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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
(A) PROPOSED CHANGE IN BOARD LOT SIZE;
(B) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES
FOR EVERY FIVE (5) SHARES HELD ON THE
RECORD DATE ON A NON-UNDERWRITTEN BASIS;
AND
(C) CONNECTED TRANSACTION –
REPAYMENT OF SHAREHOLDER INDEBTEDNESS**

References are made to the announcements of the Company dated 13 July 2021 and 3 August 2021 (the “**Announcements**”) in respect of, among other things, (i) the Change in Board Lot Size; (ii) the Rights Issue; (iii) the Set-off Arrangement; and (iv) delay in despatch in circular in relation to the aforesaid (i), (ii) and (iii). Unless the context requires otherwise, capitalised terms used in this announcement should have the same meanings as those defined in the Announcements.

REVISED EXPECTED TIMETABLE

As disclosed in the Announcements, the circular in respect of, among other things, (i) the Change in Board Lot Size; (ii) the Rights Issue; and (iii) the Set-off Arrangement (the “**Circular**”) was expected to be despatched by the Company to the Shareholders on 3 August 2021. As additional time is required to finalise the contents of the Circular, the expected date of despatch of the Circular will be postponed to on or before 24 August 2021. Accordingly, the expected timetable of, among other things, (i) the Change in Board Lot Size; (ii) the Rights Issue; and (iii) the Set-off Arrangement is revised as follows:

Event	(Hong Kong time)
Latest time for lodging Shares transfer documents to qualify for attendance and voting at SGM	4:30 p.m. on Wednesday, 8 September 2021
Closure of register of members of the Company for attending the SGM (both days inclusive)	Thursday, 9 September 2021 to Wednesday, 15 September 2021
Latest date and time for lodging forms of proxy for the purpose of the SGM	11:00 a.m. on Monday, 13 September 2021
Record date for attendance and voting at the SGM	Wednesday, 15 September 2021
Expected date and time of the SGM	11:00 a.m. on Wednesday, 15 September 2021
Release of the SGM results announcement.	Wednesday, 15 September 2021
Last day of dealings in Shares on a cum-rights basis	Thursday, 16 September 2021
First day of dealings in Shares on an ex-rights basis	Friday, 17 September 2021

Event**(Hong Kong time)**

Latest time for the Shareholders to lodge Shares transfer documents in order to qualify for the Rights Issue	4:30 p.m. on Monday, 20 September 2021
Closure of register of members of the Company for the Rights Issue (both days inclusive).	Tuesday, 21 September 2021 to Tuesday, 28 September 2021
Record Date for determining entitlements to the Rights Issue	Tuesday, 28 September 2021
Register of members of the Company re-opens	Wednesday, 29 September 2021
Despatch of Prospectus Documents	Wednesday, 29 September 2021
First day of dealings in nil-paid Rights Shares.	9:00 a.m. on Monday, 4 October 2021
Latest time for splitting of PALs	4:30 p.m. on Wednesday, 6 October 2021
Last day of dealings in nil-paid Rights Shares	Monday, 11 October 2021
Latest time for acceptance of, and payment for, the Rights Shares	4:00 p.m. on Friday, 15 October 2021
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 19 October 2021
Announcement of results of the Rights Issue	Monday, 25 October 2021
Despatch of refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares	Tuesday, 26 October 2021
Despatch of share certificates for fully paid Rights Shares	Tuesday, 26 October 2021

Event**(Hong Kong time)**

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on
Wednesday, 27 October 2021

Effective date of change in board lot size from
5,000 Shares to 10,000 Shares 9:00 a.m. on
Wednesday, 27 October 2021

Designated broker starts to stand in the market to
provide matching services for odd lots of Shares 9:00 a.m. on
Wednesday, 27 October 2021

Designated broker ceases to stand in the market to
provide matching services for the sale and purchase of
odd lots of the Shares Last day of free exchange of
certificates for the Existing Shares into new certificates. 4:00 p.m. on
Tuesday, 16 November 2021

All times and dates specified in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in this announcement for events in the above timetable are indicative only and may be extended or varied by the Company if it considers appropriate. Any extension or adjustment to the expected timetable as set out above will be announced in a separate announcement by the Company as and when appropriate.

The Shareholders and the public should note that no transfer of Shares will be registered during the above book closure periods.

REVISED TERMS OF REPAYMENT OF SHAREHOLDER INDEBTEDNESS

As disclosed in the Announcements, on 21 December 2020, the Group entered into a revolving loan facility agreement with Mr. Chau and obtained revolving loan facilities up to a principal amount of HK\$100,000,000, of which a loan with a principal amount of HK\$35,000,000 was subsequently drawn down, which is repayable on the fifth anniversary of the first drawdown date (or such later date as may be agreed by the lender and the borrower). As at 30 June 2021, Mr. Chau has made total advances to the Group of HK\$35,000,000 pursuant to the said revolving loan facility agreement, which is unsecured and bears interest at 3.5% per annum.

Pursuant to the irrevocable undertaking given by Mr. Chau in favour of the Company, Mr. Chau conditionally agrees to the Set-off whereby HK\$48,310,844 required to be paid by Mr. Chau for the subscription of 345,077,456 Rights Shares provisionally allotted to him pursuant to the Rights Issue would be set-off against the Loan Amount of HK\$35,000,000. After the Set-off, Mr. Chau is required to pay the remaining balance of up to HK\$13,310,844 in cash for the subscription of the remaining 95,077,456 Rights Shares provisionally allotted to him (assuming there is no adjustment to the number of Rights Shares to be offered to the Concert Group) pursuant to the Rights Issue.

However, due to the foreseeable technical difficulties for implementing the Set-off Arrangement through the CCASS system, it is expected that Mr. Chau would first settle the aggregate Subscription Price of HK\$48,310,844 in cash, and subsequently a sum of HK\$35,000,000 (which is equivalent to the Loan Amount) would be paid out of the net proceeds of the Rights Issue to Mr. Chau for repayment of the shareholders' loan.

REVISED USE OF PROCEEDS

Accordingly, assuming full exercise of all Vested Options other than those Share Options under the Optionholders' Undertakings and full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$146.2 million and the estimated net proceeds of the Rights Issue after deducting the related expenses will be approximately HK\$144.7 million. The Company intends to use the net proceeds from the Rights Issue for the following:

- (a) approximately 28.9%, or HK\$41.8 million will be used for investment in the media and entertainment business of the Group;

As disclosed in the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), the Group engages in different entertainment investment and production, including film, concert, exhibition and other entertainment events as well as providing cremation and funeral services. During the year ended 31 December 2019 and 2020, the revenue generated from concert and other entertainment event and income from sale of related goods remained to be the major revenue stream of the Group and accounted for approximately 88.6% and 59.0% of the total revenue of the Group, respectively. Although the media and entertainment business was adversely affected by the outbreak of COVID-19 during 2020, the Directors are of the view that the market may experience a recovery in light of the relaxing in certain social distancing measures as well as the effective implementation of public vaccination.

As such, the Group intends to invest into not less than 10 entertainment investments for the next 12 months with an aggregate investment amount of over HK\$50 million. These entertainment events include various concerts to be held in Hong Kong, Macau and Taiwan, exhibitions to be held in Hong Kong and Taiwan and certain films and TV programs. Other than the aforesaid entertainment events, the Group will continue to identify other investment opportunities and make relevant investments as and when considered appropriate.

- (b) approximately 24.2%, or HK\$35.0 million will be used for repayment of amount owed to Mr. Chau;

The Company intends to apply the net proceeds for the repayment of the amount owed to Mr. Chau. For further details, please refer to the paragraph headed “Reasons for the Rights Issue and the Set-off Arrangement” in the Announcements.

- (c) approximately 13.8%, or HK\$20.0 million will be used for development of integrated entertainment platform and non-fungible tokens business;

As disclosed in the 2020 Annual Report, the Group plans to develop an integrated entertainment platform incorporating an all-in-one lifestyle platform. Accordingly, the Company intends to apply approximately (i) HK\$12 million for development of an integrated online entertainment platform; and (ii) HK\$8 million for development of a new platform for non-fungible tokens (“NFT”) business.

The integrated online entertainment platform is a cloud base ticketing system for various entertainment events including concerts, films and exhibition events. The Group intends to engage external information technology specialists to develop a new online platform with an aim to optimize online ticketing experience, improve customer services and perform in-depth analysis on sales and ticketing data. The Directors considered that the development of online platform will benefit the Group by enabling new business opportunities and more flexibility to react to the market. These projects are targeted to commence from the fourth quarter of 2021 and will continue in phases.

The Group also intends to develop NFT platform to allow customers to collect, share and monetise digital assets they create, own, promote, share or like. The NFT platform focuses on the concept of collections of digital assets that users can create and share. By this platform, all the assets can be sold, royalties paid upon resale, usage, and shared between multiple recipients. These projects are also expected to commence from the fourth quarter of 2021 and continue until first half of 2022.

- (d) approximately 13.1%, or HK\$19.0 million will be used for day-to-day salary and administrative expenses;

The Company intends to apply the net proceeds to day-to-day salary and administrative expenses for the next 12 months, which based on the Group's estimation, the related expenses would be approximately HK\$1.6 million per month.

- (e) approximately 6.9%, or HK\$10.0 million will be used for investment in the funeral business of the Group;

The Company intends to apply approximately HK\$10.0 million to acquire and upgrade certain equipment and facilities in Huaiji in order to extend its funeral business profile and cover pet funeral service in 2021. Besides, additional staff specialising in pet funeral services will also be recruited to facilitate the commencement of pet funeral service and provide other valued added services to the customers.

- (f) approximately 6.2%, or HK\$9.0 million will be used for the provision of audio, lighting and stage equipment and ancillary stage technical and engineering services of the Group; and

As disclosed in the 2020 Annual Report, a joint venture company was formed in January 2021 for expansion of the services in concerts and other entertainment events by provision of ancillary stage technical and engineering services for live performance events. As such, the Group intended to apply approximately HK\$9.0 million in acquiring for relevant audio, lighting and stage equipment and recruiting relevant personnel in provision of ancillary stage technical and engineering services including leasing of equipment, set up of equipment and professional advice on stage engineering for live performance events in 2021.

- (g) approximately 6.9%, or HK\$9.9 million will be used as the general working capital of the Group.

The Company intends to apply the net proceeds of approximately HK\$9.9 million to general working capital purpose which allows buffer for its continuous development and urgent financial needs.

As disclosed in the 2020 Annual Report, the Group recorded a net loss attributable to owners of the Company of approximately HK\$30.5 million and a net operation cash outflow of approximately HK\$2.9 million for the year ended 31 December 2020. As at 31 December 2020 and 30 June 2021, the Group had cash and cash balances of approximately HK\$34.0 million and HK\$13.5 million respectively, of which majority of the cash outflow has been utilised for organising and investing in certain concerts and other entertainment events and day-to-day operations such as salaries and other staff benefits. As such, taking into account (i) the current financial position of the Group; and (ii) the intended use of proceeds for the future development of the Group set out above, the Directors considered that the Group has an urgent funding need in raising addition cash and strengthen the financial position as well as liquidity of the Group through the Rights Issue. For other factors considered by the Directors in other fund-raising alternatives, please refer to the paragraph headed “Reasons for the Rights Issue and the Set-off Arrangement” in the Announcements.

In the event that (i) no Vested Options were exercised and the Rights Issue was fully subscribed; and (ii) there is an under-subscription of the Rights Issue other than those under the Undertakings and after adjustments to number of Rights Shares offered to the Concert Group, the net proceeds of the Rights Issue after the Set-off Arrangement and deducting the related expenses will be reduced to approximately HK\$138.6 million and HK\$36.4 million, respectively. The Group intends to reduce the net proceeds to the above proposed usage items on a pro-rata basis and utilise its own financial resources (including the loan facility available from a shareholder) to continue its development plan.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND/OR RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” in the announcement of the Company dated 13 July 2021. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any dealings in the Shares before the date on which all conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

The Board confirmed that the supplemental information provided in this announcement does not affect any other information contained in the Announcements and, save as disclosed above, the contents of the Announcements remain unchanged.

By Order of the Board
Sun Entertainment Group Limited
Dong Choi Chi, Alex
Chairman and executive Director

Hong Kong, 11 August 2021

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at 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.