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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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 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.

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 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.

UNAUDITED FINANCIAL RESULTS

The Board of Directors (the “Directors”) of Sun Entertainment Group Limited (the “Company”) announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2020 together with the comparative unaudited figures for the three months ended 31 March 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2020

		Three months ended 31 March	
		2020	2019
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	2	3,959	17,579
Cost of sales		<u>(2,582)</u>	<u>(17,635)</u>
Gross profit/(loss)		1,377	(56)
Other income and gains		545	1,129
Selling, marketing and distribution expenses		(1,239)	(1,373)
General and administrative expenses		(8,210)	(7,867)
Other expenses, net		70	835
Finance costs		<u>(25)</u>	<u>(37)</u>
LOSS BEFORE TAX		(7,482)	(7,369)
Income tax expense	3	<u>–</u>	<u>(99)</u>
LOSS FOR THE PERIOD		<u>(7,482)</u>	<u>(7,468)</u>
Attributable to:			
Owners of the Company		(7,374)	(6,506)
Non-controlling interests		<u>(108)</u>	<u>(962)</u>
		<u>(7,482)</u>	<u>(7,468)</u>
Dividend	4	<u>–</u>	<u>–</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	5		
– Basic and diluted (<i>HK cents</i>)		<u>(0.6)</u>	<u>(0.5)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	Three months ended 31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(7,482)	(7,468)
Other comprehensive (loss)/income:		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(594)</u>	<u>143</u>
Total comprehensive loss for the period	<u>(8,076)</u>	<u>(7,325)</u>
Attributable to:		
Owners of the Company	(7,919)	(6,460)
Non-controlling interests	<u>(157)</u>	<u>(865)</u>
	<u>(8,076)</u>	<u>(7,325)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Share-based payment reserve HK\$'000	Shares held under share award scheme HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	
At 1 January 2019 (audited)	30,445	329,188	31,713	(217)	7,270	–	(293,345)	105,054	109,169
Loss for the period	–	–	–	–	–	–	(6,506)	(6,506)	(7,468)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	46	–	–	–	46	143
Total comprehensive income/(loss) for the period	–	–	–	46	–	–	(6,506)	(6,460)	(7,325)
Equity-settled share options arrangement	–	–	–	–	2,364	–	–	2,364	2,364
At 31 March 2019 (unaudited)	30,445	329,188	31,713	(171)	9,634	–	(299,851)	100,958	104,208
At 1 January 2020 (audited)	31,270	350,143	31,713	(428)	6,979	(391)	(329,209)	90,077	91,712
Loss for the period	–	–	–	–	–	–	(7,374)	(7,374)	(7,482)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	–	–	–	(545)	–	–	–	(545)	(594)
Total comprehensive loss for the period	–	–	–	(545)	–	–	(7,374)	(7,919)	(8,076)
Equity-settled share award arrangements	–	–	–	–	72	–	–	72	72
At 31 March 2020 (unaudited)	31,270	350,143	31,713	(973)	7,051	(391)	(336,583)	82,230	83,708

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2019.

Impact of new and revised HKFRSs which are issued but not effective

The Group had not early adopted the new and revised HKFRSs that have been issued but are not yet effective in the period.

The Group is in the process of assessing the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. 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, 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.

The segment results and other segment items for the three months ended 31 March 2020 are as follows:

	Media and entertainment HK\$'000	Cremation and funeral services HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	1,285	2,674	<u>3,959</u>
Segment results	(4,848)	128	(4,720)
<u>Reconciliation:</u>			
Corporate and other unallocated expenses, net			(2,737)
Finance costs			<u>(25)</u>
Loss before tax			<u>(7,482)</u>
Segment assets	58,848	24,187	83,035
<u>Reconciliation:</u>			
Corporate and other unallocated assets			<u>31,120</u>
Total assets			<u>114,155</u>
Segment liabilities	(14,682)	(6,655)	(21,337)
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			<u>(9,110)</u>
Total liabilities			<u>(30,447)</u>
Other segment information			
Depreciation and amortisation	173	310	483
Capital expenditure	6	10	16

The segment results and other segment items for the three months ended 31 March 2019 are as follows:

	Media and entertainment <i>HK\$'000</i>	Cremation and funeral services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	14,403	3,176	<u>17,579</u>
Segment results	(3,114)	525	(2,589)
<u>Reconciliation:</u>			
Corporate and other unallocated expenses, net			(4,743)
Finance costs			<u>(37)</u>
Loss before tax			<u><u>(7,369)</u></u>
Segment assets	95,897	24,694	120,591
<u>Reconciliation:</u>			
Corporate and other unallocated assets			<u>14,958</u>
Total assets			<u><u>135,549</u></u>
Segment liabilities	(14,782)	(6,422)	(21,204)
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			<u>(10,137)</u>
Total liabilities			<u><u>(31,341)</u></u>
Other segment information			
Depreciation and amortisation	83	454	537
Capital expenditure	10	16	26

A breakdown of the revenue from all services and products is as follows:

	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Provision of cremation and funeral services and sale of related goods	1,182	1,597
Concert and other entertainment event income and sale of related goods	1,269	13,493
Artiste management and performance services income	15	233
	2,466	15,323
<i>Revenue from other sources</i>		
Rendering of cremation services	1,492*	1,579*
Gain on investments in concert and other entertainment event projects, net	1	677
	1,493	2,256
	3,959	17,579

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

3. INCOME TAX EXPENSE

The Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Group did not have any significant deferred taxation which was not provided for in respect of each of the reporting periods.

4. DIVIDEND

The Directors do not recommend the payment of a dividend nor transfer of any amount to reserves for the three months ended 31 March 2020 (31 March 2019: Nil).

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

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended	
	31 March	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	(7,374)	(6,506)
Weighted average number of ordinary shares in issued (in thousands)	<u>1,250,798</u>	<u>1,217,798</u>

(b) Diluted

For the period ended 31 March 2020 and 31 March 2019, no adjustment has been made to the basic loss per share amounts presented for the period 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue

For the three months ended 31 March 2020, the total revenue (which mainly consists of (i) the media and entertainment business; and (ii) cremation and funeral services business) was approximately HK\$3,959,000 which was 77.48% lower than that of last year corresponding period of approximately HK\$17,579,000. The decrease was mainly due to the media and entertainment business has been temporarily affected by the outbreak of the Coronavirus Disease 2019 (“COVID-19”) since January 2020.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses for the three months ended 31 March 2020 was approximately HK\$1,239,000, which was 9.76% lower than the amount of last year corresponding period of approximately HK\$1,373,000. Percentage to turnover was approximately 31.30% (three months ended 31 March 2019: 7.81%).

General and administrative expenses

General and administrative expenses for the three months ended 31 March 2020 amounted to approximately HK\$8,210,000 which was in line with the amount for the last year corresponding period of approximately HK\$7,867,000.

Other expenses, net

Other expenses mainly consist of co-investors’ share of net loss/profit from entertainment events organised by the Group.

Loss for the period

The Group’s loss for the period was approximately HK\$7,482,000 (three months ended 31 March 2019: loss of approximately HK\$7,468,000).

Operation Review

Media and entertainment

During the three months ended 31 March 2020, the media and entertainment segment recorded a revenue of approximately HK\$1,285,000, representing a decrease of 91.08% as compared with last year corresponding period of approximately of HK\$14,403,000. The decrease in revenue is mainly due to the media and entertainment business has been temporarily affected by the outbreak of the COVID-19 since January 2020.

Cremation and funeral services

During the three months ended 31 March 2020, the revenue from cremation and funeral services business operation was approximately HK\$2,674,000, which was 15.81% lower than last year corresponding period of approximately HK\$3,176,000. Owing to the prohibition of group gatherings under the effect of COVID-19, the revenue of value-added funeral services had decreased during the period.

Prospects

The year 2020 will be a challenging year for most of the business sectors across the world including People Republic of China, Hong Kong and Macau. The outbreak and wide spreading of the COVID-19 since January 2020 has affected our entertainment businesses in Hong Kong and Macau, causing closure of leisure and entertainment venues or facilities. As such, a number of our concert and exhibition events were forced to be postponed or even been cancelled. With the interruption brought by the COVID-19 in early 2020 and social distancing policies which generally prohibit group gatherings in public places and various other measures implemented by the Government of the Hong Kong Special Administrative Region, the Group's financial results for the first half of 2020 may be affected due to the overall market condition. Having said that, the Group believes that the outbreak of the COVID-19 will have short term effects on the entertainment sector in the region. The Group is actively taking measures to enhance operational efficiency, reduce costs and maintain sufficient cashflow. 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 and discussing with co-organisers, promoters and artists for rescheduling certain concerts and exhibitions in the second half of 2020. In addition, the Group will further explore strategic alliances as well as investment opportunities to enrich its portfolio and broaden its income stream.

Employees and remuneration policies

As at 31 March 2020, the Group had approximately 63 (three months ended 31 March 2019: 63) employees, including Directors. Total staff costs for the three months ended 31 March 2020, including Directors' remuneration, amounted to approximately HK\$3,365,000 (three months ended 31 March 2019: HK\$2,665,000). The Group's employment and remuneration policies remained the same as detailed in the year ended 31 December 2019 Annual Report.

Charges on Group's assets and contingent liabilities

There were no charges on the Group's assets or any significant contingent liabilities as at 31 March 2020.

Directors' and chief executives' interests and short positions in the shares, underlying shares and convertible bonds of the Company

As at 31 March 2020, the interests or short positions of the Directors and chief executives in the shares, underlying shares and convertible bonds of the Company and its associated corporation, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the model code for Securities Transactions by Directors of the Company, were as follows:

Interests in shares and underlying shares of the Company

Number of ordinary shares and underlying shares beneficially held:

(A) Long positions

Name	Capacity	Notes	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital
Mr. Chong Cho Lam	Beneficial owner	1	2,000,000	1,000,000	3,000,000	0.24%
Mr. Dong Choi Chi, Alex ("Mr. Dong")	Beneficial owner		287,549,682	–	287,549,682	22.99%
	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	2	431,346,823	–	431,346,823	34.49%
			718,896,505	–	718,896,505	57.48%

Notes:

1. The underlying shares represent 1,000,000 awarded shares, which shall be vested within 1 business day after an audited consolidated net profit after tax of the Group of not less than HK\$5 million is recorded in any annual report of the Company published within 3 years from the grant date (i.e. 13 December 2019).
2. Mr. Dong, Mr. Cheng Ting Kong and Mr. Chau Cheok Wa 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.

(B) Share options

Pursuant to the new share options scheme adopted by the Company on 31 August 2011, certain Directors and participants were granted share options to subscribe for the Company's shares, details of share options outstanding and exercisable as at 31 March 2020 were as follow:

	Number of share options				Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 January 2020	Granted during the period	Exercised during the period	Forfeited/ lapsed during the period			
<i>Category 1: Employees/ consultants</i>							
Employees	9,000,000	–	–	–	12 July 2019	12 July 2019 – 11 July 2029	HK\$0.740
Consultants	7,800,000	–	–	–	12 July 2019	12 July 2019 – 11 July 2029	HK\$0.740
Total	16,800,000	–	–	–			

There were no share options cancelled, lapsed or forfeited during the three months ended 31 March 2020.

(C) Share award scheme

On 6 December, 2019, the Company adopted a share award scheme (the “Share Award Scheme”), which is not subject to the provisions of Chapter 23 of the GEM Listing Rules, to recognise and reward the contribution of certain eligible persons to the growth and development of the Group and to attract suitable personnel for further development of the Group, through an award of the shares. Details of Share Award Scheme are set out in the announcement of the Company dated 6 December 2019.

A summary of the awarded shares granted to eligible participant is set forth below:

Name of awardee	Date of grant	Number of awarded shares				Outstanding as at 31 March 2020
		Outstanding as at 1 January 2020	Granted during the period	Vested during the period	Lapsed during the period	
Mr. Chong Cho Lam	13 December 2019	1,000,000	–	–	–	1,000,000

Substantial shareholders' interests and short positions in the shares, underlying shares and convertible bonds of the Company

As at three months ended 31 March 2020, the following shareholders (including Directors) had interests or short position in the shares, underlying shares or convertible bonds of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”) and Section 336 of the SFO, were as follows:

Number of ordinary shares and underlying shares beneficially held:

Name	Capacity	Notes	Number of shares	Long/short position	Percentage of issued share capital
Mr. Dong	Beneficial owner		287,549,682	Long	22.99%
	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	431,346,823	Long	34.49%
			718,896,505		57.48%
Mr. Chau Cheok Wa (“Mr. Chau”)	Beneficial owner		431,346,823	Long	34.49%
	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	287,549,682	Long	22.99%
			718,896,505		57.48%
Mr. Cheng Ting Kong (“Mr. Cheng”)	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	718,896,505	Long	57.48%
New Brilliant Investments Limited	Beneficial owner	2	98,472,498	Long	7.87%
Mr. Chui Bing Sun (“Mr. Chui”)	Beneficial owner	4	1,800	Long	0.00%
	Interest of controlled corporation	2 and 3	149,472,498	Long	11.95%
			149,474,298		11.95%
Mr. Chan Ping Che	Beneficial owner		97,390,000	Long	7.79%

Notes:

1. Mr. Dong, Mr. Cheng and Mr. Chau 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.
2. New Brilliant Investments Limited is incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui.
3. Checkmate Capital Limited and Grand Sea Limited are holding 36,000,000 and 15,000,000 shares respectively. They are incorporated in Hong Kong. They are wholly and beneficially owned by Mr. Chui.
4. Mr. Chui is also holding 1,800 shares as beneficial owner. Mr. Chui was a former executive Director, the former chairman and the former chief executive officer of the Company who resigned with effect from 19 March 2018.

Save as disclosed above, as at 31 March 2020, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or convertible bonds of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO, or who had interests of 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

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. Having made specific enquiries of all Directors, the Directors confirmed that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance for the three months ended 31 March 2020.

Director's interests in competing business

Mr. Dong Choi Chi, Alex (“Mr. Dong”), an executive Director of the Company, is the sole owner and director of Sun Entertainment Holdings Limited, which together with its subsidiaries, including Sun Entertainment Culture Limited, are principally engaged in investment holding, artiste and model management, entertainment, sports, publishing and film and concert production and coordination. He is also an ultimate beneficial owner and a director of Sun Motion (Hong Kong) Limited, which is also engaged in investment holding, artiste and model management, entertainment, sports, publishing and film and concert production and coordination. Mr. Dong is also one of the ultimate beneficial owners and a director of Sun Asia Group Limited, which together with its subsidiaries are principally engaged in the media and entertainment related investment and production in Macau. Therefore, he is considered to have interest in the business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group in the media and entertainment industry (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules).

Mr. Chong Cho Lam, an executive Director of the Company, is a substantial shareholder and the managing director of Chessman Entertainment Production Company Limited, which is principally engaged in concert co-ordination and production, advertising design and market planning, original music, record production and distribution, public relations and artiste management in Macau. He is a substantial shareholder and director of Chessman Entertainment Production (HK) Limited, which is engaged in advertising production, project planning consultation, design, publishing, entertainment production and promotion. He is also a substantial shareholder and director of Chessman Management and Investment Company Limited, which is engaged in entertainment related investments and management in Macau. He is also a substantial shareholder of Good Media Production Company Limited which is engaged in film production and filming, music production, advertising production, original music, web design, publication publishing and media in Macau. He is also a substantial shareholder of Easy Music Production Company Limited which is engaged in record distribution, artiste management, music producer management, band management, musician management, concert production and music production in Macau. Therefore, he is considered to have interest in the business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group in the media and entertainment industry (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules).

Save as disclosed above, the Directors are not aware of any business or interest of each of the Directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group during the three months ended 31 March 2020.

Arrangements to purchase shares or convertible bonds

Other than the share option scheme and the Share Award Scheme disclosed above, at no time during the three months ended 31 March 2020 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or convertible bonds of, the Company or any other body corporate.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the three months ended 31 March 2020.

Compliance with corporate governance practices

During the three months ended 31 March 2020, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as stated in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited.

Audit committee

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three independent non-executive Directors, namely Mr. Chan Wai Man (chairman of AC), Mr. Siu Hi Lam, Alick and Mr. Ting Kit Lun, who together have sufficient accounting and financial management expertise, legal and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. In accordance with the provisions of the CG Code, the terms of reference of the AC were also revised which are substantially the same as the provisions set out in the CG Code.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of consolidated financial statements and reviewing annual, interim and quarterly consolidated financial statements and reports before submission to the Board and considering and recommending the appointment, re-appointment and removal of external auditors of the Company. The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The AC is authorized to take independent professional advice at Company's expense, if necessary.

The AC has reviewed the Group's unaudited result for the three months ended 31 March 2020.

By order of the Board
SUN ENTERTAINMENT GROUP LIMITED
Dong Choi Chi, Alex
Chairman and executive Director

Hong Kong, 15 May 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.