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**太陽娛樂集團**  
SUN ENTERTAINMENT GROUP

**SUN ENTERTAINMENT GROUP LIMITED**

**太陽娛樂集團有限公司**

*(formerly known as “Sage International Group Limited” in English  
and “仁智國際集團有限公司” in Chinese)*

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 8082)**

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE  
AND  
INSIDE INFORMATION RELATING TO  
THE ENTERING INTO A COOPERATION AGREEMENT**

**The Strategic Cooperation Agreement**

On 19 November 2019 (after trading hours), the Company and Sunny Side Up entered into the Strategic Cooperation Agreement with the Consultant, pursuant to which the Consultant has conditionally agreed to procure the relevant artistes/parties to perform at concerts and live entertainment related programmes as set forth in the Strategic Cooperation Agreement. Pursuant to the Strategic Cooperation Agreement, the Company has agreed to pay HK\$60,000 to the Consultant every three months as his consultancy fee during the Cooperation Period. Pursuant to the Strategic Cooperation Agreement, the Company has also conditionally agreed to allot and issue 33,000,000 Shares to the Consultant (or its designated company). The New Shares will be allotted and issued under the General Mandate granted to the Board at the Annual General Meeting.

The New Shares represent (i) approximately 2.71% of the existing issued shares of the Company as at the date of this announcement; and (ii) approximately 2.64% of the issued shares of the Company as enlarged by the issuance of the New Shares (assuming that there will be no change in the issued shares of the Company between the date of this announcement and the Completion Date save for the Issuance).

Completion of the Issuance is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the New Shares.

Shareholders and potential investors should note that completion of the Issuance is subject to fulfillment of the respective conditions under the Strategic Cooperation Agreement. The Issuance and the transactions contemplated under the Strategic Cooperation Agreement may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Certain information set forth in this announcement may be price sensitive. This announcement is accordingly being made pursuant to Rule 17.10(2) of the GEM Listing Rules and Part XIVA of the SFO.

## **INTRODUCTION**

On 19 November 2019 (after trading hours), the Company and Sunny Side Up entered into the Strategic Cooperation Agreement with the Consultant, pursuant to which the Consultant has conditionally agreed to procure the relevant artistes/parties to perform at concerts and live entertainment related programmes as set forth in the Strategic Cooperation Agreement. Pursuant to the Strategic Cooperation Agreement, the Company has agreed to pay HK\$60,000 to the Consultant every three months as his consultancy fee during the Cooperation Period. Pursuant to the Strategic Cooperation Agreement, the Company has also conditionally agreed to allot and issue 33,000,000 Shares to the Consultant (or its designated company). The New Shares will be allotted and issued under the General Mandate granted to the Board at the Annual General Meeting.

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## **ISSUE OF THE NEW SHARES UNDER GENERAL MANDATE**

The New Shares will be allotted and issued under the General Mandate granted to the Board at the Annual General Meeting. Under the General Mandate, the Board is authorised to allot and issue up to 243,559,601 new Shares. As of the date of this announcement, no Shares have already been allotted and issued under the General Mandate and 243,559,601 Shares remain to be allotted and issued.

## SUMMARY OF THE STRATEGIC COOPERATION AGREEMENT

The terms of the Strategic Cooperation Agreement, including the scope of the Consultant's services and commitments and the number of New Shares to be issued under the Strategic Cooperation Agreement, were negotiated on an arm's length basis between the parties and on normal commercial terms. The Company took into account various factors, including the Consultant's reputation and standing in the overall music concert industry, the box office income generated by a number of his concert productions which cooperated with our Group and the broad and far-reaching influence of his concert productions, as well as the opportunities and prospects of the Consultant working with the Group going forward, as set forth in this announcement under the heading "Reasons for and Benefits of the Strategic Cooperation Agreement".

To the best of the Board's knowledge, information and belief and having made all reasonable enquiries, the Consultant is not a connected person of the Company and is an Independent Third Party as at the date of the Strategic Cooperation Agreement.

### Consultancy Services

Under the terms of the Strategic Cooperation Agreement, the Consultant will procure the relevant artistes/parties to provide Sunny Side Up (or its designated Group Member) with consultancy services in respect of concerts and live entertainment related programmes during the Cooperation Period as follows:

- (a) the Consultant will secure various artistes, as chosen and approved by the Group, to perform at concerts or events organised or produced by the Group or at concerts or events the Group invested in or participated in (the "Shows");
- (b) in respect of the Shows, the Consultant will assist and procure the relevant artistes/parties (and/or their agent, investors, promoters, where necessary) to enter into legally binding agreement with the Group or with relevant promoters, organisers, or investors of the Shows;
- (c) the Consultant will maintain and secure a good amicable business relationship with various artistes and the respective parties that the Group works with from time to time; and
- (d) provide consultancy services to Sunny Side Up in respect of concerts and live entertainment related programmes and investments.

### Profit Guarantee

Pursuant to the Strategic Corporation Agreement, the Consultant guarantees to Sunny Side Up that the Guaranteed Profit shall not be less than HK\$30,000,000.

The Guaranteed Profit is calculated in the following manner:

Shortfall = Guaranteed Profit – Actual Profit

The Consultant undertakes that in the event that the Guaranteed Profit has not been achieved, the Consultant shall reimburse Sunny Side Up the amount of the shortfall (on a dollar-to-dollar basis) calculated as above.

The Actual Profit will be confirmed in a written certificate issued by the management of Sunny Side Up and/or its designated Group Member. If there is any shortfall in respect of the Guaranteed Profit, the Consultant undertakes to pay to Sunny Side Up such shortfall in cash, within ten (10) Business Days after the issue of the written certificate as referred above. For the avoidance of doubt, if the Actual Profit is a negative sum, the Actual Profit shall be deemed as zero and the maximum amount of compensation will be HK\$30,000,000.

Best Shine has, also on 19 November 2019, executed a corporate guarantee in favour of Sunny Side Up as a security to the obligations of the Consultant under the Strategic Cooperation Agreement.

### **Conditions**

The Company will issue and allot New Shares to the Consultant within five Business Days of the satisfaction or waiver of the conditions set forth in the Strategic Cooperation Agreement, which include, among others:

- (a) the due execution and delivery of the Strategic Cooperation Agreement by the Consultant to the Company and Sunny Side Up;
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the New Shares; and
- (c) the Board's approval in connection with the Strategic Cooperation Agreement and the transactions thereunder (if necessary).

**The Issuance will only take effect upon satisfaction of all the above conditions, which shall be on or before 31 December 2019 (or any other dates as agreed by both parties in writing). In the event that the abovementioned conditions are not satisfied on or before 31 December 2019 (or any other dates as agreed by the parties in writing), the Company may choose to provide such incentive to the Consultant in other forms or terminate the Strategic Cooperation Agreement. As such, the Issuance and the transactions contemplated under the Strategic Cooperation Agreement may or may not proceed.**

Subject to final audit and possible audit adjustment, the Issuance would be recognised as share-based payment transactions for the related services, which would be charged to the Group's statement of profit or loss, and for the profit guarantee.

## **BASIS FOR DETERMINING THE NUMBER OF NEW SHARES TO BE ISSUED**

Based on the closing price of Shares of HK\$0.67 as at the date of the Strategic Cooperation Agreement, the issuance of the 33,000,000 New Shares has a monetary value of approximately HK\$22.1 million, together with the aggregate consultancy fee of HK\$720,000 to be paid during the Cooperation Period and comparing with the Guaranteed Profit of HK\$30.0 million, the aggregate payable to the Consultant represents a discount of approximately 23.9% to the Guarantee Profit.

In respect of the Issuance, the Directors consider that this would help to secure the cooperation opportunities with the Consultant. In particular, the Directors consider that the Issuance will serve as an incentive for the Consultant to collaborate with the Company without incurring cash outflow of the Group. Please refer to the section headed “Reasons for and Benefits of Entering into the Strategic Cooperation Agreement” below for the detailed basis for determining the number of New Shares to be issued.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION AGREEMENT**

The Group is principally engaged in (i) the media and entertainment segment, which primarily engages in investment in and production of films and concerts and other media and entertainment related business; and (ii) funeral service segment, which primarily engages in the provision of funeral and cremation services and deathcare related business.

The Board is of the view that it will be a valuable opportunity for the Group to be able to cooperate with industry expert such as the Consultant to leverage on his network and experience. If such cooperation materialises, it will be in the interests of the Group and the Shareholders as a whole.

During the negotiations with respect to the scope of services and commitments of the Consultant and the terms of the Strategic Cooperation Agreement, including but not limited to the number of New Shares to be issued, the Board has considered the following factors:

### **1. Latest industry overview on the concert performance market in the PRC**

According to the reports by China Association of Performing Arts, the total number of concert shows held in the PRC had increased from approximately 1,400 shows in 2014 to approximately 2,600 shows in 2018 with a CAGR of approximately 13.2%. Meanwhile, the total box office of concert shows in the PRC reached approximately RMB4.0 billion in 2018 from approximately RMB2.6 billion in 2014, representing a CAGR of approximately 9.2%. The Directors believe that, with the support of governmental policy on arts and entertainment industry promoted by the 13th Five-Year-Plan and the plan for the construction of the Greater Bay Area issued in year 2017, the total number of concerts shows and concert box office in the PRC are expected to grow at a rapid pace.

As stated in the annual report 2018 and third quarterly report 2019 of the Group, the Group will expand its live entertainment businesses further in the Greater Bay Area, as the economic prosperity of the region continues to increase, the disposable income of its inhabitants likewise increases, creating a demand for experiences, travel and entertainment. We will also continue to explore strategic alliance as well as investment opportunities to enrich our portfolio, broaden our income streams and bring attractive value for the Shareholders.

The Directors are of the view that the industry is prospering and the entering into the Strategic Cooperation Agreement with the Consultant are in line with the Group's business development strategy.

## **2. Background of the Consultant**

The Consultant accumulated extensive experience in organising, logistics, marketing, and coordination of musical events and performances and other promotional and/or marketing events for over 18 years. Milestone events of his industry experience include participation in marketing activities in 2008 Beijing Olympics under which Best Shine received two awards, namely, "2008 Worldwide Marketing & Commercial Excellence — Best Implementation of Marketing Communication Campaign — Brand COCA-COLA — China — Beijing Olympic Games — 2008 Best in Class" and "2008 Worldwide Marketing & Commercial Excellence — Best Brand Marketing Asset Program — China — COCA-COLA — Beijing Olympic Games — 2008 Best in Class" from Coca-Cola (China) Beverage Ltd for its marketing efforts. Additionally, from December 2010 to December 2011, Best Shine, also coordinated logistics and marketing activities for "Jacky Cheung 1/2 Century Tour" in Macau, Shenzhen and Guangzhou, a tour concert which was awarded the Guinness World Records as the largest combined audience for a live act in 12 months. Furthermore, Best Shine also organised the following Jay Chou concerts in Hong Kong and Macau including "The Era 2010 World Tour", "The Opus Jay World", and "Jay Chou The Invincible World Tour".

Given the track record of the Consultant, the Directors are of the view that the Consultant has extensive experience and reputation in the concert industry. As such, the Directors consider that the provision of service by the Consultant under the Strategic Cooperation Agreement would generate both financial and strategic values to the Group.

### 3. Potential investment opportunities

The terms and structure of the Strategic Cooperation Agreement which includes the Issuance would enable the Group to have the benefit from the opportunities and the Consultant's services described above. In addition, these arrangements including the Issuance would broaden the Company's shareholder base and align the Consultant's interests with the Shareholders, and also facilitate the Group to further explore potential opportunities with the Consultant in the concert management business. Accordingly, the Board considers it to be in the interests of the Company and its Shareholders as a whole that Shares be issued under the Strategic Cooperation Agreement.

The Board looks forward to a productive relationship with the Consultant and the resulting synergy and the opportunities that are critical to the Group in the development of the concert management business going forward.

### EFFECT OF THE ISSUANCE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The illustrative shareholding structure of the Company as at the date of this announcement and immediately after the Completion is as follows (assuming there will not be any change in the issued shares of the Company from the date of the Strategic Cooperation Agreement to the Completion save for the Issuance):

	As at the date of this announcement		Immediately after the Completion	
	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>
Mr. Chau Cheok Wa (Note 2)	431,346,823	35.42%	431,346,823	34.49%
Mr. Dong Choi Chi, Alex (Note 2)	287,549,682	23.61%	287,549,682	22.99%
New Brilliant Investments Limited, Grand Sea Limited, Checkmate Capital Limited and Mr. Chui Bing Sun ("Mr. Chui") (Note 3)	149,474,298	12.27%	149,474,298	11.95%
Consultant	–	0.00%	33,000,000	2.64%
Other public Shareholders	349,427,204	28.70%	349,427,204	27.93%
Total	<u>1,217,798,007</u>	<u>100.00%</u>	<u>1,250,798,007</u>	<u>100.00%</u>



Upon the Completion, the Consultant (or its designated company) will not become a substantial Shareholder.

*Notes:*

1. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding them.
2. Mr. Chau Chak Wa, Mr. Dong Choi Chi, Alex and Mr. Cheng Ting Kong are parties acting in concert in respect of the Company pursuant to a deed in relation to parties acting in concert dated 23 January 2018.
3. New Brilliant Investments Limited is incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui. Grand Sea Limited and Checkmate Capital Limited are incorporated in Hong Kong. They are wholly and beneficially owned by Mr. Chui. Mr. Chui is also holding 1,800 Shares as beneficial owner.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Set out below is the summary of equity fund raising activity of the Company during the past twelve months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
23 November 2018	Placing of new Shares under general mandate	HK\$19,100,000	For organising and production of films and concerts and other media and entertainment related projects	For organising and production of films and concerts and other media and entertainment related projects

Save for the abovementioned, the Company has not carried out any fund raising activity by the issuance of equity securities of the Company in the 12 months preceding the date of this announcement.

## **APPLICATION FOR LISTING**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares on the Stock Exchange.



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Actual Profit”	means the Net Profit derived from the Shows during the Guarantee Period including but not limited to concerts, live entertainment, exhibition, etc
“Annual General Meeting”	the annual general meeting of the Company held on 21 June 2019
“Best Shine”	Best Shine (China) Entertainment Limited, of which approximately 99.9% of its interest is held by the Consultant and the remaining by an Independent Third Party
“Board”	the board of Directors
“Business Day”	a day other than (i) Saturday, Sunday or public holiday; or (ii) on which banks are closed for general banking business in Hong Kong
“Company”	Sun Entertainment Group Limited (previously known as “Sage International Group Limited”) (Stock Code: 8082), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on GEM
“Completion”	the completion of the Issuance in accordance with the terms and conditions of the Strategic Cooperation Agreement
“Completion Date”	the date on which the Issuance occurs
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Consultant”	Mr. Tse Kar Ho, Simon
“Cooperation Period”	A term of three years commencing from the Effective Date of the Strategic Cooperation Agreement (being the Completion Date), which may be extended on such terms and conditions and for such further period as the parties may agree in writing
“Director(s)”	the director(s) of the Company

“Effective Date”	means the Completion Date (or any other date as the parties may agree in writing)
“General Mandate”	the general mandate to allot, issue and deal with the Shares granted to the Board by resolutions of the Shareholders passed at the Annual General Meeting
“GEM”	means the GEM of the Stock Exchange
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Group Member”	a member of the Group
“Guarantee Period”	means the period of three years from the Effective Date
“Guaranteed Profit”	means the profit derived from the Shows during the Guarantee Period shall not be less than HK\$30,000,000
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Issuance”	the issuance and allotment of the New Shares pursuant to the Strategic Cooperation Agreement
“New Shares”	33,000,000 new Shares to be allotted and issued by the Company to the Consultant (or its designated company) pursuant to the Strategic Cooperation Agreement
“Net Profit”	means net profit derived from the Shows (as defined in the announcement) which shall be calculated in the following manner:  <i>[(total box office income + sponsorship income + other income – ticketing agency fee) – artistries fee/licensing fee – production fee and other execution fees] times the corresponding percentage of cash contribution by the Company</i>

“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong and Macau Special Administrative Region of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the strategic cooperation agreement dated 19 November 2019 entered into by Sunny Side Up and the Consultant in respect of the cooperation
“substantial Shareholder(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Sunny Side Up”	Sunny Side Up (Never) Limited, a company incorporated in Hong Kong whose registered office is at 10/F, 35 Hung To Road, Kwun Tong, Kowloon, Hong Kong, which is wholly owned and controlled by the Company
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“%”	per cent.

By Order of the Board  
**Sun Entertainment Group Limited**  
**Dong Choi Chi, Alex**  
*Chairman and executive Director*

Hong Kong, 19 November 2019

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chong Cho Lam and Mr. Dong Choi Chi, Alex (the chairman), and three independent non-executive Directors, namely, Mr. Chan Wai Man, Mr. Siu Hi Lam, Alick and Mr. Ting Kit Lun.*

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

*This announcement will remain on the “Latest Listed Company Announcement” page of the GEM Website for at least 7 days from the day of its publication and on the website of the Company at [www.8082.com.hk](http://www.8082.com.hk).*