



太陽娛樂集團
SUN ENTERTAINMENT GROUP

8082
STOCK CODE

FIRST QUARTERLY
REPORT **2021**

**SUN ENTERTAINMENT
GROUP LIMITED**

Incorporated in the Cayman Islands and
continued in Bermuda with limited liability

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.

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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. Dong Choi Chi, Alex (*Chairman*)
Mr. Chong Cho Lam (*Chief Executive Officer*)

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

ADMINISTRATION COMMITTEE

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

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
Certified Public Accountants
Registered Public Interest Entity Auditor

SOLICITOR

Michael Li & Co.

REGISTERED OFFICE

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Hamilton HM11 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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35 Hung To Road
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

STOCK CODE

8082

CONTACT INFORMATION

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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 ended 31 March 2021 together with the comparative unaudited figures for the three months ended 31 March 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2021

| | Notes | Three months ended 31 March | |
|--|-------|---------------------------------|---------------------------------|
| | | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Unaudited) |
| Revenue | 2 | 9,952 | 3,959 |
| Cost of sales | | (6,544) | (2,582) |
| Gross profit | | 3,408 | 1,377 |
| Other income and gains | | 380 | 545 |
| Selling, marketing and distribution expenses | | (963) | (1,239) |
| General, administrative and other expenses | | (10,772) | (8,140) |
| Finance costs | | (279) | (25) |
| LOSS BEFORE TAX | | (8,226) | (7,482) |
| Income tax expense | 3 | (146) | – |
| LOSS FOR THE PERIOD | | (8,372) | (7,482) |
| Attributable to: | | | |
| Owners of the Company | | (7,964) | (7,374) |
| Non-controlling interests | | (408) | (108) |
| | | (8,372) | (7,482) |
| Dividend | 4 | – | – |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 5 | (0.6) | (0.6) |
| – Basic and diluted (<i>HK cents</i>) | | | |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

| | Three months ended | |
|--|--------------------|-------------|
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Loss for the period | (8,372) | (7,482) |
| Other comprehensive loss | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | (53) | (594) |
| Total comprehensive loss for the period | (8,425) | (8,076) |
| Attributable to: | | |
| Owners of the Company | (8,015) | (7,919) |
| Non-controlling interests | (410) | (157) |
| | (8,425) | (8,076) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the three months ended 31 March 2021*

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|---------------------------|---------------------------------|--|---|--|--------------------------------|-------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Contributed surplus HK\$'000 | Exchange fluctuation reserve HK\$'000 | Share-based payment reserve HK\$'000 | Shares held under share award scheme HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total equity 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 | - | - | - | - | - | - | (7,374) | (7,374) | (108) | (7,482) |
| Other comprehensive loss for the period: | | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | (545) | - | - | - | (545) | (49) | (594) |
| Total comprehensive loss for the period | - | - | - | (545) | - | - | (7,374) | (7,919) | (157) | (8,076) |
| Equity-settled share award arrangement | - | - | - | - | 72 | - | - | 72 | - | 72 |
| At 31 March 2020 (unaudited) | 31,270 | 350,143 | 31,713 | (973) | 7,051 | (391) | (336,583) | 82,230 | 1,478 | 83,708 |
| 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 | - | - | - | - | - | - | (7,964) | (7,964) | (408) | (8,372) |
| Other comprehensive loss for the period: | | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | (51) | - | - | - | (51) | (2) | (53) |
| Total comprehensive loss for the period | - | - | - | (51) | - | - | (7,964) | (8,015) | (410) | (8,425) |
| Equity-settled share award arrangements | - | - | - | - | 70 | - | - | 70 | - | 70 |
| Formation of a non-wholly owned subsidiary | - | - | - | - | - | - | - | - | 2,400 | 2,400 |
| At 31 March 2021 (unaudited) | 31,270 | 350,143 | 31,713 | 1,052 | 7,337 | (391) | (367,714) | 53,410 | 3,626 | 57,036 |

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's 2020 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the Company's annual financial statements for the year ended 31 December 2020.

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 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 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 expense 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.

The segment results and other segment items for the three months ended 31 March 2021 are as follows:

| | Media and entertainment HK\$'000 | Cremation and funeral services HK\$'000 | Total HK\$'000 |
|---|--|--|-------------------|
| Segment revenue: | | | |
| Sales to external customers | 6,280 | 3,672 | 9,952 |
| Segment results | (5,450) | 501 | (4,949) |
| <i>Reconciliation:</i> | | | |
| Corporate and other unallocated expenses, net | | | (2,998) |
| Finance costs | | | (279) |
| Loss before tax | | | (8,226) |
| Segment assets | 72,838 | 26,023 | 98,861 |
| <i>Reconciliation:</i> | | | |
| Corporate and other unallocated assets | | | 23,233 |
| Total assets | | | 122,094 |
| Segment liabilities | (14,632) | (6,750) | (21,382) |
| <i>Reconciliation:</i> | | | |
| Corporate and other unallocated liabilities | | | (43,676) |
| Total liabilities | | | (65,058) |
| Other segment information | | | |
| Depreciation and amortisation | 267 | 516 | 783 |
| Capital expenditure | 8,000 | 274 | 8,274 |

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

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

An analysis of revenue is as follows:

| | Three months ended | |
|---|--------------------|-------------|
| | 31 March | |
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| <i>Revenue from contracts with customers</i> | | |
| Provision of cremation and funeral services and sale of related goods | 1,999 | 1,182 |
| Concert and other entertainment event income and sale of related goods | 6,235 | 1,269 |
| Artiste management and performance services income | 45 | 15 |
| | 8,279 | 2,466 |
| <i>Revenue from other sources</i> | | |
| Rendering of cremation services | 1,673* | 1,492* |
| Gain on investments in concert, other entertainment event, film and TV drama production projects, net | – | 1 |
| | 1,673 | 1,493 |
| | 9,952 | 3,959 |

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

3. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (31 March 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 (31 March 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.

4. DIVIDEND

The Directors do not recommend the payment of a dividend nor transfer of any amount to reserves for the three months ended 31 March 2021 (31 March 2020: Nil).

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

(a) Basic

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

| | Three months ended | |
|---|---------------------------|-------------|
| | 31 March | |
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Loss attributable to owners of the Company | (7,964) | (7,374) |
| Weighted average number of ordinary shares in issued (in thousands) | 1,250,798 | 1,250,798 |

(b) Diluted

For the period ended 31 March 2021 and 31 March 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue

For the three months ended 31 March 2021, the total revenue (which mainly consists of (i) the media and entertainment business; and (ii) cremation and funeral services business) was approximately HK\$9,952,000 which was 151.38% higher than that of last year corresponding period of approximately HK\$3,959,000. The increase was mainly due to the Group organised an exhibition during the current period but nil in the last year corresponding period.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses for the three months ended 31 March 2021 was approximately HK\$963,000, which was 22.28% lower than the amount of last year corresponding period of approximately HK\$1,239,000. Percentage to turnover was approximately 9.68% (three months ended 31 March 2020: 31.30%).

General, administrative and other expenses

General, administrative and other expenses for the three months ended 31 March 2021 amounted to approximately HK\$10,772,000 which was 32.33% higher than that of last year corresponding period of approximately HK\$8,140,000. The increase was primarily attributable to increase in (i) legal and professional fee; (ii) sub-contracting fee; and (iii) share of net profit from entertainment events organized by the Group to co-investors.

Loss for the period

The Group's loss for the period was approximately HK\$8,372,000 (three months ended 31 March 2020: loss of approximately HK\$7,482,000).

Operation Review

Media and entertainment business

During the three months ended 31 March 2021, the media and entertainment segment recorded a revenue of approximately HK\$6,280,000, representing an increase of 388.72% as compared with last year corresponding period of approximately of HK\$1,285,000. The increase was mainly attributable to the ticket income generated by an exhibition organised by the Group during the current period.

Cremation and funeral services business

During the three months ended 31 March 2021, the revenue from cremation and funeral services business operation was approximately HK\$3,672,000, which was 37.32% higher than last year corresponding period of approximately HK\$2,674,000. Owing to the prohibition of group gatherings under the effect of COVID-19, the revenue of value-added funeral services had decreased during the last year corresponding period.

Prospects

The Group has been making continuous efforts in identifying future strategic alliances and cooperation opportunities. It has developed 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. 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.

Recently, the Group has started a new non-fungible tokens ("NFT") production studio. NFT refers to unique, non-transferable digital assets stored in blockchain which is a proper way to use the blockchain technology. Owning an NFT is like owning a one-of-a-kind work of art or a collectible antique. According to Statista 2021, the market capitalization of NFT shows a fast growth rate of nearly ten-fold between 2018 and 2020. NFTs are going to be something that media and celebrities such as musicians or artists or other creators of collectible products, will use to monetize. "Sunny Side Up" is our flagship studio to promote the NFT business which mainly focuses on two major areas, namely (1) producing art works for various artists and (2) investing in NFT related market place and social media platforms. The Group will utilize its network in forming strategic partnership with various artists and industry players to capture the ever-growing NFT market. At beginning of April 2021, Sunny Side Up had worked with Hong Kong photographer Wing Shya and Taiwan pop singer Eric Chou to join forces for Asia's first-ever collaborative NFT art series.

In addition, the Group will also develop the pet funeral service to enrich its funeral business profile.

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.

Employees and remuneration policies

As at 31 March 2021, the Group had approximately 58 (three months ended 31 March 2020: 63) employees, including Directors. Total staff costs for the three months ended 31 March 2021, including Directors' remuneration, amounted to approximately HK\$3,443,000 (three months ended 31 March 2020: HK\$3,365,000). 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 31 March 2021.

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

As at 31 March 2021, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporation, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the model code for Securities Transactions by Directors of the Company, were as follows:

Interests in shares and underlying shares of the Company

Number of ordinary shares and underlying shares beneficially held:

(A) Long positions

| Name | Capacity | Notes | Number of shares held | Number of underlying shares held | Total number of shares and underlying shares held | Percentage of issued share capital |
|--------------------------------------|--|-------|-----------------------|----------------------------------|---|------------------------------------|
| Mr. Chong Cho Lam | Beneficial owner | 1 | 2,000,000 | 1,000,000 | 3,000,000 | 0.24% |
| Mr. Dong Choi Chi, Alex ("Mr. Dong") | Beneficial owner | 2 | 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 | | 431,346,823 | - | 431,346,823 | 34.49% |
| | | | 718,896,505 | - | 718,896,505 | 57.48% |

Notes:

- The underlying shares represent 1,000,000 awarded shares, which shall be vested within 1 business day after an audited consolidated net profit after tax of the Group of not less than HK\$5 million is recorded in any annual report of the Company published within 3 years from the grant date (i.e. 13 December 2019).
- Mr. Dong, Mr. Cheng Ting Kong and Mr. Chau Cheuk Wa are parties acting in concert in respect of the Company pursuant to a deed in relation to parties acting in concert dated 23 January 2018.

(B) Share options

Pursuant to the new share options scheme adopted by the Company on 31 August 2011, certain Directors and participants were granted share options to subscribe for the Company's shares, details of share options outstanding and exercisable as at 31 March 2021 were as follow:

| | Number of share options | | | | | | | | Closing share price immediate before the date of grant | |
|--|----------------------------------|---------------------------|-----------------------------|-------------------------------------|---------------------------------|---------------|-----------------------------|-------------------------|--|--------------------------|
| | Outstanding as at 1 January 2021 | Granted during the period | Exercised during the period | Forfeited/ lapsed during the period | Outstanding as at 31 March 2021 | Date of grant | Exercise period | Vesting period | | Exercise price per share |
| | | | | | | | | | | |
| Category 1: 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 |
| Total | 16,300,000 | - | - | - | 16,300,000 | | | | | |

There were no share options cancelled, lapsed or forfeited during the three months ended 31 March 2021.

(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 the three months ended 31 March 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 1 January 2021 | Granted during the period | Vested during the period | Lapsed during the period | Outstanding as at 31 March 2021 |
| Mr. Chong Cho Lam | 13 December 2019 | 1,000,000 | - | - | - | 1,000,000 |

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

As at three months ended 31 March 2021, the following shareholders (including Directors) had interests or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") and Section 336 of the SFO, were as follows:

Number of ordinary shares and underlying shares beneficially held:

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

Notes:

1. Mr. Dong, Mr. Cheng and Mr. Chau are parties acting in concert in respect of the Company pursuant to a deed in relation to parties acting in concert dated 23 January 2018.
2. New Brilliant Investments Limited is incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui.
3. Checkmate Capital Limited and Grand Sea Limited are holding 36,000,000 and 15,000,000 shares respectively. They are incorporated in Hong Kong. They are wholly and beneficially owned by Mr. Chui.
4. Mr. Chui is also holding 1,800 shares as beneficial owner.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO, or who had interests of 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

Securities transactions by directors

The Company has established written guidelines for the required standard of dealings in securities by directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Directors confirmed that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance for the three months ended 31 March 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. Mr. Dong is also one of the ultimate beneficial owners and a director of Sun Asia Group Limited, which together with its subsidiaries are principally engaged in the media and entertainment related investment and production in Macau. Therefore, he is considered to have interest in the business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group in the media and entertainment industry (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules).

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

Save as disclosed above, the Directors are not aware of any business or interest of each of the Directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group during the three months ended 31 March 2021.

Arrangements to purchase shares or debentures

Other than the share option scheme and the Share Award Scheme disclosed above, at no time during the three months ended 31 March 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 debentures of, the Company or any other body corporate.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the three months ended 31 March 2021.

Compliance with corporate governance practices

During the three months ended 31 March 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 (chairman of AC), Mr. Siu Hi Lam, Alick and Mr. Ting Kit Lun, who together have sufficient accounting and financial management expertise, legal and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. In accordance with the provisions of the CG Code, the terms of reference of the AC were also revised which are substantially the same as the provisions set out in the CG Code.

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

The AC has reviewed the Group's unaudited result for the three months ended 31 March 2021.

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

Hong Kong, 14 May 2021

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.