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**太陽娛樂集團**  
SUN ENTERTAINMENT GROUP

**SUN ENTERTAINMENT GROUP LIMITED**

**太陽娛樂集團有限公司**

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

**(Stock Code: 8082)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

## CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “Directors”) presents the consolidated results of Sun Entertainment Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
REVENUE	5	<b>49,029</b>	29,095
Cost of sales		<u><b>(47,111)</b></u>	<u>(20,119)</u>
Gross profit		<b>1,918</b>	8,976
Other income and gains	5	<b>1,101</b>	2,400
Selling, marketing and distribution expenses		<b>(7,775)</b>	(5,133)
Impairment of trade and other receivables, net		<b>(13,920)</b>	(7,761)
General, administrative and other expenses		<b>(51,373)</b>	(28,888)
Finance costs		<u><b>(1,273)</b></u>	<u>(73)</u>
LOSS BEFORE TAX	6	<b>(71,322)</b>	(30,479)
Income tax expense	7	<u><b>(295)</b></u>	<u>(196)</u>
LOSS FOR THE YEAR		<u><b>(71,617)</b></u>	<u><b>(30,675)</b></u>
Attributable to:			
Owners of the Company		<b>(69,142)</b>	(30,541)
Non-controlling interests		<u><b>(2,475)</b></u>	<u>(134)</u>
		<u><b>(71,617)</b></u>	<u><b>(30,675)</b></u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted ( <i>HK cents</i> )		<u><b>(4.42)</b></u>	<u><b>(2.11)</b></u>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2021*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(71,617)</u>	<u>(30,675)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>856</u>	<u>1,666</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(70,761)</u>	<u>(29,009)</u>
Attributable to:		
Owners of the Company	(68,303)	(29,010)
Non-controlling interests	<u>(2,458)</u>	<u>1</u>
	<u>(70,761)</u>	<u>(29,009)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>22,936</b>	13,140
Right-of-use assets		<b>4,500</b>	187
Intangible assets		<b>13,516</b>	13,971
Investment in an associate		–	–
Investment in a film production project		<b>1,345</b>	1,350
Prepayments and deposits		<b>12,306</b>	10,571
Total non-current assets		<b>54,603</b>	39,219
<b>CURRENT ASSETS</b>			
Inventories		<b>5,054</b>	907
Investments in concert, other entertainment event, film and TV drama production projects		<b>11,064</b>	8,545
Trade receivables	<i>10</i>	<b>4,988</b>	3,905
Prepayments, deposits and other receivables		<b>19,285</b>	32,254
Tax recoverable		<b>68</b>	68
Cash and cash equivalents		<b>114,644</b>	34,037
Total current assets		<b>155,103</b>	79,716
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables, accruals and other financial liabilities	<i>11</i>	<b>34,837</b>	23,482
Deferred income		<b>714</b>	498
Lease liabilities		<b>3,011</b>	141
Tax payable		<b>7,325</b>	7,429
Total current liabilities		<b>45,887</b>	31,550
<b>NET CURRENT ASSETS</b>		<b>109,216</b>	48,166
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>163,819</b>	87,385

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>163,819</u></b>	<b><u>87,385</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred income	2,695	1,957
Lease liabilities	1,418	51
Other borrowing	35,000	20,000
Deferred tax liabilities	<u>2,386</u>	<u>2,386</u>
Total non-current liabilities	<u>41,499</u>	<u>24,394</u>
Net assets	<u><b>122,320</b></u>	<u><b>62,991</b></u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	52,400	31,270
Reserves	<u>68,142</u>	<u>30,085</u>
	120,542	61,355
Non-controlling interests	<u>1,778</u>	<u>1,636</u>
Total equity	<u><b>122,320</b></u>	<u><b>62,991</b></u>

# NOTES

31 December 2021

## 1. CORPORATE AND GROUP INFORMATION

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

The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at 17th Floor, Fun Tower, 35 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

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

- organisation/production of and investments in concert, other entertainment event, film and TV drama production projects, and other media and entertainment related businesses; and
- provision of cremation and funeral services and deathcare related business.

## 2. BASIS OF PREPARATION

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

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

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group in the year of initial application.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of accumulated losses at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

#### 4. OPERATING SEGMENT INFORMATION

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

- (a) the media and entertainment segment primarily engages in the organisation/production of and investments in concert, other entertainment event, 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 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 borrowing, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



Year ended 31 December 2021/as at 31 December 2021

	Media and entertainment <i>HK\$'000</i>	Cremation and funeral services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue (note 5)</b>			
Revenue from contracts with external customers	36,263	7,813	44,076
Other revenue <sup>#</sup>	(1,324)	6,277	4,953
	<b>34,939</b>	<b>14,090</b>	<b>49,029</b>
<b>Segment results</b>	<b>(48,535)</b>	<b>(791)</b>	<b>(49,326)</b>
<u>Reconciliation:</u>			
Corporate and other unallocated expenses, net			(20,723)
Finance costs			(1,273)
Loss before tax			<b>(71,322)</b>
<b>Segment assets</b>	<b>82,090</b>	<b>29,418</b>	<b>111,508</b>
<u>Reconciliation:</u>			
Corporate and other unallocated assets			98,198
Total assets			<b>209,706</b>
<b>Segment liabilities</b>	<b>32,637</b>	<b>14,587</b>	<b>47,224</b>
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			40,162
Total liabilities			<b>87,386</b>
<b>Other segment information</b>			
Depreciation and amortisation	2,162	2,284	4,446
Loss on disposal/write-off of items of property, plant and equipment	4	4	8
Capital expenditure*	8,362	5,052	13,414
Impairment of trade and other receivables, net	12,797	1,123	13,920
Impairment of loan to an associate	1,800	–	1,800

<sup>#</sup> Including government subsidies received for the rendering of cremation services and net loss on investments in concert and other entertainment event projects.

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

	Media and entertainment <i>HK\$'000</i>	Cremation and funeral services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue (note 5)</b>			
Revenue from contracts with external customers	17,566	5,582	23,148
Other revenue <sup>#</sup>	181	5,766	5,947
	17,747	11,348	29,095
<b>Segment results</b>	(20,900)	1,344	(19,556)
<u>Reconciliation:</u>			
Corporate and other unallocated expenses, net			(10,850)
Finance costs			(73)
Loss before tax			(30,479)
<b>Segment assets</b>	70,098	26,023	96,121
<u>Reconciliation:</u>			
Corporate and other unallocated assets			22,814
Total assets			118,935
<b>Segment liabilities</b>	18,711	13,624	32,335
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			23,609
Total liabilities			55,944
<b>Other segment information</b>			
Depreciation and amortisation	618	1,813	2,431
Loss on disposal of items of property, plant and equipment	56	–	56
Capital expenditure*	42	1,272	1,314
Impairment of trade and other receivables, net	6,193	1,568	7,761

<sup>#</sup> Including government subsidies received for the rendering of cremation services and net gain on investments in concert, other entertainment event, film and TV drama production projects.

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

## Geographical information

### (a) Revenue from contracts with external customers

	2021 HK\$'000	2020 HK\$'000
Hong Kong	25,062	5,635
Mainland China	7,677	5,998
Macau	4,072	–
Taiwan	7,265	11,515
	<u>44,076</u>	<u>23,148</u>

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

### (b) Non-current assets

	2021 HK\$'000	2020 HK\$'000
Hong Kong	6,471	5,521
Mainland China	23,584	21,646
Macau	10,772	–
Others	125	131
	<u>40,952</u>	<u>27,298</u>

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

## Information about a major customer\*

Revenue derived from transactions with a single external party contributing more than 10% of the total revenue of the Group, which is reported in the cremation and funeral services segment, is as follows:

	2021 HK\$'000	2020 HK\$'000
Customer	<u>6,277</u>	<u>5,766</u>

\* Including any external party which contributed to revenue from other sources of the Group.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Provision of cremation and funeral services and sale of related goods	7,813	5,582
Concert and other entertainment event income and sale of related goods	35,063	17,175
Artiste management and performance services income	<u>1,200</u>	<u>391</u>
	<u>44,076</u>	<u>23,148</u>
<b>Revenue from other sources</b>		
Rendering of cremation service*	6,277	5,766
Gain/(loss) on investments in concert, other entertainment event, film and TV drama production projects, net	<u>(1,324)</u>	<u>181</u>
	<u>4,953</u>	<u>5,947</u>
	<u><u>49,029</u></u>	<u><u>29,095</u></u>

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

## Revenue from contracts with customers

### (i) Disaggregated revenue information

For the year ended 31 December 2021

Segments	Media and entertainment <i>HK\$'000</i>	Cremation and funeral services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of goods or services</b>			
Sale of goods	6,813	947	7,760
Cremation and funeral services	–	6,866	6,866
Concert and other entertainment event organisation	26,005	–	26,005
Sponsorship	2,245	–	2,245
Artiste management and performance	1,200	–	1,200
Total revenue from contracts with customers	<u>36,263</u>	<u>7,813</u>	<u>44,076</u>
<b>Geographical markets</b>			
Hong Kong	24,926	136	25,062
Mainland China	–	7,677	7,677
Macau	4,072	–	4,072
Taiwan	7,265	–	7,265
Total revenue from contracts with customers	<u>36,263</u>	<u>7,813</u>	<u>44,076</u>

## Revenue from contracts with customers (continued)

### (i) Disaggregated revenue information (continued)

For the year ended 31 December 2020

Segments	Media and entertainment <i>HK\$'000</i>	Cremation and funeral services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of goods or services</b>			
Sale of goods	558	580	1,138
Cremation and funeral services	–	5,002	5,002
Concert and other entertainment event organisation	16,569	–	16,569
Sponsorship	48	–	48
Artiste management and performance	391	–	391
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>17,566</u>	<u>5,582</u>	<u>23,148</u>
<b>Geographical markets</b>			
Hong Kong	5,635	–	5,635
Mainland China	416	5,582	5,998
Taiwan	11,515	–	11,515
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>17,566</u>	<u>5,582</u>	<u>23,148</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other income and gains</b>		
Government subsidies	–	748
Service fee income	476	816
Others	625	836
	<u>1,101</u>	<u>2,400</u>

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories sold	5,131	801
Depreciation of property, plant and equipment	3,814	3,642
Depreciation of right-of-use assets	1,235	1,168
Amortisation of an intangible asset*	223	223
Loss on disposal/write-off of items of property, plant and equipment	227	56
Impairment of an intangible asset*	550	–
Impairment of trade receivables, net	2,258	4,256
Impairment of other receivables, net	11,662	3,505
Impairment of loan to an associate	<u>1,800</u>	<u>–</u>

\* Included in “General, administrative and other expenses” in the consolidated statement of profit or loss.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax was made in the prior year as the Group did not generate any assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	12	–
Current – Elsewhere		
Charge for the year	283	196
	<u>283</u>	<u>196</u>
Total tax charge for the year	<u>295</u>	<u>196</u>

## 8. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2020: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of approximately 1,564,263,000 (2020: 1,449,049,000) in issue during the year, as adjusted to reflect the rights issue exercised during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the impact of the share options outstanding and the unvested share awards had an anti-diluted effect on the basic loss per share amounts presented.

## 10. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	11,546	8,205
Impairment	(6,558)	(4,300)
	<u>4,988</u>	<u>3,905</u>

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



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

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Within 30 days	2,177	546
31 to 60 days	490	62
61 to 90 days	704	57
Over 90 days	<u>1,617</u>	<u>3,240</u>
	<b><u>4,988</u></b>	<b><u>3,905</u></b>

The movement in the loss allowance for impairment of trade receivables is as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
At beginning of year	4,300	44
Impairment losses, net ( <i>note 6</i> )	<u>2,258</u>	<u>4,256</u>
At end of year	<b><u>6,558</u></b>	<b><u>4,300</u></b>

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

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Within 30 days	860	35
31 to 60 days	41	28
61 to 90 days	79	11
Over 90 days	<u>2,723</u>	<u>4,808</u>
	<b><u>3,703</u></b>	<b><u>4,882</u></b>

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

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2021, the total revenue of the Group (which was mainly arising from (i) media and entertainment businesses; and (ii) cremation and funeral services businesses) was approximately HK\$49,029,000 which was 68.51% higher than the corresponding period of last year of approximately HK\$29,095,000. The increase in revenue was mainly due to the Group has gradually resumed to organize concert, pop up stores and exhibitions during the year.

### **Other income and gains**

Other income and gains decreased from approximately HK\$2,400,000 to approximately HK\$1,101,000. Such decrease was mainly attributable to the absence of government subsidies of approximately HK\$748,000 received in the corresponding period of last year.

### **Selling, marketing and distribution expenses**

Selling, marketing and distribution expenses for the year ended 31 December 2021 were approximately HK\$7,775,000, which was 51.47% higher than the amount of corresponding period of last year of approximately HK\$5,133,000. The increase was due to more pop up stores and exhibitions were organised by the Group during the year. Such expenses as a percentage of revenue for the year was approximately 15.86% (2020: 17.64%).

### **General, administrative and other expenses**

General, administrative and other expenses for the year ended 31 December 2021 amounted to approximately HK\$51,373,000 which was 77.84% higher than the amount for the corresponding period of last year of approximately HK\$28,888,000. The increase was primarily attributable to (i) non-cash equity-settled share option expense of approximately HK\$11,375,000 recognised during the year; and (ii) IT expenses for development of an entertainment platform of approximately HK\$8,453,000.

### **Loss for the year**

The Group's loss for the year was approximately HK\$71,617,000 (2020: HK\$30,675,000). The increase in loss for the year was mainly due to increase in (i) share-based payment expenses; (ii) IT expenses for the development of an entertainment platform recognised in general, administrative and other expenses; (iii) sub-contracting fee and rental expense for the stage production company formed in January 2021; and (iv) impairment of trade and other receivables.

## **OPERATION REVIEW**

### **Media and entertainment businesses**

During the year ended 31 December 2021, the total revenue from media and entertainment businesses was approximately HK\$34,939,000, which was 96.87% higher than that of the corresponding period of approximately HK\$17,747,000. During the year, revenues were mainly derived from organisation of concert and other entertainment events, sponsorship income, net loss on investments in concert, other entertainment event, film and TV drama production projects. The Group organised and invested in a total of 8 concerts (2020: 3 concerts); organised 3 exhibitions (2020: 1 exhibition); organised 1 drama (2020: nil); and organised 7 pop-up stores (2020: 2 stores) during the year.

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

Cremation and related business operations were enhanced during the year ended 31 December 2021 and their total revenue for the year (including relevant government subsidies recognised) was approximately HK\$14,090,000, which was 24.16% higher than that of the corresponding period of last year of approximately HK\$11,348,000. The increase was mainly due to (i) more customers used the high-grade cremation services; and (ii) some new value-added funeral services were launched during the year.

## **OUTLOOK**

Though the year 2021 was still a challenging year for most of the business sectors across the world including Mainland China, Hong Kong and Macau, good progress on vaccination and effective pre-cautionary measures offer hope for economic recovery. Having said that, the Group believes that the entertainment industry will recover and the performance of the Group will gradually improve in the second half of 2022. We will continue explore strategic partnership and maintain our strong business and financial discipline against the tide with optimism.

In 2021, the Group developed and launched an integrated entertainment platform named “Bookyay”, which incorporates an all-in-one lifestyle platform, combining online streaming contents, ticketing system, consumer products and a membership system.

Bookyay is committed to enrich the local creative/cultural scene by bringing in diverse events and connecting talents from different realms, creating unique experiences to all users from concerts, cultural tours and local craftsmanship to holistic wellness activities, we encourage everyone to experience life in the fullest way.

By early 2022, Bookyay has over 45,000 registered members from Hong Kong, Macau, Mainland China, Malaysia, USA, Canada, Australia, etc. Cooperated with approximately 100 event organizers, Bookyay has organized over 10,000 event sessions with over 82,000 event participants. We will further optimize the “Bookyay” platform and form strategic alliances with various business partners to enrich the user experience.

The Group will respond to forthcoming market challenges and capture business opportunities by focusing on high quality entertainment related projects with proven track records and commercial viability. In addition, the Group will further explore strategic alliances as well as investment opportunities to enrich its portfolio and broaden its income streams.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2021, the Group had cash and cash equivalents of approximately HK\$114,644,000 (31 December 2020: HK\$34,037,000) and the total assets of the Group were approximately HK\$209,706,000 (31 December 2020: HK\$118,935,000). As at 31 December 2021, the net current assets of the Group were approximately HK\$109,216,000 (31 December 2020: HK\$48,166,000) and the Group’s current ratio, which represents current assets over its current liabilities, was approximately 3.38 times (31 December 2020: 2.53 times). The gearing ratio of the Group as at 31 December 2021 (calculated as total liabilities of HK\$87,386,000 over equity attributable to owners of the Company of HK\$120,542,000) was 72.49% (31 December 2020: 91.18%).

As at 31 December 2021, the Group borrowed a loan with outstanding principal amount of HK\$35,000,000 with interest rate of 3.5% per annum from a substantial shareholder of the Company.

## **INVESTMENT POSITION AND PLANNING**

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

## **SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS**

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

## **CURRENCY RISK EXPOSURE**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2021, the Group had 79 employees and including Directors (31 December 2020: 57). During the year ended 31 December 2021, short term employee benefits, which represented a key component of the total staff costs for the year ended 31 December 2021, included salaries, wages, bonuses and allowances, Directors' remuneration and share-based payments. The Group's employee remuneration packages are mainly determined on the basis of individual performance and experience and also having industry practice, which include basic wages and performance related bonuses. The Group also provides provident fund schemes and medical insurance scheme for its employees. The Company also grants share awards to eligible persons under the Company's share award scheme and grants share options to the Directors and eligible employees.

## **CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES**

There were no charges on the Group's assets and the Group did not have any significant contingent liabilities as at 31 December 2021.

## **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 during the year ended 31 December 2021.

## **CORPORATE GOVERNANCE PRACTICES**

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

Save as disclosed below, the Company had complied with all the applicable code provisions of the Corporate Governance Code during year ended 31 December 2021.

Reference is made to the announcement of the Company dated 16 August 2021, in relation to the resignation tendered by Mr. Ting Kit Lun (“Mr. Ting”) as an independent non-executive Director, the chairman of the nomination committee of the Company (the “Nomination Committee”), the chairman of the risk management committee of the Company (the “Risk Management Committee”), a member of the audit committee of the Company (the “Audit Committee”) and a member of the remuneration committee of the Company (the “Remuneration Committee”).

Following the resignation of Mr. Ting, the Board comprised four members with two executive Directors and two independent non-executive Directors. As a result, the number and composition of independent non-executive Directors fail to meet the requirements under (i) Rule 5.05(1) of the GEM Listing Rules which requires the board of directors must include at least 3 independent non-executive directors; (ii) Rule 5.28 of the GEM Listing Rules which requires the audit committee to comprise a minimum of three members and at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules; and (iii) Rule 5.36A of the GEM Listing Rules which requires that the Nomination Committee must be chaired by the chairman of the Board or an independent non-executive Director and comprising a majority of independent non-executive directors.

Reference is made to the announcement of the Company dated 1 September 2021. Following the appointment of Dr. Ip Wai Hung as an independent non-executive Director, the chairman of the Nomination Committee, the chairman of the Risk Management Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company with effect from 1 September 2021, the Company had complied with Rules 5.05(1), 5.28 and 5.36A of the GEM Listing Rules.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

### **Securities transactions by Directors**

The Company has established written guidelines for the required standard of dealings in securities by Directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Required Standard of Dealings”). Having made specific enquiries of all Directors, the Directors confirmed that they have fully complied with the requirements under the Required Standard of Dealings and there was no other event of non-compliance during the year ended 31 December 2021.

## AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company reviewed the Group's annual results announcement for the year ended 31 December 2021.

### Scope of work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

## PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2021 is published on the website of GEM of the Exchange at [www.hkgem.com](http://www.hkgem.com) (the "GEM Website") and the website of the Company at [www.8082.com.hk](http://www.8082.com.hk). The 2021 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

## APPRECIATION

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

On behalf of the board of  
**Sun Entertainment Group Limited**  
**Dong Choi Chi, Alex**  
*Chairman and executive Director*

Hong Kong, 28 March 2022

*As at the date of this announcement, the executive Directors are Mr. Dong Choi Chi, Alex (the chairman) and Mr. Chong Cho Lam (chief executive officer), and independent non-executive Directors are Mr. Chan Wai Man, Mr. Siu Hi Lam, Alick and Dr. Ip Wai Hung. This announcement will remain on the "Latest Listed Company Information" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) 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).*