



太陽娛樂集團
SUN ENTERTAINMENT GROUP

**SUN
ENTERTAINMENT
GROUP LIMITED**

(formerly known as "SAGE INTERNATIONAL GROUP LIMITED" in English
and "仁智國際集團有限公司" in Chinese)
(Incorporated in the Cayman Islands and continued in
Bermuda with limited liability)

STOCK CODE: 8082

**THIRD
QUARTERLY REPORT 2019**

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This report, 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 report 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 report misleading.

CORPORATE INFORMATION**EXECUTIVE DIRECTORS**

Mr. Chong Cho Lam (*Chief executive officer*)
Mr. Dong Choi Chi, Alex (*Chairman*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Man
Mr. Siu Hi Lam, Alick
Mr. Ting Kit Lun

COMPANY SECRETARY

Mr. Jip Ki Chi

COMPLIANCE OFFICER

Mr. Dong Choi Chi, Alex

AUDIT COMMITTEE

Mr. Chan Wai Man (*Chairman*)
Mr. Siu Hi Lam, Alick
Mr. Ting Kit Lun

NOMINATION COMMITTEE

Mr. Ting Kit Lun (*Chairman*)
Mr. Chan Wai Man
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick (*Chairman*)
Mr. Chan Wai Man
Mr. Ting Kit Lun

RISK MANAGEMENT COMMITTEE

Mr. Ting Kit Lun (*Chairman*)
Mr. Chong Cho Lam
Mr. Jip Ki Chi

AUTHORISED REPRESENTATIVES

Mr. Dong Choi Chi, Alex
Mr. Jip Ki Chi

AUDITOR

Ernst & Young

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HONG KONG BRANCH SHARE REGISTRAR

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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 2019 together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	2	43,976	10,432	93,173	64,645
Cost of sales		(51,428)	(7,422)	(88,046)	(45,971)
Gross (loss)/profit		(7,452)	3,010	5,127	18,674
Other income	3	314	776	4,070	1,640
Selling, marketing and distribution expenses		(7,977)	(411)	(11,529)	(2,990)
General and administrative expenses		(17,004)	(7,630)	(36,562)	(19,281)
Other expenses, net		3,196	(388)	(617)	(8,220)
Finance costs		(27)	(81)	(100)	(81)
LOSS BEFORE TAX		(28,950)	(4,724)	(39,611)	(10,258)
Income tax expense	4	564	17	(444)	(19)
LOSS FOR THE PERIOD		(28,386)	(4,707)	(40,055)	(10,277)
Attributable to:					
Owners of the Company		(28,694)	(4,773)	(39,176)	(9,694)
Non-controlling interests		308	66	(879)	(583)
		(28,386)	(4,707)	(40,055)	(10,277)
Dividend	5	-	-	-	-
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6				
- Basic and diluted (HK cents)		(2.4)	(0.4)	(3.2)	(0.8)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2019

	Three months ended 30 September		Nine months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period	(28,386)	(4,707)	(40,055)	(10,277)
Other comprehensive loss:				
Exchange differences on translation of foreign operations	(840)	(1,008)	(741)	(1,297)
Total comprehensive loss for the period	(29,226)	(5,715)	(40,796)	(11,574)
Attributable to:				
Owners of the Company	(29,551)	(5,480)	(39,924)	(10,714)
Non-controlling interests	325	(235)	(872)	(860)
	(29,226)	(5,715)	(40,796)	(11,574)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Attributable to owners of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2018 (audited)	28,945	311,509	31,713	719	15,354	(300,810)	87,430	6,861	94,291
Loss for the period	-	-	-	-	-	(9,694)	(9,694)	(583)	(10,277)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	-	-	-	(1,020)	-	-	(1,020)	(277)	(1,297)
Total comprehensive loss for the period	-	-	-	(1,020)	-	(9,694)	(10,714)	(860)	(11,574)
Equity-settled share options arrangement	-	-	-	-	3,721	-	3,721	-	3,721
Cancellation of share options	-	-	-	-	(15,430)	14,835	(595)	-	(595)
At 30 September 2018 (unaudited)	28,945	311,509	31,713	(301)	3,645	(295,669)	79,842	6,001	85,843
At 1 January 2019 (audited)	30,445	329,188	31,713	(217)	7,270	(293,345)	105,054	4,115	109,169
Loss for the period	-	-	-	-	-	(39,176)	(39,176)	(879)	(40,055)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	-	-	-	(748)	-	-	(748)	7	(741)
Total comprehensive loss for the period	-	-	-	(748)	-	(39,176)	(39,924)	(872)	(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)	30,445	329,188	31,713	(965)	6,949	(319,263)	78,067	3,243	81,310

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 2018 ("2018 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 2018 Annual Report, other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised standards are not relevant to the preparation of the Group's unaudited condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

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

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g. property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases*Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g. laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

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

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Accordingly, the Group recognised right-of-use assets and lease liabilities of HK\$2,369,000 respectively, as at 1 January 2019.

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

	HK\$'000
Operating lease commitments as at 31 December 2018	3,826
Weighted average incremental borrowing rate as at 1 January 2019	5%
Discounted operating lease commitments as at 1 January 2019	3,568
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2020	(1,023)
Less: Commitments relating to leases of low-value assets	(176)
	2,369

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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 funeral services segment primarily engages in the provision of funeral and cremation services and deathcare related business; and
- (b) the media and entertainment segment primarily engages in the investment in and production/organisation of films and concerts and other media and entertainment related businesses.

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 head office and corporate expenses are excluded from such measurement.

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

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

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

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

The segment results and other segment items for the nine months ended 30 September 2018 are as follows:

	Funeral services HK\$'000 (Unaudited)	Media and entertainment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue			
Sales to external customers	8,178	56,467	64,645
Segment results	(273)	1,122	849
<i>Reconciliation:</i>			
Corporate and other unallocated expenses, net			(11,026)
Finance costs			(81)
Loss before tax			(10,258)
Segment assets	24,891	125,579	150,470
<i>Reconciliation:</i>			
Corporate and other unallocated assets			16,972
Total assets			167,442
Segment liabilities	(7,456)	(65,973)	(73,429)
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			(8,170)
Total liabilities			(81,599)
Other segment information:			
Depreciation and amortisation	1,350	162	1,512
Capital expenditure	899	539	1,438

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

	Three months ended 30 September		Nine months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>				
Sale of goods and provision of cremation and funeral services	1,146	1,179	4,090	4,076
Entertainment event income	41,906	8,045	82,518	56,329
Artiste management and performance services income	5	2	616	138
	43,057	9,226	87,224	60,543
<i>Revenue from other sources</i>				
Rendering of cremation services*	1,248	1,206	4,175	4,102
(Loss)/gain on investments in concert projects	(329)	-	1,774	-
	919	1,206	5,949	4,102
	43,976	10,432	93,173	64,645

* *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

An analysis of the other income is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Fair value gain on investment in film right	-	-	2,282	-
Gross rental income	204	-	612	-
Gain on investments in media and entertainment related projects	-	441	-	1,009
Sundry income	110	335	1,176	631
	314	776	4,070	1,640

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% (2018: 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 2019 (nine months ended 30 September 2018: nil).

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss attributable to owners of the Company	(28,694)	(4,773)	(39,176)	(9,694)
Weighted average number of ordinary shares in issue (in thousands)	1,217,798	1,157,798	1,217,798	1,157,798

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,217,798,000 (nine months ended 30 September 2018: 1,157,798,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the period ended 30 September 2019 and 2018 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive 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 2019, the total revenue (which mainly consists of (i) media and entertainment business; and (ii) the funeral services business) was approximately HK\$93,173,000 which was 44.13% higher than that of last year corresponding period of approximately HK\$64,645,000. Gross profit decreased from approximately HK\$18,674,000 to approximately HK\$5,127,000. The substantial decrease in gross profit is attributable to social unrest in Hong Kong since June 2019 which resulted in unexpected performance of the exhibitions organised by the Group.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses for the nine months ended 30 September 2019 was approximately HK\$11,529,000, which was 285.59% higher than that of last year corresponding period of approximately HK\$2,990,000. Percentage to turnover was approximately 12.37% (nine months ended 30 September 2018: 4.63%). The increase in selling, marketing and distribution expenses is due to more concerts and exhibitions organised by the Group during the current period under review.

General and administrative expenses

General and administration expenses for the nine months ended 30 September 2019 amounted to approximately HK\$36,562,000 which was 89.63% higher as compared with last year corresponding period of approximately HK\$19,281,000. The increase was mainly attributable to non-cash share-based payment expense of approximately HK\$12,937,000 in relation to share options granted to several grantees in the year of 2019 and 2018 and impairment loss on investment in films of approximately HK\$5,505,000.

Other expenses, net

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

Loss for the period

The Group's loss for the nine months ended 30 September 2019 was approximately HK\$40,055,000 (nine months ended 30 September 2018: loss of approximately HK\$10,277,000). The increase in loss for the current period under review was mainly due to (i) the unexpected performance of the exhibitions organised by the Group, which caused by social unrest in Hong Kong since June 2019; and (ii) non-cash share-based payment expense of approximately HK\$12,937,000 in relation to share options granted in the years of 2019 and 2018; and (iii) impairment loss on investment in films of approximately HK\$5,505,000.

Operation Review – Hong Kong

Media and entertainment business

During the nine months ended 30 September 2019, the media and entertainment business recorded a revenue of HK\$84,908,000, representing an increase in 50.37% as compared with last year corresponding period of approximately HK\$56,467,000. Due to social unrest in Hong Kong, which resulted in unexpected performance of the exhibitions organised by the Group and it recorded a loss of HK\$18,832,000 in the media and entertainment segment for the current period under review.

Funeral services and crematorium

During the nine months ended 30 September 2019, the revenue from cremation business operation in Huaiji was approximately HK\$8,265,000, which was in line with last year corresponding period of approximately HK\$8,178,000.

Prospects

The growing momentum of the media and entertainment industry in Mainland China is robust in recent years. Mainland China's movie box office revenue rose 9.06% in 2018 to more than 60.9 billion yuan (8.9 billion U.S. dollars), according to the China Film Administration (“國家電影局”). The Group is optimistic about the industry, particularly the film, musical, drama, online TV drama/movie, live shows and related intellectual property (“IP”) trading sectors/sub-sectors.

The Greater Bay Area, consists of nine contiguous cities in the Pearl River Delta region of the Guangdong Province-Guangzhou, Shenzhen, Dongguan, Foshan, Huizhou, Jiangmen, Zhaoqing, Zhongshan and Zhuhai, and the Hong Kong and Macao Special Administrative Regions. With the completion of the Hong Kong-Zhuhai-Macao Bridge, there will be significantly increased connectivity amongst these eleven cities, providing an engine of accelerated growth for the entire Greater Bay Area. The Group will expand its live entertainment businesses further in the Greater Bay Area, as the economic prosperity of the region continues to increase, the disposable income of its inhabitants likewise increases, creating a demand for experiences, travel and entertainment. We will also continue to explore strategic alliance as well as investment opportunities to enrich our portfolio, broaden our income streams and bring attractive value for our shareholders.

Currency risk exposure

As at 30 September 2019, 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 2019, the Group had 64 (nine months ended 30 September 2018: 61) employees, including Directors. Total staff costs for the nine months ended 30 September 2019, including Directors' remuneration, amounted to approximately HK\$8,740,000 (nine months ended 30 September 2018: HK\$7,871,000). The Group's employment and remuneration policies remained the same as detailed in the year ended 31 December 2018 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 2019.

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

As at 30 September 2019, 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	Note	Number of shares held	Percentage of issued share capital
Mr. Dong Choi Chi, Alex ("Mr. Dong")	Beneficial owner		287,549,682	23.61%
	A concert party to an agreement to buy shares described in S.317 (1) (a) of the SFO	1	431,346,823	35.42%
			718,896,505	59.03%

Note:

1. Mr. Dong, Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are parties acting in concert in respect of the Company pursuant to a deed in relation to parties acting in concert dated 23 January 2018.

(B) Share options

Pursuant to the new share options scheme adopted by the Company on 31 August 2011, certain Directors and participants were granted share options to subscribe for the Company's shares, details of share options outstanding and exercisable as at 30 September 2019 were as follow:

	Number of share options				Outstanding and exercisable as at 30 September 2019	Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Forfeited/lapsed/cancelled during the period				
Category 1: Directors								
Mr. Chong Cho Lam	6,500,000	-	-	(6,500,000)	-	16 May 2018	16 May 2019 – 15 May 2028	HK\$0.576
	3,500,000	-	-	(3,500,000)	-	6 July 2018	6 July 2019 – 5 July 2028	HK\$0.484
Sub total	10,000,000	-	-	(10,000,000)	-			
Category 2: Employees/consultants								
Employees	6,000,000	-	-	(6,000,000)	-	16 May 2018	16 May 2021 – 15 May 2028	HK\$0.576
Employee	8,500,000	-	-	(8,500,000)	-	6 July 2018	6 July 2019 – 5 July 2028	HK\$0.484
Consultants	10,500,000	-	-	(10,500,000)	-	16 May 2018	16 May 2019 – 15 May 2028	HK\$0.576
Consultant	1,500,000	-	-	(1,500,000)	-	16 May 2018	16 May 2021 – 15 May 2028	HK\$0.576
Consultant	5,500,000	-	-	(5,500,000)	-	6 July 2018	6 July 2019 – 5 July 2028	HK\$0.484
Consultants	-	7,800,000	-	-	7,800,000	12 July 2019	12 July 2019 – 11 July 2029	HK\$0.740
Employees	-	9,000,000	-	-	9,000,000	12 July 2019	12 July 2019 – 11 July 2029	HK\$0.740
Sub total	32,000,000	16,800,000	-	(32,000,000)	16,800,000			
Total of all categories	42,000,000	16,800,000	-	(42,000,000)	16,800,000			

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

As at 30 September 2019, 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 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 A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	287,549,682	Long	23.61%
			431,346,823	Long	35.42%
			718,896,505		59.03%
Mr. Chau Cheok Wa ("Mr. Chau")	Beneficial owner A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	431,346,823	Long	35.42%
			287,549,682	Long	23.61%
			718,896,505		59.03%
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	59.03%
New Brilliant Investments Limited	Beneficial owner	2	98,472,498	Long	8.09%
Checkmate Capital Limited	Beneficial owner	3	36,000,000	Long	2.96%
Grand Sea Limited	Beneficial owner	3	15,000,000	Long	1.23%
Mr. Chui Bing Sun ("Mr. Chui")	Beneficial owner Interest of controlled corporation	4 2 and 3	1,800	Long	0.00%
			149,472,498	Long	12.27%
			149,474,298		12.27%
Mr. Chan Ping Che	Beneficial owner		97,390,000	Long	8.00%

Notes:

- 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.
- New Brilliant Investments Limited is incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui.
- Grand Sea Limited and Checkmate Capital Limited are incorporated in Hong Kong. They are wholly and beneficially owned by Mr. Chui.
- 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 2019, 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 2019.

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 Group Holdings Limited, which together with its subsidiaries are principally engaged in concert investment, production and coordination. He is also a substantial shareholder and a director of Sun Entertainment Film Group Holdings Limited, which together with its subsidiaries are principally engaged in film investment and production. 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 new businesses of the Group in the media and entertainment industry (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules).

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

Save as disclosed above, the Directors are not aware of any business or interest of each of the Directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group during the period ended 30 September 2019.

Arrangements to purchase shares

Other than the options holdings disclosed above, at no time during the nine months ended 30 September 2019 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 2019.

Compliance with Corporate Governance Practices

The Company has adopted 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.

Non-compliance with paragraph A.2.1

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual. Following the resignation of Mr. Chui Bing Sun as an executive Director, the chairman of the Board, CEO, a member of the risk management committee, a compliance officer and authorized representative of the Company on 19 March 2018, decisions of the Company are made by the executive Director, Mr. Dong Choi Chi, Alex who are focused on evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue and growth potential of the Company. On 17 June 2019, Mr. Dong Choi Chi, Alex was appointed as the Chairman, and Mr. Chong Cho Lam was appointed as CEO.

Save as the deviation from the code provision A.2.1, separation of roles of Chairman and Chief Executive Officer pursuant to code provision A.2.1 as disclosed in the section “Chairman and Chief Executive Officer”, the Company has met all the code provisions in the CG Code during the nine months ended 30 September 2019.

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 2019.

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

Hong Kong, 14 November 2019

As at the date of this report, 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 report 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.