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This announcement, for which the directors of Sun Entertainment Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to Sun Entertainment Group Limited. 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 in this announcement misleading.

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "Directors") presents the consolidated results of Sun Entertainment Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
REVENUE	*5*	**126,247**	155,678
Cost of sales		**(109,525)**	(106,056)
Gross profit		**16,722**	49,622
Other income and gains	*5*	**4,744**	1,672
Selling, marketing and distribution expenses		**(19,258)**	(11,718)
General and administrative expenses		**(43,172)**	(31,527)
Other expenses, net		**(9,500)**	(16,632)
Finance costs		**(339)**	(170)
LOSS BEFORE TAX	*6*	**(50,803)**	(8,753)
Income tax expense	*7*	**(749)**	(1,961)
LOSS FOR THE YEAR		**(51,552)**	(10,714)
Attributable to:			
Owners of the Company		**(49,122)**	(8,260)
Non-controlling interests		**(2,430)**	(2,454)
		(51,552)	(10,714)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic and diluted *(HK cents)*		**(4.0)**	(0.7)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(51,552)**	(10,714)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(261)**	(1,228)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(51,813)**	(11,942)
Attributable to:		
Owners of the Company	**(49,333)**	(9,196)
Non-controlling interests	**(2,480)**	(2,746)
	(51,813)	(11,942)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**14,820**	15,549
Right-of-use assets		**1,834**	–
Intangible assets		**13,644**	13,636
Investment in a film right		**–**	7,769
Prepayments and deposits		**14,244**	447
Total non-current assets		**44,542**	37,401
CURRENT ASSETS			
Inventories		**95**	117
Film and drama under production		**–**	5,505
Investments in concert, other entertainment event and film production projects		**21,374**	24,139
Trade receivables	*10*	**19,836**	19,862
Prepayments, deposits and other receivables		**44,202**	14,003
Cash and cash equivalents		**19,039**	37,972
Total current assets		**104,546**	101,598
CURRENT LIABILITIES			
Trade payables, other payables, accruals and other financial liabilities	*11*	**39,916**	11,585
Deferred income		**492**	501
Other borrowing		**335**	2,960
Lease liabilities		**1,652**	–
Tax payable		**10,275**	9,640
Total current liabilities		**52,670**	24,686
NET CURRENT ASSETS		**51,876**	76,912
TOTAL ASSETS LESS CURRENT LIABILITIES		**96,418**	114,313

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2019

	2019	2018
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Deferred income	**2,308**	2,853
Lease liabilities	**150**	–
Deferred tax liabilities	**2,248**	2,291
Total non-current liabilities	**4,706**	5,144
Net assets	**91,712**	109,169
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**31,270**	30,445
Reserves	**58,807**	74,609
	90,077	105,054
Non-controlling interests	**1,635**	4,115
Total equity	**91,712**	109,169

NOTES

1. CORPORATE INFORMATION

Sun Entertainment Group Limited (the "Company") was incorporated in the Cayman Islands on 12 July 2001 and continued in Bermuda as an exempted company with limited liability under the laws of Bermuda.

The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at 10th Floor, Fun Tower, 35 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

Pursuant to a special resolution passed at a special general meeting of the Company during the year, the name of the Company was changed from Sage International Group Limited to Sun Entertainment Group Limited.

The Company also changed its Chinese name from 仁智國際集團有限公司 to 太陽娛樂集團有限公司 which is part of its legal name.

During the year, the Group was involved in the following principal activities:

- organisation/production of and investments in concerts and other entertainment events, and other media and entertainment related businesses; and
- provision of cremation and funeral services and deathcare related business.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for an investment in a film right and investments in concert, other entertainment event and film production projects, and other financial instruments at fair value through profit or loss, which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19, HKAS 28 and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of accumulated losses at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(a) (Continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for certain properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and separately presented in the statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019.

(a) (Continued)

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	HK$'000
Assets	
Increase in right-of-use assets	2,369
Liabilities	
Increase in lease liabilities	2,369

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	3,826
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(1,023)
Commitments relating to leases of low-value assets	(176)
	2,627
Weighted average incremental borrowing rate as at 1 January 2019	5%
Discounted operating lease commitments as at 1 January 2019	2,369
Lease liabilities as at 1 January 2019	2,369

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions. The Group determined that the interpretation did not have any significant impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the media and entertainment segment primarily engages in the organisation/production of and investments in concerts and other entertainment events, and other media and entertainment related businesses; and

(b) the cremation and funeral services segment primarily engages in the provision of cremation and funeral services and deathcare related business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that finance costs, share-based payment expense and head office and corporate expenses are excluded from such measurement.

Segment assets exclude certain property, plant and equipment, club membership and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2019/At 31 December 2019

	Media and entertainment *HK$'000*	Cremation and funeral services *HK$'000*	Total *HK$'000*
Segment revenue *(note 5)*			
Revenue from contracts with external customers	**113,500**	**5,226**	**118,726**
Other revenue#	**1,927**	**5,594**	**7,521**
	115,427	**10,820**	**126,247**
Segment results	**(25,898)**	**362**	**(25,536)**
Reconciliation:			
Corporate and other unallocated expenses, net			**(24,928)**
Finance costs			**(339)**
Loss before tax			**(50,803)**
Segment assets	**93,005**	**24,589**	**117,594**
Reconciliation:			
Corporate and other unallocated assets			**31,494**
Total assets			**149,088**
Segment liabilities	**(38,990)**	**(6,743)**	**(45,733)**
Reconciliation:			
Corporate and other unallocated liabilities			**(11,643)**
Total liabilities			**(57,376)**
Other segment information			
Depreciation and amortisation	**806**	**1,750**	**2,556**
Impairment of trade receivables, net	**5**	**4**	**9**
Impairment (reversal of impairment) of other receivables	**688**	**(256)**	**432**
Impairment of drama and film production	**5,153**	**–**	**5,153**
Gain on disposal of items of property, plant and equipment	**–**	**50**	**50**
Capital expenditure*	**119**	**2,937**	**3,056**

Including government subsidies received for the rendering of cremation services and gain on investments in concert and other entertainment event projects, net.

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets.*

Year ended 31 December 2018/At 31 December 2018

	Media and entertainment *HK$'000*	Cremation and funeral services *HK$'000*	Total *HK$'000*
Segment revenue *(note 5)*			
Revenue from contracts with external customers	142,943	5,295	148,238
Other revenue[#]	2,025	5,415	7,440
	144,968	10,710	155,678
Segment results	8,032	(368)	7,664
Reconciliation:			
Corporate and other unallocated expenses, net			(16,247)
Finance costs			(170)
Loss before tax			(8,753)
Segment assets	86,079	24,580	110,659
Reconciliation:			
Corporate and other unallocated assets			28,340
Total assets			138,999
Segment liabilities	(12,537)	(7,226)	(19,763)
Reconciliation:			
Corporate and other unallocated liabilities			(10,067)
Total liabilities			(29,830)
Other segment information			
Depreciation and amortisation	393	1,631	2,024
Impairment of trade receivables	34	35	69
Impairment of other receivables	–	179	179
Gain on disposal of items of property, plant and equipment	–	30	30
Capital expenditure*	2,805	1,140	3,945

Including government subsidies received for the rendering of cremation services and gain on investments in concert and other entertainment event projects, net.

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets.*

Geographical information

(a) Segment revenue

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with external customers		
Hong Kong	**32,699**	14,217
Macau	**76,866**	126,578
Mainland China	**9,161**	7,443
	118,726	148,238
Other revenue		
Macau	**776**	454
Mainland China	**5,486**	5,415
Taiwan	**1,083**	–
Others	**176**	1,571
	7,521	7,440
	126,247	155,678

The revenue information above is based on the locations where the relevant sales, concerts or other entertainment events took place/underlying services were rendered.

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**8,304**	8,757
Mainland China	**21,977**	20,428
Others	**17**	–
	30,298	29,185

The non-current assets information above is based on the locations of the assets/underlying assets and excludes financial instruments and prepayments.

Information about major customers

The Group did not have revenues from any single customer, which accounted for 10% or more of the total revenue of the Group for the year ended 31 December 2019 (2018: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Provision of cremation and funeral services and sale of related goods	**5,226**	5,295
Concert and other entertainment event income and sale of related goods	**111,853**	142,019
Artiste management and performance services income	**1,295**	924
Other	**352**	–
	118,726	148,238
Revenue from other sources		
Rendering of cremation services	**5,594***	5,415*
Gain on investments in concert and other entertainment event projects, net	**1,927**	2,025
	7,521	7,440
	126,247	155,678

* *Being government subsidies received for the rendering of cremation services in certain location. There are no unfulfilled conditions or contingencies relating to these subsidies.*

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2019

Segments	**Media and entertainment** *HK$'000*	**Cremation and funeral services** *HK$'000*	**Total** *HK$'000*
Type of goods or services			
Sale of goods	702	524	1,226
Cremation and funeral services	–	4,702	4,702
Concert and other entertainment event organisation	95,292	–	95,292
Sponsorship	15,859	–	15,859
Artiste management and performance	1,295	–	1,295
Other	352	–	352
Total revenue from contracts with customers	113,500	5,226	118,726
Geographical markets			
Hong Kong	32,699	–	32,699
Macau	76,866	–	76,866
Mainland China	3,935	5,226	9,161
Total revenue from contracts with customers	113,500	5,226	118,726

For the year ended 31 December 2018

Segments	Media and entertainment *HK$'000*	Cremation and funeral services *HK$'000*	Total *HK$'000*
Type of goods or services			
Sale of goods	–	573	573
Cremation and funeral services	–	4,722	4,722
Concert and other entertainment event organisation	135,527	–	135,527
Sponsorship	6,492	–	6,492
Artiste management and performance	924	–	924
Total revenue from contracts with customers	142,943	5,295	148,238
Geographical markets			
Hong Kong	13,957	260	14,217
Macau	126,578	–	126,578
Mainland China	2,408	5,035	7,443
Total revenue from contracts with customers	142,943	5,295	148,238

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2019

Segments	**Media and entertainment**	**Cremation and funeral services**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from contracts with customers			
External customers	113,500	5,226	118,726

For the year ended 31 December 2018

Segments	Media and entertainment	Cremation and funeral services	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue from contracts with customers			
External customers	142,943	5,295	148,238

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Cremation and funeral services	**–**	50
Media and entertainment services	**2,540**	–
	2,540	50

	2019	2018
	HK$'000	*HK$'000*
Other income and gains		
Gross rental income	**–**	458
Gain on investment in a film project	**2,282**	–
Gain on disposal of items of property, plant and equipment	**50**	30
Management fee income	**816**	–
Other interest income	**780**	–
Others	**816**	1,184
	4,744	1,672

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**787**	1,032
Depreciation of property, plant and equipment	**3,567**	3,423
Depreciation of right-of-use assets	**1,696**	–
Amortisation of intangible assets	**223**	174
Cost of drama recognised as an expense (other than impairment)	**352**	–
Gain on disposal of items of property, plant and equipment	**(50)**	(30)
Reversal of impairment of intangible assets*	**(400)**	(670)
Impairment of trade receivables, net	**44**	69
Impairment of other receivables, net	**709**	179
Impairment of drama and film production#	**5,153**	–

* Included in "General and administrative expenses" in the consolidated statement of profit or loss.

Included in "Other expenses, net" in the consolidated statement of profit or loss. The impairment was made based on the amount estimated by management that could be recovered/realised from the drama and film production with reference to specific risk and future prospects of respective assets and expected market development.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**463**	1,881
Under/(over)provision in prior years	**89**	(69)
Current – Elsewhere		
Charge for the year	**197**	106
Underprovision in prior years	**–**	43
Total tax charge for the year	**749**	1,961

8. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2018: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of approximately 1,219,442,000 (2018: 1,161,250,000) in issue during the year, as adjusted to exclude shares held under the share award scheme of the Company.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the impact of the share options outstanding and the unvested share awards had an anti-diluted effect on the basic loss per share amounts presented.

10. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**19,880**	19,931
Impairment	**(44)**	(69)
	19,836	19,862

The Group's trading terms with its credit sales customers for cremation and funeral business are generally 30 days. For media and entertainment business, other than ticket sales and certain sponsorship arrangements whereby payments in advance are normally required, the credit period is generally 30 to 60 days from the date of billing, while ticketing agencies and/or other relevant parties normally settle the corresponding amounts received by them attributable to the Group within 60 to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the billed trade receivables as at the end of the reporting period, based on the invoice date or equivalent and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**18,089**	586
1 to 2 months	**1,235**	–
2 to 3 months	**51**	–
Over 3 months	**71**	–
	19,446	586

The remaining trade receivables were not yet due as at the end of the reporting period.

11. TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND OTHER FINANCIAL LIABILITIES

An ageing analysis of the trade payables included in "Trade payables, other payables, accruals and other financial liabilities" in the consolidated statement of financial position as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**876**	102
31-60 days	**–**	–
61-90 days	**–**	–
Over 90 days	**4**	4
	880	106

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the total revenue of the Group (which was mainly arising from media and entertainment and cremation and funeral services businesses) was approximately HK$126,247,000 which was 18.91% lower than the corresponding period of last year of approximately HK$155,678,000. The decrease was mainly due to social unrest in Hong Kong since June 2019 which resulted in lower than expected performance of the exhibitions organised by the Group.

Other income and gains

Other income and gains increased from approximately HK$1,672,000 to approximately HK$4,744,000. The increase was mainly attributable to fair value gain on investment in a film right of approximately HK$2,282,000 recorded during the year but nil in the corresponding period of last year.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses for the year ended 31 December 2019 were approximately HK$19,258,000, being 15.25% of total revenue, as compared with the amount for the corresponding period of last year of approximately HK$11,718,000, being 7.53% of total revenue. The significant increase in selling, marketing and distribution expenses was mainly arising from exhibitions organised by the Group of approximately HK$5,869,000 recorded during the year, while the revenue generated by the exhibitions was relatively low.

General and administrative expenses

General and administrative expenses for the year ended 31 December 2019 amounted to approximately HK$43,172,000 which was 36.94% higher than the amount for the corresponding period of last year of approximately HK$31,527,000. The increase was primarily attributable to the non-cash share-based payment expense of approximately HK$12,937,000 in relation to share options granted to several grantees while the share-based payment expense was approximately HK$7,793,000 in the corresponding period of last year.

Other expenses, net

Other expenses mainly consist of (i) co-investors' share of net income/net loss from entertainment events organised by the Group; and (ii) impairment loss on drama and film production of approximately HK$5,153,000.

Loss for the year

The Group's loss for the year was approximately HK$51,552,000 (2018: HK$10,714,000). The significant increase in loss for the year 2019 was mainly attributable to (i) social unrest in Hong Kong since June 2019 which resulted in lower than expected performance of the exhibitions organised by the Group and recorded net loss of approximately HK$14,070,000; (ii) non-cash share-based payment expense recognised for certain share options granted by the Company in the prior year, including amount recognised as a result of an acceleration of vesting upon the cancellation of certain share options during the current year, in the aggregate of approximately HK$5,988,000; (iii) non-cash share-based payment expense recognised for certain share options granted by the Company during the year of approximately HK$6,949,000; and (iv) impairment loss on certain drama and film production of approximately HK$5,153,000.

Net assets

Net assets of the Group as of 31 December 2019 amounted to approximately HK$91,712,000 as compared to approximately HK$109,169,000 as of 31 December 2018.

OPERATION REVIEW

Media and entertainment business

During the year ended 31 December 2019, the total revenue from media and entertainment business was approximately HK$115,427,000, which was 20.38% lower than that of the corresponding period of approximately HK$144,968,000. During the year, revenues were mainly comprised of concert organisation income, sponsorship income, gain on investments in concert projects as well as income from other entertainment events. The Group has organised and invested in a total of 35 concerts (concerts in 2018: 12) and organised certain exhibitions namely「吉卜力的動畫世界」展覽2019香港站 and 變變變！Move 生物體驗展•香港站. The significant increase in loss was mainly attributable to social unrest in Hong Kong since June 2019 which resulted in lower than expected performance of the exhibitions organised by the Group.

Cremation and funeral services business

Huaiji funeral parlour

Cremation business operation in Huaiji was performing steadily during the year ended 31 December 2019 and its total revenue for the year (including relevant government subsidies received) was approximately HK$10,820,000, which was 3.54% higher than that of the corresponding period of last year of approximately HK$10,450,000.

OUTLOOK

The year 2019 was a challenging year for most of the business sectors in Hong Kong. The outbreak of social unrest in second half of year 2019 continued to affect our media and entertainment businesses in Hong Kong, causing unexpectedly low revenue for certain projects organised by the Group and a number of our concerts were forced to postpone and to cancel. With the interruption brought by the coronavirus COVID-19 in early 2020, the Group's financial results may be further affected due to the general market condition. Having said that, the Group believes that the outbreak of the coronavirus will only have short term effect on the entertainment sector in the region. The Group will respond to forthcoming market challenges and capture business opportunities by focusing on high quality entertainment related projects with proven track records and commercial viability. In addition, the Group will further explore strategic alliances as well as investment opportunities to enrich its portfolio and broaden its income streams.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$19,039,000 (as at 31 December 2018: HK$37,972,000) and the total assets of the Group were approximately HK$149,088,000 (as at 31 December 2018: HK$138,999,000). As at 31 December 2019, the net current assets of the Group were approximately HK$51,876,000 (as at 31 December 2018: HK$76,912,000) and the Group's current ratio, which represents current assets over its current liabilities, was approximately 1.98 times (as at 31 December 2018: 4.12 times). The gearing ratio of the Group as at 31 December 2019 (calculated as total liabilities of HK$57,376,000 over equity attributable to owners of the Company of HK$90,077,000) was 63.70% (as at 31 December 2018: 28.39%).

As at 31 December 2019, the Group borrowed a loan with outstanding principal amount of RMB300,000 at interest rate of 5% per annum from a company beneficially owned by a Director. On 17 February 2020, the Group has fully settled the loan and interest incurred thereon.

INVESTMENT POSITION AND PLANNING

The Group will continuously undertake researches and identify potential media and entertainment and cremation and funeral services related business investment opportunities to enhance its business portfolio.

INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

Same as disclosed in the consolidated financial statements, there were no other significant investments held, and no material acquisitions or disposals of subsidiaries for the Group during the year.

CURRENCY RISK EXPOSURE

The Group has certain operations in Mainland China, whose net assets might be exposed to foreign currency translation risk. The Group currently does not have a foreign currency policy to hedge its currency exposure arising from the net assets of the Group's foreign operations. Otherwise, the Group has no material exposure to foreign currency risk as the majority of the Group's assets of its operating units are denominated in their respective functional currency of either Hong Kong Dollars or Renminbi.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 63 employees and including Directors (31 December 2018: 59). During the year ended 31 December 2019, short term employee benefits, which represented a key component of the total staff costs for the year ended 31 December 2019, included salaries, wages, bonuses and allowances, Directors' remuneration and share-based payments. The Group's employee remuneration packages are mainly determined on the basis of individual performance and experience and also having industry practice, which include basic wages and performance related bonuses. The Group also provides provident fund schemes and medical insurance scheme for its employees. The Company also grants share awards to eligible person under the Company's share award scheme and grants share options to the Directors and eligible employees.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Group's assets and the Group did not have any significant contingent liabilities as at 31 December 2019.

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

Save as 2,600,000 shares of the Company were purchased for an aggregate consideration of HK$1,696,000 on the market by a trustee under the Company's share award scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

DIRECTORS' SECURITIES TRANSACTIONS

Securities transactions by Directors

The Company has established written guidelines for the required standard of dealings in securities by directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). Having made specific enquiries of all Directors, the Directors confirmed that they have fully complied with the requirements under the Required Standard of Dealings and there was no event of non-compliance during the year ended 31 December 2019.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is committed to achieve a high standard of corporate governance that can properly protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company.

During the year ended 31 December 2019, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 15 to the GEM Listing Rules except for the deviation from the Code provision A.2.7 during the period under review.

Non-compliance code provision A.2.7

Pursuant CG Code provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors, including independent non-executive directors, without the presence of other directors. During the year ended 31 December 2019, the Chairman did not hold meetings with the independent non-executive Directors without the executive Directors'present, which deviates from CG Code provision A.2.7.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company reviewed the Group's annual results announcement for the year ended 31 December 2019.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young 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 assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2019 is published on the website of GEM of the Exchange at www.hkgem.com (the "GEM Website") and the website of the Company at www.8082.com.hk. The 2019 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the period. I would also like to express my appreciation to the continuous support of our shareholders and investors.

On behalf of the Board of
Sun Entertainment Group Limited
Dong Choi Chi, Alex
Executive Director and Chairman

Hong Kong, 23 March 2020

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 will remain on the "Latest Listed Company Information" 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.