

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 2021

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 2021 together with the comparative unaudited figures for the corresponding periods in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2021

		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	2	11,293	15,326	35,560	21,406
Cost of sales		(10,004)	(11,389)	(28,608)	(14,536)
Gross profit		1,289	3,937	6,952	6,870
Other income and gains	3	144	357	854	1,304
Selling, marketing and distribution expenses		(1,590)	(1,240)	(4,072)	(3,326)
General, administrative and other expenses		(18,837)	(7,548)	(46,015)	(22,578)
Finance costs		(362)	(18)	(948)	(61)
Share of loss of associate		(384)	–	(838)	–
LOSS BEFORE TAX		(19,740)	(4,512)	(44,067)	(17,791)
Income tax expense	4	21	(97)	(359)	(120)
LOSS FOR THE PERIOD		(19,719)	(4,609)	(44,426)	(17,911)
Attributable to:					
Owners of the Company		(19,273)	(4,753)	(43,152)	(17,890)
Non-controlling interests		(446)	144	(1,274)	(21)
		(19,719)	(4,609)	(44,426)	(17,911)
Dividend	5	–	–	–	–
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6				
– Basic and diluted (HK cents)		(1.5)	(0.4)	(3.4)	(1.4)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(19,719)	(4,609)	(44,426)	(17,911)
Other comprehensive income:				
Exchange differences on translation of foreign operations	<u>86</u>	<u>1,003</u>	<u>446</u>	<u>614</u>
Total comprehensive loss for the period	<u>(19,633)</u>	<u>(3,606)</u>	<u>(43,980)</u>	<u>(17,297)</u>
Attributable to:				
Owners of the Company	(19,258)	(3,837)	(42,747)	(17,320)
Non-controlling interests	<u>(375)</u>	<u>231</u>	<u>(1,233)</u>	<u>23</u>
	<u>(19,633)</u>	<u>(3,606)</u>	<u>(43,980)</u>	<u>(17,297)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the Company							Total	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	HK\$'000
At 1 January 2020 (audited)	31,270	350,143	31,713	(428)	6,979	(391)	(329,209)	90,077	1,635	91,712
Loss for the period	–	–	–	–	–	–	(17,890)	(17,890)	(21)	(17,911)
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	–	–	–	570	–	–	–	570	44	614
Total comprehensive loss for the period	–	–	–	570	–	–	(17,890)	(17,320)	23	(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>1,658</u>	<u>74,630</u>
At 1 January 2021 (audited)	31,270	350,143	31,713	1,103	7,267	(391)	(359,750)	61,355	1,636	62,991
Loss for the period	–	–	–	–	–	–	(43,152)	(43,152)	(1,274)	(44,426)
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	–	–	–	405	–	–	–	405	41	446
Total comprehensive loss for the period	–	–	–	405	–	–	(43,152)	(42,747)	(1,233)	(43,980)
Equity-settled share award arrangements	–	–	–	–	214	–	–	214	–	214
Equity-settled share option arrangements	–	–	–	–	9,564	–	–	9,564	–	9,564
Formation of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	2,400	2,400
At 30 September 2021 (unaudited)	<u>31,270</u>	<u>350,143</u>	<u>31,713</u>	<u>1,508</u>	<u>17,045</u>	<u>(391)</u>	<u>(402,902)</u>	<u>28,386</u>	<u>2,803</u>	<u>31,189</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 2020 (“2020 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 2020 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 adoption of the new and revised HKFRSs has no significant effect on these unaudited condensed consolidated financial statements.

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, other entertainment events, film and TV drama production projects 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, 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 borrowing and 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 2021 are as follows:

	Media and entertainment <i>HK\$'000</i> (Unaudited)	Cremation and funeral services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue			
Sales to external customers	25,165	10,395	<u>35,560</u>
Segment results	(25,050)	638	(24,412)
<i>Reconciliation:</i>			
Corporate and other unallocated expenses, net			(18,707)
Finance costs			<u>(948)</u>
Loss before tax			<u>(44,067)</u>
Segment assets	85,655	28,580	114,235
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>5,630</u>
Total assets			<u>119,865</u>
Segment liabilities	(37,852)	(13,319)	(51,171)
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>(37,505)</u>
Total liabilities			<u>(88,676)</u>
Other segment information:			
Depreciation and amortisation	1,269	1,606	2,875
Capital expenditure	8,104	1,797	9,901

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 entertainment <i>HK\$'000</i> (Unaudited)	Cremation and funeral services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue			
Sales to external customers	13,453	7,953	<u>21,406</u>
Segment results	(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>
Segment assets	61,398	25,621	87,019
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>25,436</u>
Total assets			<u>112,455</u>
Segment liabilities	(23,512)	(6,716)	(30,228)
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>(7,597)</u>
Total liabilities			<u>(37,825)</u>
Other segment information:			
Depreciation and amortisation	376	1,203	1,579
Capital expenditure	42	715	757

2. OPERATING SEGMENT INFORMATION (Continued)

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

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	<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	1,810	1,460	5,744	3,812
Concert and other entertainment event income and sale of related goods	8,427	11,508	25,149	12,772
Artiste management and performance services income	702	353	1,260	382
	10,939	13,321	32,153	16,966
<i>Revenue from other sources</i>				
Rendering of cremation services	1,468*	1,369*	4,651*	4,141*
Gain/(loss) on investments in concert, other entertainment event, film and TV drama production projects, net	(1,114)	636	(1,244)	299
	354	2,005	3,407	4,440
	11,293	15,326	35,560	21,406

* *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		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<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
Gross rental income	–	18	–	18
Management fee income	68	204	476	612
Others	76	135	378	672
	<u>144</u>	<u>357</u>	<u>854</u>	<u>1,304</u>

4. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (30 September 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during that period. No provision for Hong Kong profits tax has been made for the current period as the Group did not generate any assessable profits arising in Hong Kong during the current period (30 September 2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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 2021 (nine months ended 30 September 2020: 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 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	(19,273)	(4,753)	(43,152)	(17,890)
Weighted average number of ordinary shares in issue (in thousands)	<u>1,250,798</u>	<u>1,250,798</u>	<u>1,250,798</u>	<u>1,250,798</u>

(b) Diluted

For the period ended 30 September 2021 and 30 September 2020, 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.

7. EVENTS AFTER THE REPORTING PERIOD

On 13 July 2021, the Group announced (i) the proposed change in board lot size; (ii) the proposed rights issue on the basis of four rights shares for every five shares held on the record date on a non-underwritten basis; and (iii) the connected transaction in relation to the repayment of the shareholder indebtedness. The rights issue was completed subsequent to the report period end. Details of the results of rights issue have been set out in the announcement of the Company dated 25 October 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue and gross profit

For the nine months ended 30 September 2021, the total revenue (which mainly consists of (i) media and entertainment business; and (ii) the cremation and funeral services business) was approximately HK\$35,560,000 which was 66.12% higher than that of last year corresponding period of approximately HK\$21,406,000. Gross profit increased from approximately HK\$6,870,000 to approximately HK\$6,952,000. The increase in revenue was due to the Group has gradually resumed to organise concert, pop up stores and exhibitions during the nine months ended 30 September 2021, while the media and entertainment business has been seriously affected by the COVID-19 in the last year corresponding period.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses for the nine months ended 30 September 2021 was approximately HK\$4,072,000, which was 22.43% higher than that of last year corresponding period of approximately HK\$3,326,000. Percentage to revenue was approximately 11.45% (nine months ended 30 September 2020: 15.54%).

General, administrative and other expenses

General, administration and other expenses for the nine months ended 30 September 2021 amounted to approximately HK\$46,015,000 which was 103.80% higher as compared with last year corresponding period of approximately HK\$22,578,000. The increase was mainly due to (i) non-cash share based payment expense of approximately HK\$9,564,000 in relation to share options granted to several grantees during the nine months ended 30 September 2021; (ii) sub-contracting fee and rental expense of approximately HK\$4,345,000 for joint venture company which formed in January 2021; and (iii) the IT expenses for development of entertainment platform of approximately HK\$5,390,000.

Operation Review

Media and entertainment

During the nine months ended 30 September 2021, the media and entertainment business recorded a revenue of HK\$25,165,000, representing an increase in 87.06% as compared with last year corresponding period of approximately HK\$13,453,000. The increase was due to the Group has gradually resumed to organise concert, pop up stores and exhibitions during the nine months ended 30 September 2021, while the media and entertainment business has been seriously affected by the COVID-19 in the last year corresponding period.

Cremation and funeral services

During the nine months ended 30 September 2021, the revenue from cremation and funeral business operation in Huaiji was approximately HK\$10,395,000, which was 30.71% higher than that last year corresponding period of approximately HK\$7,953,000. Owing to the prohibition of group gathering under the effect of COVID-19, the revenue of value-added funeral services had decreased during the last year corresponding period.

Prospects

The Group has been making continuous efforts in identifying future strategic alliances and cooperation opportunities. It has been developing an integrated entertainment platform incorporating an all-in-one lifestyle platform, combining online streaming contents, ticketing system, consumer products and a membership system. At the same time, it cooperates with industry players, entertainment platforms and merchandising network to provide both online and offline entertainment experiences, including live shows, concerts and events/exhibitions booking, movie and drama streaming, live broadcasts, shopping mall and franchised events to the customers. The goal is to create a one-stop service platform for members to enjoy a handy entertainment, consumption, and information platform.

The Group also intends to develop NFT platform to allow customers to collect, share and monetise digital assets they create, own, promote, share or like. The NFT platform focuses on the concept of collections of digital assets that users can create and share. By this platform, all the assets can be sold, royalties paid upon resale, usage, and shared between multiple recipients. The Group will utilize its network in forming strategic partnership with various artists and industry players to capture the ever-growing NFT market.

In addition, the Group has established a subsidiary called Pet It Go Limited which is principally engaged in the provision of pet funeral services in Hong Kong. The Group will utilise its resources and network accumulated in its media entertainment business segment to promote Pet It Go Limited.

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. The Group will continue to access its existing financial resources, and will seek new sources of funding where necessary, to maintain and grow our business in a cost-effective basis.

Currency risk exposure

As at 30 September 2021, 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 mainly denominated in its functional currency of either Hong Kong Dollars, Renminbi or New Taiwan Dollars.

Employees and remuneration policies

As at 30 September 2021, the Group had 69 (nine months ended 30 September 2020: 58) employees, including Directors. Total staff costs for the nine months ended 30 September 2021, including Directors' remuneration, amounted to approximately HK\$12,471,000 (nine months ended 30 September 2020: HK\$8,877,000). The Group's employment and remuneration policies remained the same as detailed in the year ended 31 December 2020 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 2021.

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

As at 30 September 2021, 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:

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 ("Mr. Chong")	Beneficial owner	1	2,000,000	10,000,000	12,000,000	0.96%
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:

- The underlying shares represent (i) 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); and (ii) 9,000,000 share options granted by the Company to Mr. Chong to subscribe for 9,000,000 shares at an exercise price of HK\$0.296 per share.
- 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 share options scheme adopted by the Company on 31 August 2011 and new share option scheme adopted on 15 September 2021, 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 2021 were as follow:

	Number of share options										
	Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Forfeited/ lapsed during the period	Outstanding as at 30 September 2021	Date of grant	Exercise period	Vesting period	Exercise price per share	Closing share price immediate before the date of grant	
Category 1: Director											
Mr. Chong	–	9,000,000	–	–	9,000,000	12 April 2021	12 April 2021 – 11 April 2024	Vested on date of grant	HK\$0.296	HK\$0.280	
Category 2: Employees/consultants											
Employees	8,500,000	–	–	–	8,500,000	12 July 2019	12 July 2019 – 11 July 2029	Vested on date of grant	HK\$0.740	HK\$0.720	
Consultants	7,800,000	–	–	–	7,800,000	12 July 2019	12 July 2019 – 11 July 2029	Vested on date of grant	HK\$0.740	HK\$0.720	
Employees	–	6,000,000	–	–	6,000,000	12 April 2021	12 April 2021 – 11 April 2024	Vested on date of grant	HK\$0.296	HK\$0.280	
Consultants	–	34,000,000	–	(500,000)	33,500,000	12 April 2021	12 April 2021 – 11 April 2024	Vested on date of grant	HK\$0.296	HK\$0.280	
Consultants	–	51,500,000	–	(1,000,000)	50,500,000	12 April 2021	12 April 2022 – 11 April 2025	Vested one year after date of grant	HK\$0.296	HK\$0.280	
Sub total	16,300,000.00	91,500,000	–	(1,500,000)	106,300,000						
Total of all categories	16,300,000.00	100,500,000	–	(1,500,000)	115,300,000						

1,500,000 share options have lapsed during the nine months ended 30 September 2021.

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

(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.

No shares were awarded under the Share Award Scheme during nine months ended 30 September 2021.

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 2021
		Outstanding as at 1 January 2021	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 2021, 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 ("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 ("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	8.09%
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	12.27%
			<hr/>		<hr/>
			149,474,298		12.27%
Mr. Chan Ping Che	Beneficial owner		97,390,000	Long	11.75%

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.

Save as disclosed above, as at 30 September 2021, 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 2021.

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 2021.

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 2021 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 2021.

Compliance with Corporate Governance Practices

During the nine months ended 30 September 2021, 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), Dr. Ip Wai Hung and Mr. Siu Hi Lam, Alick, 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 2021.

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

Hong Kong, 12 November 2021

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

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.