Nasdaq Global Select Market. Tesla is principally engaged in designing, developing, manufacturing and selling high-performance fully electric vehicles and energy generation and storage systems, and offering services related to its sustainable energy products. As disclosed in Tesla's unaudited consolidated financial statements for the six months ended 30 June 2022, the total revenue of Tesla increased by approximately 59.7% to approximately USD35.7 billion (equivalent to approximately HK\$281.1 billion) for the six months ended 30 June 2022 as compared with that for the last corresponding period, and its net income attributable to common stockholders for the six months ended 30 June 2022 was increased by approximately 2.5 times to approximately USD5.6 billion (equivalent to approximately HK\$43.9 billion) (2021: approximately USD1.6 billion (equivalent to approximately HK\$12.3 billion)), which were primarily due to the increase in automotive sales revenue from increased deliveries and deployments of its products.

Beginning in the first quarter of 2021, there has been a trend in many parts of the world of increasing availability and administration of vaccines against COVID-19, as well as an easing of restrictions on social, business, travel and government activities and functions. On the other hand, infection rates and regulations continue to fluctuate in various regions and there are ongoing global impacts resulting from the pandemic, including challenges and increases in costs for logistics and supply chains, such as increased port congestion, intermittent supplier delays, labour shortages and a shortfall of semiconductor supply. Tesla has been affected by temporary manufacturing closures, employment and compensation adjustments, and impediments to administrative activities supporting its product deliveries and deployments.

In addition, Tesla has experienced and is experiencing varying levels of inflation resulting in part from various supply chain disruptions, increased shipping and transportation costs, increased raw material and labour costs and other disruptions caused by the COVID-19 pandemic and general global economic conditions. The inflationary impact on its cost structure has contributed to adjustments in its product pricing, despite a continued focus on reducing its manufacturing costs where possible.

Ultimately, Tesla cannot predict the duration of the COVID-19 pandemic or global economic trends. Tesla continues to monitor macroeconomic conditions to remain flexible and to optimise and evolve its business as appropriate, and attempt to optimally project demand and infrastructure requirements globally and deploy its production, workforce and other resources accordingly.

A fair value loss of approximately HK\$97.0 million was recognised for the six months ended 30 June 2022 in the consolidated statement of profit or loss of the Group (2021: approximately HK\$7.1 million). After the period under review, Tesla has declared a three-for-one split of Tesla's common stock effected in the form of a stock dividend in August 2022.

The significant investment is held for trading. The Group will review its investment strategy regularly in response to the changes in the market situation.

Financial Review

Liquidity, Financial Resources and Gearing

As at 30 June 2022, the Group had net current assets of approximately HK\$52.2 million (31 December 2021: approximately HK\$117.6 million) and net assets of approximately HK\$881.9 million (31 December 2021: approximately HK\$1,007.6 million). There was no material change in the Group's funding and treasury policies as disclosed in the annual report of the Company for the year ended 31 December 2021, and the Group has no hedging policy with respect to the foreign exchange exposure. The Group's transactional foreign exchange exposure was insignificant.

On 1 December 2008, Mr. Yeung Hoi Sing, Sonny (“Mr. Yeung”, being the Chairman of the Board, an executive Director and a controlling shareholder of the Company) provided a HK\$200 million term loan facility to the Company which is unsecured and charged with interest at the prime rate quoted for Hong Kong dollars loans by The Hongkong and Shanghai Banking Corporation Limited. The principal amount of the loan facility was increased up to HK\$290 million on 14 April 2009 (the “Revised Mr. Yeung’s Loan Facility”) and the final repayment date of the loan and all other sums owing to Mr. Yeung under the Revised Mr. Yeung’s Loan Facility was further extended from 31 October 2022 to 31 October 2024 by a supplemental letter of agreement dated 30 September 2021. As at 30 June 2022, the Company owed HK\$105.0 million to Mr. Yeung under the Revised Mr. Yeung’s Loan Facility (31 December 2021: HK\$60.0 million).

As at 30 June 2022, the Group’s secured bank facilities were approximately HK\$319.5 million (31 December 2021: HK\$339.5 million) which bear interest at Hong Kong interbank offered rate (HIBOR) plus a margin that was ranged from 1.7% to 2.0% per annum (2021: 1.7% to 1.75% per annum). In addition, the Group had secured general bank facilities for issuance of standby letters of credit of (i) CAD2.0 million (31 December 2021: CAD2.0 million) which carries a commission rate of 1.2% per annum; and (ii) approximately USD0.1 million (31 December 2021: approximately USD0.1 million). The proceeds of the facilities were for the Group’s general operation. As at 30 June 2022, the outstanding bank loans were HK\$258.5 million (31 December 2021: HK\$302.5 million).

As at 30 June 2022, the Group had current and non-current lease liabilities of approximately HK\$0.4 million and HK\$0.2 million (31 December 2021: approximately HK\$0.6 million and HK\$0.3 million) respectively.

As at 30 June 2022, total equity attributable to owners of the Company was approximately HK\$881.9 million (31 December 2021: approximately HK\$1,007.6 million). The net gearing ratio, which was measured on the basis of the interest-bearing borrowings (including lease liabilities), net of cash and cash equivalents, of the Group over total equity attributable to owners of the Company, was approximately 37% as at 30 June 2022 (31 December 2021: approximately 31%).

Pledge of Assets

As at 30 June 2022, the Group had secured the following assets:

- (a) the Group pledged all of its investment properties, one of its stock of properties as well as the leasehold land and building totally with the carrying amount of approximately HK\$457.9 million (31 December 2021: approximately HK\$461.0 million) to secure against the loan facilities of approximately HK\$319.5 million and a standby letter of credit of CAD2.0 million, totally equivalent to approximately HK\$331.8 million (31 December 2021: HK\$339.5 million and CAD2.0 million, totally equivalent to approximately HK\$351.9 million) granted to the Group;

- (b) World Fortune Limited, an indirect wholly-owned subsidiary of the Company, pledged all (31 December 2021: all) of its shares in Pier 16 – Property Development to a bank in respect of the loan facilities granted to Pier 16 – Property Development (the “Loan Facilities”); and
- (c) the Group pledged the time deposits of approximately USD0.1 million, equivalent to approximately HK\$0.6 million (31 December 2021: approximately USD0.1 million, equivalent to approximately HK\$0.6 million) to a bank for the issuance of a standby letter of credit of approximately USD0.1 million, equivalent to approximately HK\$0.6 million (31 December 2021: approximately USD0.1 million, equivalent to approximately HK\$0.5 million) for the operation of the Group.

Contingent Liabilities

The Company gave a corporate guarantee (the “Guarantee”) to a bank in respect of the Loan Facilities. The maximum guarantee amount borne by the Company under the Guarantee was HK\$490.0 million.

The outstanding loan under the Loan Facilities as at 30 June 2022 was approximately HK\$230.0 million (31 December 2021: approximately HK\$230.0 million).

Human Resources

As at 30 June 2022, the Group had a total of 70 employees. Remuneration is determined on the basis of qualifications, experience, responsibilities and performance. In addition to the basic remuneration, staff benefits include medical insurance and retirement benefits. Share options may also be granted to eligible employees of the Group as a long-term incentive.

Prospects

The outbreak of the Omicron variant has brought new uncertainties to the short to medium-term prospects for Macau’s gaming and tourism industries. However, the Group is confident in the efforts of the Central Government as well as the governments of Hong Kong and Macau, based on the encouraging progress they made in fighting against COVID-19 pandemic recently. In early August 2022, Macau has achieved zero-COVID on a community level after the Macau government took swift actions to contain the pandemic, eventually enabling businesses including casinos to resume operations. It is clear that this new wave of COVID-19 infections has at last been put under control in Macau. Considering the successful pandemic containment as well as the temporarily loosened border restrictions, the Group is cautiously optimistic towards the second half of 2022 for the recovery of Macau’s gaming and tourism industries.

In alignment with the Central Government's initiative to develop the Greater Bay Areas, Macau has been diligently developing a diverse portfolio of tourist attractions and enhancing its infrastructure network. Ponte 16 has been contributing to this goal persistently over the years and leveraging its cultural resources in the Inner Harbour Area to consolidate its unique competitive advantages in Macau. The implementation of the New Gaming Law shows Macau government's strong determination for the healthy and long-term development of the gaming industry. Looking ahead, Ponte 16 will devise its development strategies in alignment with the latest regulations and be well-prepared to embrace the recovery of Macau's economy.

The global tourism industry has been on the track to recovery since the end of 2021. As encouraged by the steady increase in the number of flights and air ticket sales, Jade Travel shall continue to expand and enhance its product offerings to serve the rising customer demand. However, it is expected that a full recovery will take more time and be dependent on the global vaccination and the birth of Omicron-effective vaccines. Nonetheless, the Group expects that the demand for leisure outbound travelling in the North American market will continue to improve, and Jade Travel's long-standing focus on such market will enable it to be one of the first to benefit from industry revival.

The continual containment of the fifth wave of COVID-19 outbreak and the recent loosening of border control measures sowed hope for the commercial property market of Hong Kong. The Group still believes in the long-term prospects of Hong Kong as a financial hub and will closely monitor the market and explore opportunities to optimise its investment portfolio for long-term capital appreciation.

Overall, the global business environment is expected to remain volatile due to such external factors as the prevailing Omicron variant, rising global inflation and intensifying geopolitical tensions. However, as countries are gradually reopening their borders, further development of COVID-19 vaccines and the increasing vaccination rate, the Group will be cautiously optimistic that the overall business development will respond steadily. The Group will prioritise the maintenance of corporate agility and resilience, enhance its product and service offerings while adhering to financial prudence to navigate through challenges and capture opportunities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2022, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the six months ended 30 June 2022 have been reviewed by the audit committee of the Board and HLB Hodgson Impey Cheng Limited, the auditors of the Company, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

On behalf of the Board of
SUCCESS UNIVERSE GROUP LIMITED
Ma Ho Man, Hoffman
Deputy Chairman

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Hoi Sing, Sonny (Chairman) and Mr. Ma Ho Man, Hoffman (Deputy Chairman); one non-executive Director, namely Mr. Choi Kin Pui, Russelle; and three independent non-executive Directors, namely Ms. Yeung Mo Sheung, Ann, Mr. Chin Wing Lok, Ambrose and Mr. Chong Ming Yu.