

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**太陽娛樂集團**  
SUN ENTERTAINMENT GROUP

**SUN ENTERTAINMENT GROUP LIMITED**

**太陽娛樂集團有限公司**

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

**(Stock Code: 8082)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 and nine months ended 30 September 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three months and nine months ended 30 September 2020*

|                                                         |       | Three months ended<br>30 September |                         | Nine months ended<br>30 September |                         |
|---------------------------------------------------------|-------|------------------------------------|-------------------------|-----------------------------------|-------------------------|
|                                                         |       | 2020                               | 2019                    | 2020                              | 2019                    |
|                                                         | Notes | HK\$'000<br>(Unaudited)            | HK\$'000<br>(Unaudited) | HK\$'000<br>(Unaudited)           | HK\$'000<br>(Unaudited) |
| Revenue                                                 | 2     | 15,326                             | 43,976                  | 21,406                            | 93,173                  |
| Cost of sales                                           |       | (11,389)                           | (51,428)                | (14,536)                          | (88,046)                |
| Gross profit/(loss)                                     |       | 3,937                              | (7,452)                 | 6,870                             | 5,127                   |
| Other income and gains                                  | 3     | 357                                | 314                     | 1,304                             | 4,070                   |
| Selling, marketing and<br>distribution expenses         |       | (1,240)                            | (7,977)                 | (3,326)                           | (11,529)                |
| General and administrative expenses                     |       | (7,634)                            | (17,004)                | (22,734)                          | (36,562)                |
| Other expenses, net                                     |       | 86                                 | 3,196                   | 156                               | (617)                   |
| Finance costs                                           |       | (18)                               | (27)                    | (61)                              | (100)                   |
| LOSS BEFORE TAX                                         |       | (4,512)                            | (28,950)                | (17,791)                          | (39,611)                |
| Income tax expense                                      | 4     | (97)                               | 564                     | (120)                             | (444)                   |
| LOSS FOR THE PERIOD                                     |       | (4,609)                            | (28,386)                | (17,911)                          | (40,055)                |
| Attributable to:                                        |       |                                    |                         |                                   |                         |
| Owners of the Company                                   |       | (4,753)                            | (28,694)                | (17,890)                          | (39,176)                |
| Non-controlling interests                               |       | 144                                | 308                     | (21)                              | (879)                   |
|                                                         |       | (4,609)                            | (28,386)                | (17,911)                          | (40,055)                |
| Dividend                                                | 5     | –                                  | –                       | –                                 | –                       |
| LOSS PER SHARE ATTRIBUTABLE TO<br>OWNERS OF THE COMPANY | 6     |                                    |                         |                                   |                         |
| – Basic and diluted (HK cents)                          |       | (0.4)                              | (2.4)                   | (1.4)                             | (3.2)                   |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2020

|                                                              | Three months ended<br>30 September |                        | Nine months ended<br>30 September |                        |
|--------------------------------------------------------------|------------------------------------|------------------------|-----------------------------------|------------------------|
|                                                              | 2020                               | 2019                   | 2020                              | 2019                   |
|                                                              | <i>HK\$'000</i>                    | <i>HK\$'000</i>        | <i>HK\$'000</i>                   | <i>HK\$'000</i>        |
|                                                              | (Unaudited)                        | (Unaudited)            | (Unaudited)                       | (Unaudited)            |
| <b>Loss for the period</b>                                   | <b>(4,609)</b>                     | <b>(28,386)</b>        | <b>(17,911)</b>                   | <b>(40,055)</b>        |
| Other comprehensive loss:                                    |                                    |                        |                                   |                        |
| Exchange differences on translation of<br>foreign operations | <u>1,003</u>                       | <u>(840)</u>           | <u>614</u>                        | <u>(741)</u>           |
| <b>Total comprehensive loss for the period</b>               | <b><u>(3,606)</u></b>              | <b><u>(29,226)</u></b> | <b><u>(17,297)</u></b>            | <b><u>(40,796)</u></b> |
| <b>Attributable to:</b>                                      |                                    |                        |                                   |                        |
| Owners of the Company                                        | <b>(3,837)</b>                     | <b>(29,551)</b>        | <b>(17,320)</b>                   | <b>(39,924)</b>        |
| Non-controlling interests                                    | <u>231</u>                         | <u>325</u>             | <u>23</u>                         | <u>(872)</u>           |
|                                                              | <b><u>(3,606)</u></b>              | <b><u>(29,226)</u></b> | <b><u>(17,297)</u></b>            | <b><u>(40,796)</u></b> |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

|                                                                                | Attributable to owners of the Company |                |                     |                              |                             |                                      |                    | Non-controlling interests | Total equity  |
|--------------------------------------------------------------------------------|---------------------------------------|----------------|---------------------|------------------------------|-----------------------------|--------------------------------------|--------------------|---------------------------|---------------|
|                                                                                | Issued capital                        | Share premium  | Contributed surplus | Exchange fluctuation reserve | Share-based payment reserve | Shares held under share award scheme | Accumulated losses |                           |               |
|                                                                                | HK\$'000                              | HK\$'000       | HK\$'000            | HK\$'000                     | HK\$'000                    | HK\$'000                             | HK\$'000           | HK\$'000                  | 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                                                            | –                                     | –              | –                   | –                            | –                           | –                                    | (39,176)           | (39,176)                  | (40,055)      |
| Other comprehensive loss for the period:                                       |                                       |                |                     |                              |                             |                                      |                    |                           |               |
| Exchange differences on translation of foreign operations                      | –                                     | –              | –                   | (748)                        | –                           | –                                    | –                  | (748)                     | (741)         |
| Total comprehensive loss for the period                                        | –                                     | –              | –                   | (748)                        | –                           | –                                    | (39,176)           | (39,924)                  | (40,796)      |
| Equity-settled share option arrangements                                       | –                                     | –              | –                   | –                            | 12,937                      | –                                    | –                  | 12,937                    | 12,937        |
| Transfer of share-based payment reserve upon the cancellation of share options | –                                     | –              | –                   | –                            | (13,258)                    | –                                    | 13,258             | –                         | –             |
| At 30 September 2019 (unaudited)                                               | <u>30,445</u>                         | <u>329,188</u> | <u>31,713</u>       | <u>(965)</u>                 | <u>6,949</u>                | <u>–</u>                             | <u>(319,263)</u>   | <u>78,067</u>             | <u>81,310</u> |
| 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                                                            | –                                     | –              | –                   | –                            | –                           | –                                    | (17,890)           | (17,890)                  | (17,911)      |
| Other comprehensive loss for the period:                                       |                                       |                |                     |                              |                             |                                      |                    |                           |               |
| Exchange differences on translation of foreign operations                      | –                                     | –              | –                   | 570                          | –                           | –                                    | –                  | 570                       | 614           |
| Total comprehensive loss for the period                                        | –                                     | –              | –                   | 570                          | –                           | –                                    | (17,890)           | (17,320)                  | (17,297)      |
| Equity-settled share award arrangements                                        | –                                     | –              | –                   | –                            | 215                         | –                                    | –                  | 215                       | 215           |
| At 30 September 2020 (unaudited)                                               | <u>31,270</u>                         | <u>350,143</u> | <u>31,713</u>       | <u>142</u>                   | <u>7,194</u>                | <u>(391)</u>                         | <u>(347,099)</u>   | <u>72,972</u>             | <u>74,630</u> |

# NOTES TO THE UNAUDITED CONDENSED 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”).

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

### **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, 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.

## 2. OPERATING SEGMENT INFORMATION (Continued)

The segment results and other segment items for the nine months ended 30 September 2020 are as follows:

|                                               | Media and<br>entertainment<br><i>HK\$'000</i><br>(Unaudited) | Cremation<br>and funeral<br>services<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|-----------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------|
| <b>Segment revenue</b>                        |                                                              |                                                                        |                                         |
| Sales to external customers                   | 13,453                                                       | 7,953                                                                  | <u>21,406</u>                           |
| <b>Segment results</b>                        | (11,040)                                                     | 722                                                                    | (10,318)                                |
| <i>Reconciliation:</i>                        |                                                              |                                                                        |                                         |
| Corporate and other unallocated expenses, net |                                                              |                                                                        | (7,412)                                 |
| Finance costs                                 |                                                              |                                                                        | <u>(61)</u>                             |
| Loss before tax                               |                                                              |                                                                        | <u>(17,791)</u>                         |
| <b>Segment assets</b>                         | 61,398                                                       | 25,621                                                                 | 87,019                                  |
| <i>Reconciliation:</i>                        |                                                              |                                                                        |                                         |
| Corporate and other unallocated assets        |                                                              |                                                                        | <u>25,436</u>                           |
| <b>Total assets</b>                           |                                                              |                                                                        | <u>112,455</u>                          |
| <b>Segment liabilities</b>                    | (23,512)                                                     | (6,716)                                                                | (30,228)                                |
| <i>Reconciliation:</i>                        |                                                              |                                                                        |                                         |
| Corporate and other unallocated liabilities   |                                                              |                                                                        | <u>(7,597)</u>                          |
| <b>Total liabilities</b>                      |                                                              |                                                                        | <u>(37,825)</u>                         |
| <b>Other segment information:</b>             |                                                              |                                                                        |                                         |
| Depreciation and amortisation                 | 376                                                          | 1,203                                                                  | 1,579                                   |
| Capital expenditure                           | 42                                                           | 715                                                                    | 757                                     |

## 2. OPERATING SEGMENT INFORMATION (Continued)

The segment results and other segment items for the nine months ended 30 September 2019 are as follows:

|                                               | Media and<br>entertainment<br><i>HK\$'000</i><br>(Unaudited) | Cremation<br>and funeral<br>services<br><i>HK\$'000</i><br>(Unaudited) | Total<br><i>HK\$'000</i><br>(Unaudited) |
|-----------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------|
| <b>Segment revenue</b>                        |                                                              |                                                                        |                                         |
| Sales to external customers                   | 84,908                                                       | 8,265                                                                  | <u>93,173</u>                           |
| <b>Segment results</b>                        | (18,832)                                                     | 635                                                                    | (18,197)                                |
| <i>Reconciliation:</i>                        |                                                              |                                                                        |                                         |
| Corporate and other unallocated expenses, net |                                                              |                                                                        | (21,314)                                |
| Finance costs                                 |                                                              |                                                                        | <u>(100)</u>                            |
| Loss before tax                               |                                                              |                                                                        | <u>(39,611)</u>                         |
| <b>Segment assets</b>                         | 114,920                                                      | 23,835                                                                 | 138,755                                 |
| <i>Reconciliation:</i>                        |                                                              |                                                                        |                                         |
| Corporate and other unallocated assets        |                                                              |                                                                        | <u>10,752</u>                           |
| <b>Total assets</b>                           |                                                              |                                                                        | <u>149,507</u>                          |
| <b>Segment liabilities</b>                    | (51,145)                                                     | (5,775)                                                                | (56,920)                                |
| <i>Reconciliation:</i>                        |                                                              |                                                                        |                                         |
| Corporate and other unallocated liabilities   |                                                              |                                                                        | <u>(11,277)</u>                         |
| <b>Total liabilities</b>                      |                                                              |                                                                        | <u>(68,197)</u>                         |
| <b>Other segment information:</b>             |                                                              |                                                                        |                                         |
| Depreciation and amortisation                 | 552                                                          | 1,412                                                                  | 1,964                                   |
| Capital expenditure                           | 65                                                           | 2,449                                                                  | 2,514                                   |

## 2. OPERATING SEGMENT INFORMATION (Continued)

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

|                                                                                   | Three months ended<br>30 September |                 | Nine months ended<br>30 September |                 |
|-----------------------------------------------------------------------------------|------------------------------------|-----------------|-----------------------------------|-----------------|
|                                                                                   | 2020                               | 2019            | 2020                              | 2019            |
|                                                                                   | <i>HK\$'000</i>                    | <i>HK\$'000</i> | <i>HK\$'000</i>                   | <i>HK\$'000</i> |
|                                                                                   | (Unaudited)                        | (Unaudited)     | (Unaudited)                       | (Unaudited)     |
| <i>Revenue from contracts with customers</i>                                      |                                    |                 |                                   |                 |
| Provision of cremation and funeral services and sale of related goods             | <b>1,460</b>                       | 1,146           | <b>3,812</b>                      | 4,090           |
| Concert and other entertainment event income and sale of related goods            | <b>11,508</b>                      | 41,906          | <b>12,772</b>                     | 82,518          |
| Artiste management and performance services income                                | <b>353</b>                         | 5               | <b>382</b>                        | 616             |
|                                                                                   | <b>13,321</b>                      | 43,057          | <b>16,966</b>                     | 87,224          |
| <i>Revenue from other sources</i>                                                 |                                    |                 |                                   |                 |
| Rendering of cremation services*                                                  | <b>1,369*</b>                      | 1,248*          | <b>4,141*</b>                     | 4,175*          |
| Gain/(loss) on investments in concert and other entertainment event projects, net | <b>636</b>                         | (329)           | <b>299</b>                        | 1,774           |
|                                                                                   | <b>2,005</b>                       | 919             | <b>4,440</b>                      | 5,949           |
|                                                                                   | <b>15,326</b>                      | 43,976          | <b>21,406</b>                     | 93,173          |

\* *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. OTHER INCOME AND GAINS

An analysis of the other income and gains is as follows:

|                                      | Three months ended<br>30 September |                 | Nine months ended<br>30 September |                 |
|--------------------------------------|------------------------------------|-----------------|-----------------------------------|-----------------|
|                                      | 2020                               | 2019            | 2020                              | 2019            |
|                                      | <i>HK\$'000</i>                    | <i>HK\$'000</i> | <i>HK\$'000</i>                   | <i>HK\$'000</i> |
|                                      | (Unaudited)                        | (Unaudited)     | (Unaudited)                       | (Unaudited)     |
| Gain on investment in a film project | –                                  | –               | 2                                 | 2,282           |
| Gross rental income                  | 18                                 | 204             | 18                                | 612             |
| Management fee income                | 204                                | –               | 612                               | –               |
| Others                               | 135                                | 110             | 672                               | 1,176           |
|                                      | <u>357</u>                         | <u>314</u>      | <u>1,304</u>                      | <u>4,070</u>    |

### 4. INCOME TAX EXPENSE

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

The PRC subsidiaries are subject to the PRC corporate income tax at 25% (2019: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

### 5. DIVIDEND

The Directors do not recommend the payment of dividend nor transfer of any amount to reserves for the nine months ended 30 September 2020 (nine months ended 30 September 2019: nil).

## 6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS 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 |                  | Nine months ended |                  |
|--------------------------------------------------------------------------|--------------------|------------------|-------------------|------------------|
|                                                                          | 30 September       |                  | 30 September      |                  |
|                                                                          | 2020               | 2019             | 2020              | 2019             |
|                                                                          | <i>HK\$'000</i>    | <i>HK\$'000</i>  | <i>HK\$'000</i>   | <i>HK\$'000</i>  |
|                                                                          | (Unaudited)        | (Unaudited)      | (Unaudited)       | (Unaudited)      |
| Loss attributable to owners<br>of the Company                            | (4,753)            | (28,694)         | (17,890)          | (39,176)         |
| Weighted average number of<br>ordinary shares in issue<br>(in thousands) | <u>1,250,798</u>   | <u>1,217,798</u> | <u>1,250,798</u>  | <u>1,217,798</u> |

### (b) Diluted

For the period ended 30 September 2020 and 30 September 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 and gross profit*

For the nine months ended 30 September 2020, the total revenue (which mainly consists of (i) media and entertainment business; and (ii) the cremation and funeral services business) was approximately HK\$21,406,000 which was 77.03% lower than that of last year corresponding period of approximately HK\$93,173,000. Gross profit increased from approximately HK\$5,127,000 to approximately HK\$6,870,000. The substantial decrease in revenue was mainly due to the media and entertainment business has been 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 nine months ended 30 September 2020 was approximately HK\$3,326,000, which was 71.15% lower than that of last year corresponding period of approximately HK\$11,529,000. Percentage to revenue was approximately 15.54% (nine months ended 30 September 2019: 12.37%).

### *General and administrative expenses*

General and administration expenses for the nine months ended 30 September 2020 amounted to approximately HK\$22,734,000 which was 37.82% lower as compared with last year corresponding period of approximately HK\$36,562,000. The decrease was primary attributable to the share-based payment expense of approximately HK\$12,937,000 and impairment loss on investment in films of approximately HK\$5,505,000 recognised in last year of corresponding period, while the share-based payment expense was approximately HK\$5,650,000 for the current period under review.

### *Other expenses, net*

Other expenses mainly consists of the share of net profit or loss from entertainment events organised by the Group to co-investors.

### ***Loss for the period***

The Group's loss for the nine months ended 30 September 2020 was approximately HK\$17,911,000 (nine months ended 30 September 2019: loss of approximately HK\$40,055,000). The decrease in loss for the period was mainly due to (i) decrease in share-based payment expense; and (ii) increase in net income generated from the entertainment events organised/invested during the current period.

### **Operation Review**

#### ***Media and entertainment***

During the nine months ended 30 September 2020, the media and entertainment business recorded a revenue of HK\$13,453,000, representing a decrease in 84.16% as compared with last year corresponding period of approximately HK\$84,908,000. The decrease was mainly due to the media and entertainment business has been affected by the outbreak of the COVID-19 since January 2020.

#### ***Cremation and funeral services***

During the nine months ended 30 September 2020, the revenue from cremation and funeral business operation in Huaiji was approximately HK\$7,953,000, which was in line with last year corresponding period of approximately HK\$8,265,000.

### **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 has been 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 continue 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 stream.

## **Currency risk exposure**

As at 30 September 2020, the Group has certain investments in foreign operations, whose net assets are 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 had no material exposure to foreign exchange risk as majority of the Group's assets were denominated in its functional currency of either Hong Kong Dollars or Renminbi.

## **Employees and remuneration policies**

As at 30 September 2020, the Group had 58 (nine months ended 30 September 2019: 64) employees, including Directors. Total staff costs for the nine months ended 30 September 2020, including Directors' remuneration, amounted to approximately HK\$8,877,000 (nine months ended 30 September 2019: HK\$8,740,000). 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 30 September 2020.

## **Directors' and chief executives' interests and short positions in the shares and underlying shares of the Company**

As at 30 September 2020, the interests or short positions of the Directors and chief executives in the shares and underlying shares 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:

**Directors' and chief executives' interests and short positions in the shares and underlying shares of the Company (Continued)**

***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<br>shares held | Number of<br>underlying<br>shares held | Total number<br>of shares<br>and underlying<br>shares held | Percentage<br>of issued<br>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<br>("Mr. Dong") | Beneficial owner                                                                            |       | 287,549,682              | –                                      | 287,549,682                                                | 22.99%                                   |
|                                         | A concert party<br>to an agreement to<br>buy shares described in<br>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.

## Directors' and chief executives' interests and short positions in the shares and underlying shares of the Company (Continued)

### (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 30 September 2020 were as follow:

|                                   | Number of share options                   |                                 |                                   |                                              | Outstanding<br>and<br>exercisable<br>as at<br>30 September<br>2020 | Date of grant | Exercise<br>period             | Vesting Period             | Exercise<br>price<br>per share | Closing<br>share price<br>immediate<br>before the<br>date of grant |
|-----------------------------------|-------------------------------------------|---------------------------------|-----------------------------------|----------------------------------------------|--------------------------------------------------------------------|---------------|--------------------------------|----------------------------|--------------------------------|--------------------------------------------------------------------|
|                                   | Outstanding<br>as at<br>1 January<br>2020 | Granted<br>during the<br>period | Exercised<br>during<br>the period | Forfeited/<br>lapsed<br>during the<br>period |                                                                    |               |                                |                            |                                |                                                                    |
| Category 1: Employees/consultants |                                           |                                 |                                   |                                              |                                                                    |               |                                |                            |                                |                                                                    |
| Employees                         | 9,000,000                                 | –                               | –                                 | –                                            | 9,000,000                                                          | 12 July 2019  | 12 July 2019 –<br>11 July 2029 | Vested on date<br>of grant | HK\$0.740                      | HK\$0.720                                                          |
| Consultants                       | 7,800,000                                 | –                               | –                                 | –                                            | 7,800,000                                                          | 12 July 2019  | 12 July 2019 –<br>11 July 2029 | Vested on date<br>of grant | HK\$0.740                      | HK\$0.720                                                          |
| Total                             | 16,800,000                                | –                               | –                                 | –                                            | 16,800,000                                                         |               |                                |                            |                                |                                                                    |

There were no share options cancelled, lapsed or forfeited during the nine months ended 30 September 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 30 September 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 and underlying shares of the Company

As at 30 September 2020, the following shareholders (including Directors) had interests or short position in the shares and underlying shares 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%                             |
|                                      |                                                                                    |         | <hr/>            |                     | <hr/>                              |
|                                      |                                                                                    |         | 718,896,505      |                     | 57.48%                             |
| Mr. Chau Cheok Wa<br>("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%                             |
|                                      |                                                                                    |         | <hr/>            |                     | <hr/>                              |
|                                      |                                                                                    |         | 718,896,505      |                     | 57.48%                             |
| Mr. Cheng Ting Kong<br>("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<br>("Mr. Chui")    | Beneficial owner                                                                   | 4       | 1,800            | Long                | 0.00%                              |
|                                      | Interest of controlled corporation                                                 | 2 and 3 | 149,472,498      | Long                | 11.95%                             |
|                                      |                                                                                    |         | <hr/>            |                     | <hr/>                              |
|                                      |                                                                                    |         | 149,474,298      |                     | 11.95%                             |
| Mr. Chan Ping Che                    | Beneficial owner                                                                   |         | 97,390,000       | Long                | 7.79%                              |

## **Substantial shareholders' interests and short positions in the shares and underlying shares of the Company (Continued)**

### ***Number of ordinary shares and underlying shares beneficially held (Continued)***

#### *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 30 September 2020, the Directors were not aware of any other person who had an interest or short position in the shares and underlying shares 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 Directors of the Company and 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 nine months ended 30 September 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. He is also a substantial shareholder and director of Sun Entertainment Concert Holdings Limited, which is principally engaged in concert investment, 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).

**Director's interests in competing business (Continued)**

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 period ended 30 September 2020.

**Arrangements to purchase shares**

Other than the share option scheme and the Share Award Scheme disclosed above, at no time during the nine months ended 30 September 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 nine months ended 30 September 2020.

**Compliance with Corporate Governance Practices**

During the nine months ended 30 September 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 (the 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 financial result for the nine months ended 30 September 2020.

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

Hong Kong, 12 November 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](http://www.8082.com.hk).*