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SUCCESS

SUCCESS UNIVERSE GROUP LIMITED
實德環球有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00487)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

RESULTS

The board of directors (the “Board”) of Success Universe Group Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022 together with comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3, 4	114,778	151,130
Cost of sales		<u>(102,354)</u>	<u>(142,298)</u>
Gross profit		12,424	8,832
Other revenue and gain	5	5,765	4,649
Fair value (loss)/gain on investment properties		(9,800)	8,100
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss		(174,113)	87,725
Loss arising on disposal of financial assets at fair value through other comprehensive income		–	(143)
Administrative expenses		(49,575)	(46,479)
Other operating expenses	6(c)	<u>(16,593)</u>	<u>(1,659)</u>
(Loss)/profit from operations		(231,892)	61,025
Finance costs	6(a)	(13,674)	(8,195)
Share of results of joint ventures		627	683
Share of results of associates		<u>(42,133)</u>	<u>(48,654)</u>
(Loss)/profit before taxation	6	(287,072)	4,859
Taxation	7	–	–
(Loss)/profit for the year		<u>(287,072)</u>	<u>4,859</u>
(Loss)/profit for the year attributable to owners of the Company		<u>(287,072)</u>	<u>4,859</u>
(Loss)/earnings per share			
– Basic and diluted	9	<u>(5.83) HK cents</u>	<u>0.10 HK cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year	(287,072)	4,859
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	(1,208)	214
Profit arising on change in fair value of financial assets at fair value through other comprehensive income	–	73
Release upon derecognition of financial assets at fair value through other comprehensive income	–	143
	<hr/>	<hr/>
Total other comprehensive (loss)/income for the year, net of tax	(1,208)	430
	<hr/>	<hr/>
Total comprehensive (loss)/income for the year	(288,280)	5,289
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive (loss)/income for the year attributable to owners of the Company	(288,280)	5,289
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		234,816	247,675
Intangible assets		3,977	9,855
Investment properties		128,800	138,600
Interests in associates		535,404	547,052
Interests in joint ventures		7,950	7,323
		<u>910,947</u>	<u>950,505</u>
Current assets			
Stock of properties		100,600	111,400
Trade and other receivables	<i>10</i>	18,359	9,952
Financial assets at fair value through profit or loss		93,429	266,804
Restricted/pledged bank deposits		549	558
Cash and cash equivalents		147,273	49,611
		<u>360,210</u>	<u>438,325</u>
Current liabilities			
Trade and other payables	<i>11</i>	22,407	17,282
Bank loans		312,500	302,500
Lease liabilities		554	584
Financial guarantee contract		161	322
		<u>335,622</u>	<u>320,688</u>
Net current assets		<u>24,588</u>	<u>117,637</u>
Total assets less current liabilities		<u>935,535</u>	<u>1,068,142</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	170	336
Loan from a director and controlling shareholder	216,000	60,000
Financial guarantee contract	–	161
	<u>216,170</u>	<u>60,497</u>
Net assets	<u>719,365</u>	<u>1,007,645</u>
Capital and reserves		
Share capital	49,265	49,265
Reserves	670,100	958,380
Total equity	<u>719,365</u>	<u>1,007,645</u>

NOTES:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS(s)”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and applicable disclosure requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. These consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investment properties, financial assets at fair value through other comprehensive income (“FVTOCI”) and financial assets at fair value through profit or loss (“FVTPL”) are stated at their fair value.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following New 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 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 year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New HKFRSs that have been issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 16 (Amendments) HKAS 1 (Amendments)	Lease Liability in a Sale and Leaseback ³ Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies ¹
HKAS 8 (Amendments) HKAS 12 (Amendments)	Definition of Accounting Estimates ¹ Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all New HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 streams from leasing office premises in Hong Kong.

(a) Segment results, assets and liabilities

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

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

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

Segment profit represents the profit from each segment without allocation of corporate administrative costs such as directors' emoluments, share of results of associates and joint ventures, loss/gain 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 provides segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments. Unallocated corporate income mainly comprises amortisation on financial guarantee contract, interest income, management fee income from an associate and other sundry income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation is not allocated to reportable segments.

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

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

All assets are allocated to reportable segments other than amounts due from associates and a joint venture, interests in associates and joint ventures, and financial assets at FVTPL. Unallocated corporate assets mainly include 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, bank loans, loan from a director and controlling shareholder and part of other payables borne by the central administration companies.

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

	Travel		Property investment		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	112,139	147,856	2,639	3,274	114,778	151,130
Reportable segment profit/(loss)	3,307	(1,654)	(15,860)	13,667	(12,553)	12,013
Share of results of joint ventures					627	683
Share of results of associates					(42,133)	(48,654)
(Loss)/gain arising on change in fair value of financial assets at FVTPL					(174,113)	87,725
Impairment loss recognised on intangible assets					(8,529)	(1,681)
Loss arising on disposal of financial assets at FVTOCI					-	(143)
Unallocated corporate income					2,527	915
Unallocated corporate expenses					(39,234)	(37,821)
Finance costs					(13,664)	(8,178)
Consolidated (loss)/profit before taxation					(287,072)	4,859
Taxation					-	-
Consolidated (loss)/profit for the year					(287,072)	4,859
Reportable segment assets	44,459	34,662	230,047	250,493	274,506	285,155
Unallocated corporate assets						
- Interests in associates					535,404	547,052
- Interests in joint ventures					7,950	7,323
- Financial assets at FVTPL					93,429	266,804
- Corporate assets					359,868	282,496
					1,271,157	1,388,830
Reportable segment liabilities	20,119	11,638	1,587	1,503	21,706	13,141
Unallocated corporate liabilities						
- Corporate liabilities					530,086	368,044
					551,792	381,185

(b) Other segment information

	Travel		Property investment		Other corporate entities		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	42	48	-	-	78	11	120	59
Interest income from financial assets at FVTOCI	-	-	-	-	-	139	-	139
Fair value (loss)/gain on investment properties	-	-	(9,800)	8,100	-	-	(9,800)	8,100
Depreciation:								
- owned property, plant and equipment	(343)	(532)	-	-	(11,623)	(11,643)	(11,966)	(12,175)
- right-of-use assets	(633)	(775)	-	-	-	(13)	(633)	(788)
(Allowance for)/reversal of allowance for expected credit losses on trade receivables	(63)	652	-	-	-	-	(63)	652
Reversal of impairment loss/ (impairment loss) recognised on intangible assets	2,799	(1,130)	-	-	(8,529)	(1,681)	(5,730)	(2,811)
(Write-down)/reversal of write-down of stock of properties	-	-	(10,800)	500	-	-	(10,800)	500
Finance costs	(10)	(17)	-	-	(13,664)	(8,178)	(13,674)	(8,195)
Additions to non-current assets*	228	243	-	-	44	462	272	705

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

(c) Disaggregation of revenue

	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>		
<u>Travel business:</u>		
Sales of air tickets	102,599	145,957
Travel and related service fee income	9,540	1,899
	112,139	147,856
Revenue from other sources:		
Rental income	2,639	3,274
Total revenue	114,778	151,130

(d) **Geographical information**

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

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

	Revenue from external customers		Non-current assets At 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong (place of domicile)	2,639	3,274	368,589	398,685
Macau	–	–	535,404	547,052
North America	112,139	147,856	6,589	4,542
The People's Republic of China ("PRC")	–	–	365	226
	<u>114,778</u>	<u>151,130</u>	<u>910,947</u>	<u>950,505</u>

(e) **Major customers**

Revenue from customers arising from travel business segment who contribute over 10% of the total revenue of the Group is set out as follows:

	2022 HK\$'000	2021 HK\$'000
Customer A	N/A*	85,040
Customer B	<u>58,709</u>	<u>N/A*</u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

4. REVENUE

The principal activities of the Group are engaged in the travel-related and property investment businesses.

Revenue represents sales of air tickets, service fee income from provision of travel-related services and rental income. The amount of each significant category of revenue recognised in revenue during the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>		
Sales of air tickets	102,599	145,957
Travel and related service fee income	9,540	1,899
	<u>112,139</u>	<u>147,856</u>
Revenue from other sources:		
Rental income	2,639	3,274
	<u>114,778</u>	<u>151,130</u>

5. OTHER REVENUE AND GAIN

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other revenue		
Bank interest income	120	59
Interest income from financial assets at FVTOCI	–	139
Government grants (<i>note</i>)	1,120	923
Management fee income from an associate	1,085	–
Other income	3,118	3,043
	<u>5,443</u>	<u>4,164</u>
Other gain		
Amortisation of financial guarantee contract	322	485
Total	<u>5,765</u>	<u>4,649</u>

Note: For the year ended 31 December 2022, the Group recognised government grants of approximately HK\$1,120,000 in respect of COVID-19-related subsidies which are related to several subsidies schemes provided by the Canada government and Hong Kong government to support the enterprises which are severe disruption caused by the COVID-19 (2021: approximately HK\$923,000 in respect of COVID-19-related subsidies which are related to several subsidies schemes provided by the Canada government to support the enterprises which are severe disruption caused by the COVID-19).

6. (LOSS)/PROFIT BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans	9,567	5,690
Interest on lease liabilities	10	17
Interest on loan from a director and controlling shareholder	4,097	2,488
	<u>13,674</u>	<u>8,195</u>
(b) Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	21,082	20,032
Contributions to defined contribution retirement plan	844	693
	<u>21,926</u>	<u>20,725</u>
(c) Other operating expenses		
Write-down/(reversal of write-down) of stock of properties	10,800	(500)
Impairment loss recognised on intangible assets, net	5,730	2,811
Allowance for/(reversal of allowance for) expected credit losses on trade receivables	63	(652)
	<u>16,593</u>	<u>1,659</u>
(d) Other items		
Auditors' remuneration		
– audit services	750	750
– other services	280	380
Depreciation		
– owned property, plant and equipment	11,966	12,175
– right-of-use assets	633	788
Operating lease rentals		
– short-term lease	781	1,595
– low-value assets	70	89
Net exchange gain	(461)	(1,398)
Gain on disposal of property, plant and equipment	–	(297)

7. TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax	–	–
Deferred tax	–	–
	<u>–</u>	<u>–</u>
Tax charge	<u><u>–</u></u>	<u><u>–</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits in Hong Kong.

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% (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 as the Group has unutilised tax loss for the year ended 31 December 2022 (2021: no provision for has been made as the Group has no assessable profit arising in Canada).

PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2021: 25%). No provision for PRC Enterprise Income Tax has been made as the Group has no assessable profits arising in the PRC for the years ended 31 December 2022 and 2021.

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

8. DIVIDENDS

No interim dividend was paid during the year (2021: nil). The directors of the Company do not recommend any payment of a final dividend for the year ended 31 December 2022 (2021: nil).

9. (LOSS)/EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit:		
(Loss)/profit for the year attributable to owners of the Company	<u><u>(287,072)</u></u>	<u><u>4,859</u></u>
	2022	2021
	'000	'000
Number of shares:		
Weighted average number of shares for the purpose of basic (loss)/earnings per share	<u><u>4,926,491</u></u>	<u><u>4,926,491</u></u>

Diluted (loss)/earnings per share for the years ended 31 December 2022 and 2021 were the same as the basic (loss)/earnings per share. There were no potential dilutive ordinary shares outstanding for both years presented.

10. TRADE AND OTHER RECEIVABLES

	At 31 December 2022 <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
Trade receivables	10,796	7,149
Less: Allowance for expected credit losses	<u>(149)</u>	<u>(2,243)</u>
	10,647	4,906
Other receivables	<u>870</u>	<u>901</u>
Trade and other receivables	11,517	5,807
Prepayment and deposits	<u>6,842</u>	<u>4,145</u>
	<u>18,359</u>	<u>9,952</u>

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

Including in trade receivables, the lease receivables of approximately HK\$407,000 (2021: approximately HK\$203,000) arise from properties rental income.

Aging analysis

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

	At 31 December 2022 <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
Current	10,152	3,498
31 to 60 days	35	552
61 to 90 days	460	135
Over 90 days	<u>–</u>	<u>721</u>
	<u>10,647</u>	<u>4,906</u>

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

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

11. TRADE AND OTHER PAYABLES

	At 31 December 2022 <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
Trade payables	13,462	5,148
Accrued charges and other payables	<u>8,945</u>	<u>12,134</u>
	<u>22,407</u>	<u>17,282</u>

Aging analysis

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

	At 31 December 2022 <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
Current	12,483	3,587
31 to 60 days	398	95
61 to 90 days	134	68
Over 90 days	<u>447</u>	<u>1,398</u>
	<u>13,462</u>	<u>5,148</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The year 2022 presented significant challenges for businesses worldwide. At the beginning of the year, the highly contagious Omicron variant of COVID-19 triggered another wave of infections globally, which discouraged cross-border travel to a great extent. Mainland China was also affected, prompting rigorous traffic control measures and lockdowns in several cities. Meanwhile, new COVID-19 outbreaks in Hong Kong and Macau led to the tightening of quarantine and social distancing measures. Although China started to ease pandemic-related measures towards the end of the year, the suspension of major business activities and travel restrictions implemented throughout most of the year still put unprecedented downward pressure on the entertainment and hospitality industries in Mainland China, Hong Kong, and Macau.

Global financial markets also experienced a tough year in 2022 with surging inflation caused by supply chain disruptions, the ongoing Russia-Ukraine conflict, and the consecutive interest rate hikes in the United States. These events have had a negative impact on economic growth and stock markets and have dampened investor sentiment in the financial markets throughout the year. Geopolitical concerns and unpredictable economic data continued to contribute to market instability and volatility.

Towards the end of 2022, a couple of positive developments, including the border reopening of China and the award of new 10-year gaming concessions to the existing concessionaires in Macau (the “Macau New Gaming Concessions”), appeared to be a glimmer of hope. In the fourth quarter of 2022, the Central Government announced its gradual relaxation of COVID-19-related control measures and restrictions, followed by the reopening of its borders in January 2023. It is believed that China’s border reopening will not only accelerate the country’s economic recovery but also boost global economic growth. After the approval of Law 7/2022 (the “New Gaming Law”), which amended Law 16/2001 “Legal Framework for Operating Games of Chance in Casinos” earlier in the year, the Macau government announced the award of the Macau New Gaming Concessions in December 2022. The award has cleared uncertainties overhanging the prospects of the gaming industry in Macau. With the committed further investments of the six gaming concessionaires, Macau will evolve into a world-class international tourism destination and thus, its long-term sustainable growth will be surely facilitated.

The Group is prepared to embrace the opportunities and challenges brought by the change of economic cycle. The Group remains steadfast in its strategy of improving operational efficiency and optimising its product and service offerings to capture the ongoing market recovery.

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

Results

For the year ended 31 December 2022, revenue of the Group was approximately HK\$114.8 million, decreased by approximately 24% from approximately HK\$151.1 million for the last corresponding year. Gross profit increased by approximately 41% to approximately HK\$12.4 million (2021: approximately HK\$8.8 million). The Group's shared loss of the associates relating to Ponte 16, the flagship investment project of the Group, for the year ended 31 December 2022 was approximately HK\$42.1 million, decreased by approximately 13% from approximately HK\$48.7 million for the last corresponding year. Loss attributable to owners of the Company for the year ended 31 December 2022 was approximately HK\$287.1 million (2021: profit of approximately HK\$4.9 million), whilst loss per share was 5.83 HK cents (2021: earnings per share of 0.10 HK cents).

The loss for the year ended 31 December 2022 was mainly attributable to the recognition of (i) a substantial fair value loss on the Group's overseas listed equity securities of approximately HK\$174.1 million; and (ii) a fair value loss on the Group's investment properties as well as a write-down of carrying amount of the Group's stock of properties ("Write-down of the Stock of Properties") in the aggregate amount of approximately HK\$20.6 million.

Dividends

No interim dividend was paid in 2022 (2021: nil). The directors of the Company ("Director(s)") do not recommend any payment of a final dividend for the year ended 31 December 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 provides professional travel solutions to customers through dedicated segments targeting the wholesale and retail markets. In 2022, the international tourism industry began to show signs of recovery as many tourist destinations in the Western countries eased or even removed entry restrictions and quarantine measures to welcome visitors. The government of Canada further relaxed its border control measures in April 2022 and subsequently removed all its entry restrictions in October 2022. Consequently, pent-up travel demand from business travellers and international students had been gradually unleashed throughout the year. Supported by Jade Travel's well-established network with all airlines operating in Canada and its online platform providing round-the-clock customer service, the Group was able to meet the growing demand for air tickets and its sales volume in 2022 recovered to almost pre-pandemic level. In late 2022, the Group obtained an approval from the International Air Transport Association ("IATA") to expand its ticketing business in China. This enables the Group to explore new opportunities with travel agencies in Mainland China and better position itself to shine in the midst of the recovery of global tourism.

In order to enhance its online booking service platform with stringent cost control and reducing manpower throughout the years, Jade Travel continues to enlarge the implementation of its online auto-ticketing system and online ticketing platform to certain online ticketing agencies (OTA). As a result, revenue of the travel business segment for the year ended 31 December 2022 decreased by approximately 24% to approximately HK\$112.1 million (2021: approximately HK\$147.9 million) while the gross profit margin increased from 3.8% to 8.7%. Profit of approximately HK\$3.3 million was recorded in this segment (2021: loss of approximately HK\$1.7 million), including a reversal of impairment loss on intangible assets of approximately HK\$2.8 million which was recognised for the year ended 31 December 2022 (2021: an impairment loss on intangible assets of approximately HK\$1.1 million).

Property Investment Business

In 2022, the property market in Hong Kong faced a significant slowdown due to the new wave of COVID-19 outbreaks and the hiking interest rate. Investor sentiment was dampened and demand for commercial property in Hong Kong was weakened. The market saw declines in transactions and rental values as well as an increase in office vacancy rates in all major office leasing markets in Hong Kong.

Despite the fluctuations in global stock markets and the hiking interest rate in 2022, Hong Kong's strong fundamentals and highly developed financial industry also contribute to the Group's confidence in the city's potential to resume its role as a bustling business hub connecting Mainland China and abroad. As such, the Group holds a positive outlook for the long-term prospects of the commercial property market in Hong Kong and believes that its investment portfolio will consistently contribute stable returns.

Revenue of the property investment business for the year ended 31 December 2022 amounted to approximately HK\$2.6 million (2021: approximately HK\$3.3 million). Segment loss was approximately HK\$15.9 million (2021: segment profit of approximately HK\$13.7 million) which was mainly due to recognition of a fair value loss on investment properties of approximately HK\$9.8 million (2021: fair value gain on investment properties of approximately HK\$8.1 million) and Write-down of the Stock of Properties of approximately HK\$10.8 million for the year ended 31 December 2022 (2021: reversal of Write-down of the Stock of Properties of approximately HK\$0.5 million).

Investment Project – Ponte 16

The outbreak of Omicron variant in 2022 had a significant impact on Macau's economy. Prompt prevention and control measures were implemented in both Mainland China and Macau resulted in a decline in visitor traffic from Mainland China. In July 2022, the Macau government took further steps to contain the spread of COVID-19 by temporarily suspending casinos and non-essential businesses in the community for two weeks. The resurgence of the outbreak over the year took a toll on Macau's gaming and hospitality industries as well as the overall economy. The number of visitors to Macau in 2022 decreased by 26.0% year-on-year ("yoy") to approximately 5.7 million, and the Macau's gross gaming revenue ("GGR") for the year 2022 was approximately MOP42.2 billion, representing a 51.4% decrease compared with 2021 and a new record low. The year 2022 closed with a monthly GGR of approximately MOP3.5 billion in December, decreased by 56.3% yoy.

In response to the Omicron outbreak, Ponte 16 remained unwavering in its commitment to safeguarding the well-being of the local community, its employees and guests, and worked closely with the government and other peers. The collective efforts had paid off, as the Macau government announced the gradual relaxation of all COVID-19 measures in the fourth quarter of 2022, including the reopening of borders with Mainland China and Hong Kong, and thanks to the high vaccination rate of over 90% of the Macau population, the local outbreak was contained in a short period of time. The city, including Ponte 16, gradually resumed normal by late December 2022 and was poised for the first Chinese New Year holiday in January 2023 after the reopening of borders.

With the commitment to promoting the cultural, travel and entertainment industries in Macau, Ponte 16 continued to operate and upgrade the “OLA澳優遊” (“OLA”), the one-stop platform featuring travel information and promotions in Macau’s local community. Leveraging the strong cultural resources of the Inner Harbour area and its surrounding areas, Ponte 16 collaborated with local enterprises, including merchants and hotels, to provide discounts and privileges to customers via OLA. This created more business opportunities for those participated merchants, also encouraged cross-sector spending and jointly promoted the economy of the Macau Peninsula. Due to the close proximity and connectivity, the coverage of OLA has been extended to include enterprises in the Greater Bay Area, in particular in Zhuhai. Ponte 16 is committed to not only promoting the economy of the Macau Peninsula and the surrounding regions but also revitalising the hospitality and tourism industries. Since the launch of OLA in late 2021, approximately 90 merchant partners have been recruited, covering approximately 150 merchant outlets, which has helped Ponte 16 to strengthen its market presence and firmly secure itself on the fast track to recovery in 2023.

Following the approval of the New Gaming Law in June 2022, Ponte 16 has maintained close communication with the Macau government and its business partners to ensure strict compliance with all legal requirements. As a responsible member of the gaming industry, Ponte 16 is committed to contributing to a sustainable and healthy growth in Macau’s gaming industry and community.

As at 31 December 2022, the casino of Ponte 16 had 109 gaming tables in operation, consisting of 101 mass tables and 8 high-limit tables. The average occupancy rate of Sofitel Macau At Ponte 16 was approximately 48% for the year ended 31 December 2022 (2021: approximately 52%). For the year ended 31 December 2022, an Adjusted EBITDA* loss of approximately HK\$46.2 million was recorded (2021: approximately HK\$57.6 million).

In face of the intricate external environment, Ponte 16 has unwaveringly continued to make valuable contributions to the gaming and hospitality industries. As a testament to its exceptional service, Sofitel Macau At Ponte 16 received 11 awards from reputable organisations in 2022, including “Green Hotel Awards – Bronze 2020-2022” by Environmental Protection Bureau, “Enjoyable Travel Awards – Best City Resort” by Enjoyable Travel, “Journey+ 2022-2023 The Best Hotel Awards – Best Resort” by Journey+, “Ctrip public praise - Scenic Hotel” by Trip.com Group, “Best Resort Hotel” and “Most Popular Restaurant” by 2022 in Travel Award presented by In Travel, “Best Resort Hotel”, “Best Restaurant” and “Best SPA” by The 11th Annual China Hotel Awards presented by Lifestyle Magazine and “Best Resort Hotels” and “Best SPA” by 2022 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 year to diversify its investment portfolio. As at 31 December 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 31 December 2022	Approximate percentage of stockholding as at 31 December 2022	Investment cost as at 31 December 2022	Fair value as at 31 December 2022	Approximate percentage to the Group's total assets as at 31 December 2022
				<i>Equivalent to HK\$ million</i>	<i>Equivalent to HK\$ million</i>	
			<i>%</i>			<i>%</i>

Tesla, Inc. ("Tesla")	TSLA	96,750	0.003	47	93	7
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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	Fair value as at 31 December 2021	Approximate percentage to the Group's total assets as at 31 December 2021
				<i>Equivalent to HK\$ million</i>	<i>Equivalent to HK\$ million</i>	
			<i>%</i>			<i>%</i>

Tesla	TSLA	32,250	0.003	47	267	19
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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 audited consolidated financial statements for the year ended 31 December 2022, total revenues of Tesla was increased by approximately 51% to approximately USD81,462 million (equivalent to approximately HK\$638,621 million) for the year ended 31 December 2022 as compared with that for the last corresponding year of approximately USD53,823 million (equivalent to approximately HK\$421,353 million), and its net income attributable to common stockholders for the year ended 31 December 2022 was increased by approximately 1.3 times to approximately USD12,556 million (equivalent to approximately HK\$98,433 million) (2021: approximately USD5,519 million (equivalent to approximately HK\$43,205 million)), which were primarily due to the increase in automotive sales revenue from increased deliveries and deployments of its products.

Since the first quarter of 2020, there has been a worldwide impact from the COVID-19 pandemic. Government regulations and shifting social behaviours have, at times, limited or closed non-essential transportation, government functions, business activities and person-to-person interactions. Global trade conditions and consumer trends that originated during the pandemic continue to persist and may also have long-lasting adverse impact on Tesla and its industries independently of the progress of the pandemic.

For example, pandemic-related issues have exacerbated port congestion and intermittent supplier shutdowns and delays, resulting in additional expenses to expedite delivery of critical parts. Similarly, increased demand for personal electronics has created a shortfall of semiconductors, which has caused challenges in Tesla's supply chain and production. In addition, labour shortages resulting from the pandemic, including worker absenteeism, has led to increased difficulty in hiring and retaining manufacturing and service workers, as well as increased labour costs and supplier delays. Sustaining Tesla's production trajectory will require the ongoing readiness and solvency of its suppliers and vendors, a stable and motivated production workforce and government co-operation, including for travel and visa allowances. The contingencies inherent in the ramp at new facilities such as Gigafactory Berlin-Brandenburg and Gigafactory Texas may be exacerbated by these challenges. Additionally, infection rates and regulations continue to fluctuate in various regions, which may impact operations. For example, in 2022, spikes in COVID-19 cases in Shanghai resulted in the temporary shutdown of Gigafactory Shanghai, as well as parts of Tesla's supply chain, and impacted its ability to deliver cars.

Tesla cannot predict the duration or direction of current global trends or their sustained impact. Ultimately, it continues to monitor macroeconomic conditions to remain flexible and to optimise and evolve its business as appropriate, and attempt to accurately project demand and infrastructure requirements globally and deploy its production, workforce and other resources accordingly. Lastly, rising interest rates may lead to consumers to increasingly pull back spending, including on its products, which may harm its demand, business and operating results. If Tesla experiences unfavourable global market conditions, or if Tesla cannot or does not maintain operations at a scope that is commensurate with such conditions or are later required to or choose to suspend such operations again, its business, prospects, financial condition and operating results may be harmed.

A fair value loss of approximately HK\$174.1 million was recognised for the year ended 31 December 2022 (2021: fair value gain of approximately HK\$87.7 million). During the year, Tesla 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 31 December 2022, the Group had net current assets of approximately HK\$24.6 million (31 December 2021: approximately HK\$117.6 million) and net assets of approximately HK\$719.4 million (31 December 2021: approximately HK\$1,007.6 million). The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by monitoring the trade receivables of its customers on an ongoing basis. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements. Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currencies are Hong Kong dollars and Canadian dollars as substantially all the revenues are in Hong Kong dollars and Canadian dollars. 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 31 December 2022, the Company owed HK\$216.0 million to Mr. Yeung under the Revised Mr. Yeung's Loan Facility (31 December 2021: HK\$60.0 million).

As at 31 December 2022, the Group's secured bank facilities were approximately HK\$313.2 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 31 December 2022, the outstanding bank loans were HK\$312.5 million (31 December 2021: HK\$302.5 million).

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

As at 31 December 2022, total equity attributable to owners of the Company was approximately HK\$719.4 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 53% as at 31 December 2022 (31 December 2021: approximately 31%).

Pledge of Assets

As at 31 December 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\$434.9 million (31 December 2021: approximately HK\$461.0 million) to secure against the loan facilities of approximately HK\$313.2 million and a standby letter of credit of CAD2.0 million, totally equivalent to approximately HK\$324.9 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 Limited (“Pier 16 – Property Development”, an associate of the Group) to a bank in respect of the loan facilities granted to Pier 16 – Property Development (the “Loan Facilities”); and
- (c) the Group’s a pledged time deposit of approximately USD0.1 million (equivalent to approximately HK\$0.6 million) was released during the year (31 December 2021: a pledged time deposit of 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\$0.5 million)).

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 31 December 2022 was approximately HK\$230.0 million (31 December 2021: approximately HK\$230.0 million).

Human Resources

As at 31 December 2022, the Group had a total of 68 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 year 2023 has started on a positive note with the orderly reopening of Mainland China, Hong Kong and Macau. The reopening paves the way for a rapid rebound in economic activities in the domestic markets and is expected to impact global growth through increased domestic demand and international travel. However, interest rate is expected to remain high for a period of time and result in a more pronounced economic slowdown. Moreover, the potential for further escalation of the Russia-Ukraine conflict is a concern that could affect global stability. The Group intends to leverage its extensive experience in the entertainment and tourist-related industries to capture the rising demand in the tourism sector. At the same time, the Group will exercise prudence in capital management to maintain corporate agility and resilience as it journeys towards a full recovery.

Following the resumption of cross-border travel in most Asian countries, Jade Travel's business is starting to recover. With a strong brand reputation in both retail and wholesale businesses in North America, Jade Travel is well-prepared to capture the growing opportunities. Jade Travel has received approval from IATA to expand its wholesale ticketing business in China and plans to further explore strategic collaborations with leading domestic and international travel portals. This will help Jade Travel better serve the recovering tourism market in China and widen its revenue streams. Jade Travel will also focus on designing packages and local tours to destinations all over the world, catering to the diverse interests of retail travellers in the post-pandemic era.

The property market in Hong Kong is still expected to be impacted by high interest rate in the short term. However, the reopening of borders provides a solid ground for the recovery of commercial property demand, especially in prime districts. The Group remains confident in Hong Kong's position as a leading international financial centre and will continue to closely monitor the commercial property market. The Group is committed to reviewing all available options to constantly optimise its investment portfolio.

Macau's casinos have started to show signs of recovery, with GGR in the first two months of 2023 increased by 55.3% yoy to approximately MOP21.9 billion. Macau's visitor numbers also surged during the Chinese New Year holiday and over 451,000 visitors has recorded. The Group is optimistic about Macau's future due to its positive recovery momentum, infrastructure developments, and government policies. The ongoing development of the Greater Bay Area Initiative, combined with the continuous growth of Mainland China's outbound tourism, will support Macau's position as a global tourism destination. The Group believes that the mass market holds the most potential for sustainable growth and Ponte 16 will continue to offer a superior accommodation experience with a distinctive cultural connotation, in addition to enriching its comprehensive entertainment facilities and initiatives. As a casino-entertainment resort located in the exclusive Inner Harbour area of Macau, Ponte 16 will maintain its leading position with the support of its neighbouring partners.

As the pandemic is fading away, the Group is optimistic about the future. In 2023, the Group will focus on strengthening its position in the entertainment and tourist-related industries while optimising its investment property portfolio to create a long-term value for its stakeholders. As the market continues to recover, the Group will take proactive steps to keep pace with the changing marketplace and create a sustainable value in the long run.

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

During the year ended 31 December 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 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 year ended 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 9 June 2023 (the "2023 AGM"). For the purpose of determining the shareholders who are entitled to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 6 June 2023 to Friday, 9 June 2023, 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 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 5 June 2023 for registration.

REVIEW OF FINAL RESULTS

The consolidated results for the year ended 31 December 2022 have been audited by the Group's auditors, HLB Hodgson Impey Cheng Limited, and reviewed by the audit committee of the Board, which were of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 30 March 2023

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.