



BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 announcement, for which the directors (the “Directors”) of Bingo Group Holdings Limited (the “Company”) 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 (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.

The board of Directors (the “Board”) of the Company presents the unaudited consolidated results of the Group for the three months and six months ended 30 September 2018, together with the unaudited comparative figures for the corresponding period in 2017 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Turnover	2	11,759	13,556	20,284	24,511
Cost of sales		(5,086)	(5,242)	(8,417)	(9,698)
Gross profit		6,673	8,314	11,867	14,813
Other revenue and other net income	3	232	327	480	2,432
Selling and marketing expenses		(840)	(2,530)	(1,060)	(6,477)
Administrative expenses		(10,065)	(13,068)	(20,759)	(22,435)
Share-based payments	5	(2,181)	–	(2,181)	–
Finance costs	6	(938)	(791)	(1,836)	(1,480)
Loss before taxation	7	(7,119)	(7,748)	(13,489)	(13,147)
Taxation	8	(202)	(313)	(581)	(847)
Loss for the period		<u>(7,321)</u>	<u>(8,061)</u>	<u>(14,070)</u>	<u>(13,994)</u>
Loss attributable to:					
Owners of the Company		(7,530)	(7,519)	(13,587)	(14,355)
Non-controlling interests		209	(542)	(483)	361
		<u>(7,321)</u>	<u>(8,061)</u>	<u>(14,070)</u>	<u>(13,994)</u>
Dividend	9	–	–	–	–
Loss per share (cents per share)					
Basic and diluted	10	<u>(0.22)</u>	<u>(0.22)</u>	<u>(0.40)</u>	<u>(0.42)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(7,321)	(8,061)	(14,070)	(13,994)
Other comprehensive income/(loss)				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations				
— Exchange differences arising during the period	<u>(1,539)</u>	<u>900</u>	<u>(3,407)</u>	<u>1,589</u>
Other comprehensive income/(loss) for the period, net of tax	<u>(1,539)</u>	<u>900</u>	<u>(3,407)</u>	<u>1,589</u>
Total comprehensive loss for the period	<u>(8,860)</u>	<u>(7,161)</u>	<u>(17,477)</u>	<u>(12,405)</u>
Total comprehensive loss attributable to:				
Owners of the Company	<u>(9,120)</u>	<u>(6,601)</u>	<u>(17,108)</u>	<u>(12,731)</u>
Non-controlling interests	<u>260</u>	<u>(560)</u>	<u>(369)</u>	<u>326</u>
	<u>(8,860)</u>	<u>(7,161)</u>	<u>(17,477)</u>	<u>(12,405)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		9,894	11,863
Goodwill		950	950
Investment in an associate	<i>11</i>	3	3
		10,847	12,816
CURRENT ASSETS			
Loan to an associate	<i>11</i>	33,353	–
Trade receivables	<i>12</i>	787	1,277
Other receivables, deposits and prepayments		12,539	35,796
Cash and cash equivalents		67,053	95,995
		113,732	133,068
CURRENT LIABILITIES			
Trade payables	<i>13</i>	295	1,500
Deposits received, other payables and accruals	<i>14</i>	11,117	17,437
Tax payables		1,016	1,336
		12,428	20,273
NET CURRENT ASSETS		101,304	112,795
TOTAL ASSETS LESS CURRENT LIABILITIES		112,151	125,611
NON-CURRENT LIABILITIES			
Convertible bonds		22,619	20,783
NET ASSETS		89,532	104,828
CAPITAL AND RESERVES			
Share capital	<i>15</i>	136,861	136,861
Reserves		(58,190)	(43,263)
		78,671	93,598
Non-controlling interests		10,861	11,230
TOTAL EQUITY		89,532	104,828

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited consolidated results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. These unaudited consolidated results also comply with the applicable disclosure provisions of the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance. These unaudited consolidated results have been prepared under historical cost convention except for certain financial instruments which are measured at fair value. The unaudited consolidated results are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The principal accounting policies applied in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2018.

The application of the new or revised HKFRSs in the current period has had no material effect on the amounts reported in the interim financial statements and/or disclosures set out in the interim financial statements.

The Group has not early adopted the new and amendments to HKFRSs that have been issued but are not yet effective.

The interim results are unaudited but have been reviewed by the audit committee of the Company.

2. TURNOVER

An analysis of Group’s turnover for the period from operations, is as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from cinema business	11,759	12,671	20,284	23,602
Production and distribution of film rights	–	858	–	858
Royalty and licensing income	–	27	–	51
	<u>11,759</u>	<u>13,556</u>	<u>20,284</u>	<u>24,511</u>

3. OTHER REVENUE AND OTHER NET INCOME

	Three months ended		Six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	105	108	352	250
Government grants (<i>Note 1</i>)	–	31	–	1,860
Others	127	188	128	322
	<u>232</u>	<u>327</u>	<u>480</u>	<u>2,432</u>

Note 1: The government grants represent the subsidies received by the Group from the government of the PRC for the operation of cinemas in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

4. SEGMENT INFORMATION

	Cinema Investment and Management <i>HK\$'000</i>	Filmed Entertainment New Media Exploitations and Licensing Businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2018			
(Unaudited)			
Segment Revenue			
Reportable segment revenue	20,284	–	20,284
Inter-segment revenue	–	–	–
	<hr/>	<hr/>	<hr/>
Revenue from external customers	20,284	–	20,284
	<hr/>	<hr/>	<hr/>
Segment Result			
Reportable segment result	655	–	655
Interest income			352
Unallocated corporate expenses, net			(10,479)
Share-based payments			(2,181)
Finance costs			(1,836)
			<hr/>
Loss before taxation			(13,489)
			<hr/> <hr/>
As at 30 September 2018 (Unaudited)			
Segment Assets			
Reportable segment assets	46,660	55,080	101,740
Unallocated corporate assets			22,839
			<hr/>
Consolidated total assets			124,579
			<hr/>
Segment Liabilities			
Reportable segment liabilities	9,398	–	9,398
Tax payables			1,016
Convertible bonds			22,619
Unallocated corporate liabilities			2,014
			<hr/>
Consolidated total liabilities			35,047
			<hr/> <hr/>

	Cinema Investment and Management <i>HK\$'000</i>	Filmed Entertainment New Media Exploitations and Licensing Businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2017			
(Unaudited)			
Segment Revenue			
Reportable segment revenue	23,652	859	24,511
Inter-segment revenue	—	—	—
	<u>23,652</u>	<u>859</u>	<u>24,511</u>
Revenue from external customers			
	<u>23,652</u>	<u>859</u>	<u>24,511</u>
Segment Result			
Reportable segment result	(2,853)	1,445	(1,408)
Interest income			250
Unallocated corporate expenses, net			(10,509)
Finance costs			(1,480)
			<u>(1,480)</u>
Loss before taxation			<u>(13,147)</u>
As at 31 March 2018 (Audited)			
Segment Assets			
Reportable segment assets	52,204	33,665	85,869
Unallocated corporate assets			60,015
			<u>60,015</u>
Consolidated total assets			<u>145,884</u>
Segment Liabilities			
Reportable segment liabilities	11,454	3,244	14,698
Tax payables			1,336
Convertible bonds			20,783
Unallocated corporate liabilities			4,239
			<u>4,239</u>
Consolidated total liabilities			<u>41,056</u>

Other segment information:

	Cinema Investment and Management <i>HK\$'000</i>	Filmed Entertainment New Media Exploitations and Licensing Businesses <i>HK\$'000</i>	Corporate level <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended				
30 September 2018 (Unaudited)				
Additions to non-current assets	54	–	–	54
Interest income	143	178	31	352
Depreciation	1,168	50	–	1,218
For the six months ended				
30 September 2017 (Unaudited)				
Additions to non-current assets	26	–	–	26
Interest income	198	28	24	250
Depreciation	4,623	50	225	4,898

5. SHARE-BASED PAYMENTS

The Company has the convertible bonds and share option scheme for the directors, employees and advisers of the Group. Details of the convertible bonds and share options are as follows:

Convertible bonds

Issuer:	The Company
Principal amount:	HK\$45 million in aggregate. The Convertible Bonds in the amount of HK\$25 million issued on 1 June 2010 (“commencement date”) and the remaining four tranches (each worth HK\$5 million, and HK\$20 million in aggregate) of the Convertible Bonds issued on the date being the first, second, third and fourth anniversary of the date of commencement date.
Issue date:	1 June 2010
Maturity date:	Ten years from the date of issue
Interest:	Zero coupon
Conversion price:	HK\$0.136 per share

The fair values of the HK\$45 million convertible bonds determined on 1 June 2010 using binomial option pricing model was HK\$124,360,000. The followings assumptions were used to calculate the fair value of HK\$45 million convertible bonds:

Principle amount:	HK\$45 million
Expected life:	10 years
Interest:	Nil
Redemption price:	100% of the principal amount
Conversion price:	HK\$0.136 (<i>Note 1</i>)
Risk-free rate:	2.47%
Effective interest rate:	16.73%
Share price:	HK\$0.27
Expected dividend yield:	0%
Expected volatility:	84.09%

Share Option Scheme

Details of specific categories of options are as follow:

Option type:	2012A	2014A	2015A	2015B	2016A	2017A	2018A
Grant date:	23-8-2012	17-4-2014	13-7-2015	11-9-2015	7-7-2016	3-3-2017	17-9-2018
Number of options granted:	294,840,000	304,140,000	161,000,000	50,000,000	342,000,000	159,000,000	180,000,000
Exercise period:	23-8-2012– 22-8-2017	17-4-2014– 16-4-2019	13-7-2015– 12-7-2020	11-9-2015– 10-9-2020	7-7-2016– 6-7-2021	3-3-2017– 2-3-2022	17-9-2018– 16-9-2023
Exercise price:	HK\$0.156 (Note 1)	HK\$0.364	HK\$0.235	HK\$0.200	HK\$0.180	HK\$0.135	HK\$0.042
Fair value:	HK\$22,921,000	HK\$45,500,000	HK\$16,800,000	HK\$4,800,000	HK\$26,600,000	HK\$8,640,000	HK\$2,181,000

The fair value of share options which were calculated by binomial option pricing model with the following assumptions:

Option type:	2012A	2014A	2015A	2015B	2016A	2017A	2018A
Share price as at grant date:	HK\$0.076	HK\$0.355	HK\$0.23	HK\$0.2	HK\$0.18	HK\$0.126	HK\$0.042
Nature of the options:	Call	Call	Call	Call	Call	Call	Call
Risk-free rate:	0.284%	1.38%	1.15%	1.02%	0.59%	1.49%	2.28%
Expected life of the options:	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Expected volatility:	81.86%	62%	65%	66%	65%	61%	63%
Expected dividend yield:	0%	0%	0%	0%	0%	0%	0%
Exercise multiple:	2.2	2.4	2.45	2.49	2.4	2.4	1–2.91

During the Period, 180,000,000 share options were granted and the Company recognized the total expenses of HK\$2,181,000 as share-based payments for the six months ended 30 September 2018 (six months ended 30 September 2017: NIL).

The expected volatility was based on the historical volatility of the Company's share prices. Expected dividends were based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Note 1: Adjustment for share consolidation effective from 18 September 2012.

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Imputed interest on convertible bonds	<u>938</u>	<u>791</u>	<u>1,836</u>	<u>1,480</u>

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Direct expenses of cinema business	5,086	5,242	8,417	9,698
Depreciation	591	2,495	1,218	4,898
Exchange loss	1,485	2,794	3,775	2,215
Operating lease rental in respect of rented premises	1,512	1,432	2,770	2,822
Staff costs (including directors' remuneration)				
Salaries and allowances	3,075	3,235	6,321	6,561
Equity settled share-based payments	1,848	–	1,848	–
Retirement scheme contributions	413	401	829	784
Equity settled share-based payments paid to advisors	333	–	333	–

8. TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current tax				
The PRC	202	313	581	847

The taxation charge comprises:

Current tax				
The PRC	202	313	581	847

No provision for Hong Kong profits tax was made by the Group as the Group did not derive any assessable profits in Hong Kong for the six months ended 30 September 2018 and 2017.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 September 2018 and 2017.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

10. LOSS PER SHARE

Basic and diluted loss per share

	Three months ended 30 September		Six months ended 30 September	
	2018 <i>HK Cent</i> (Unaudited)	2017 <i>HK Cent</i> (Unaudited)	2018 <i>HK Cent</i> (Unaudited)	2017 <i>HK Cent</i> (Unaudited)
Basic and diluted loss per share	<u>0.22</u>	<u>0.22</u>	<u>0.40</u>	<u>0.42</u>

The loss for the period and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Loss for the period attributable to owners of the Company	<u>7,530</u>	<u>7,519</u>	<u>13,587</u>	<u>(14,355)</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>3,421,538,679</u>	<u>3,421,538,679</u>	<u>3,421,538,679</u>	<u>3,421,538,679</u>

The incremental shares from assumed exercise of share options granted by the Company and conversion of the Company's outstanding convertible bonds are excluded in calculating the diluted loss per share during the six months ended 30 September 2018 and 2017 because they are antidilutive in calculating the diluted loss per share.

11. INVESTMENT IN AND LOAN TO AN ASSOCIATE

	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Investment in an associate		
– unlisted shares		
Share of net assets	(3)	(3)
Due from an associate	<u>6</u>	<u>6</u>
	<u>3</u>	<u>3</u>
Loan to an associate	<u>33,353</u>	<u>–</u>

The following list contains the particulars of the Group's associate:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by subsidiaries	
Goal Creation Game Limited	Incorporated	Hong Kong	100 shares of HK\$1 each	49%	–	49%	Investing in Virtual Reality and Mixed Reality Project

(a) Fair value of Investments

At the end of the reporting period, the Group's associate is a private company and there was no quote market price available for the investment.

(b) Amount due from an associate

The amount due from an associate is unsecured, interest-free and repayable on demand. The balance is denominated in Hong Kong dollars and approximate to their fair value.

(c) Loan to an associate

The loan was granted to the associate for investment and development of relevant virtual reality ("VR") and mixed reality ("MR") projects of the associate. The loan is unsecured and its term is one year from the date of the loan granted on 26 September 2018. Unless upon occurrence of an event of default, the interest rate of the loan is equivalent to the deposit interest rate of a designated bank account of the associate. The associate shall repay the principal amount of the loan together with any outstanding interest accrued thereon the due date of the loan.

12. TRADE RECEIVABLES

The aging of the Group's trade receivables is analysed as follows:

	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Within 30 days	721	1,058
31–60 days	–	107
61–90 days	5	50
Over 90 days	61	62
	<u>787</u>	<u>1,277</u>

For the cinema business and filmed entertainment, new media exploitations and licensing business segment, the credit terms granted by the Group to its customers normally ranged from COD (cash-on-delivery) to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. All trade receivables are expected to be recovered within one year.

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Neither past due nor impaired	721	1,058
Past due but not impaired:		
Less than 1 month past due	–	107
1 to 3 months past due	5	50
More than 3 months past due	61	62
	<u>787</u>	<u>1,277</u>

Receivables at 30 September 2018 and 31 March 2018 that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables at 30 September 2018 and 31 March 2018 that were past due but not impaired related to a number of independent customers that had a good track record with the Group or with appropriate impairment allowance accounted for. Based on past experience, management believes that no further impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group did not hold any collateral over these balances.

13. TRADE PAYABLES

The aging of the Group's trade payables is analysed as follows:

	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Within 30 days	288	1,500
31–60 days	–	–
60–90 days	7	–
	<u>295</u>	<u>1,500</u>

Payment terms with suppliers are generally within 30 days.

14. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	As at 30 September 2018 <i>HK\$'000</i>	As at 31 March 2018 <i>HK\$'000</i>
Customer's deposits and receipts in advance (<i>Note</i>)	7,703	8,523
Other payables and accruals	3,414	8,914
	<u>11,117</u>	<u>17,437</u>

Note: As at 30 September 2018, included in the balance was a prepaid amount in the membership card by the customers of approximately HK\$7,094,000 (As at 31 March 2018: HK\$7,817,000). The balance will be recognized as income when it is probable that the economic benefits will flow to the Group and these benefits can be measured reliably.

15. SHARE CAPITAL

	As at 30 September 2018 (Unaudited)		As at 31 March 2018 (Audited)	
	No of shares '000	Amount <i>HK\$'000</i>	No of shares '000	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.04 each				
Authorised:				
At the beginning and at the end of the period/year	<u>5,000,000</u>	<u>200,000</u>	<u>5,000,000</u>	<u>200,000</u>
Ordinary shares of HK\$0.04 each				
Issued and fully paid:				
At the beginning and at the end of the period/year	<u>3,421,539</u>	<u>136,861</u>	<u>3,421,539</u>	<u>136,861</u>

16. OPERATING LEASE COMMITMENTS

	As at 30 September 2018 <i>HK\$'000</i> (Unaudited)	As at 31 March 2018 <i>HK\$'000</i> (Audited)
Within one year	3,894	4,535
In the second to fifth year, inclusive	14,282	16,353
More than five years	5,517	10,552
	<u>23,693</u>	<u>31,440</u>

17. RELATED PARTY AND CONNECTED TRANSACTIONS

In addition to the balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party and connected transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors was as follows:

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fee, salaries, allowances and other benefits	464	486
Share-based payments	576	–
	<u>1,040</u>	<u>486</u>

(b) Outstanding balances with connected parties

Name of connected persons	Nature of transactions	30 September	31 March
		2018	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
CineChina Limited (Note)	Receivable of the Group for payment for procurement for investment of Cinema Business	<u>2,478</u>	<u>2,478</u>

Note: CineChina Limited holds 30% equity interest in a subsidiary of the Company and it is considered a connected person under the GEM Listing Rules.

18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the six months ended 30 September 2018 (the “Period”), Bingo Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) was principally engaged in movie production, licensing and derivatives, crossover marketing and provision of interactive contents (“Filmed Entertainment, New Media Exploitations and Licensing Businesses”) and cinema investment and management (“Cinema Business”).

OPERATION REVIEW

During the Period, the Group continues to focus on Filmed Entertainment, New Media Exploitations and Licensing Businesses and Cinema Business.

In view of the on-going development of the Cinema Business, this segment has become the prime revenue generator of the Group in the Period. Approximately revenue of HK\$20.3 million and gross profit of HK\$11.9 million were generated during the Period. The Group’s revenue and gross profit from the Cinema Business for the Period declined slightly as compared to revenue of HK\$23.6 million and gross profit of HK\$13.9 million generated in the six month ended 30 September 2017 (the “Corresponding Period”). The Group will continue to focus on expanding the audience headcount and improve the financial performance of the Cinema Business accordingly.

In the segment of Filmed Entertainment Business, the Group continued to locate suitable business opportunities. However, no appropriate target was spotted in the Period. Accordingly, no revenue was generated in this sector during the Period.

On 9 February 2018, Bingo Movie Development Limited (“Bingo Movie”), a wholly owned subsidiary of the Company and Lechuang Holdings (HK) Limited (“Lechuang”), an independent third party, entered into an agreement (the “JV Agreement”) in relation to the formation of the joint venture company (“JV Company”). The issued share capital of the JV Company will be owned as to 49% by Bingo Movie and as to 51% by Lechuang. The JV Company will be principally engaged in investment and development of VR (Virtual Reality) and MR (Mixed Reality) projects. Pursuant to the JV Agreement, Bingo Movie will enter into of a loan agreement with the JV Company, pursuant to which Bingo Movie will advance the loan of not less than HK\$25 million and not more than HK\$35 million to the JV Company for investment and development of relevant VR and MR projects. In September 2018, the loan agreement has been signed and RMB29 million (equivalent to HK\$33.4 million) was lent to the JV Company. For further details of the loan, please refer to the corresponding announcement of the Company dated 9 February 2018.

FINANCIAL REVIEW

During the Period, the Group recorded a total turnover of approximately HK\$20.3 million, representing a decrease of approximately HK\$4.2 million compared with that of approximately HK\$24.5 million in the Corresponding Period. The turnover of the Group for the Period and the Corresponding Period principally represented revenue from Cinema Business. Loss for the Period of approximately HK\$14.1 million was recorded. As compared with the loss of HK\$14.0 million for the Corresponding Period, there was no material change of the Group's financial performance.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2018, the Group had total assets of approximately HK\$124.6 million (31 March 2018: HK\$145.9 million), including cash and cash equivalents of approximately HK\$67.1 million (31 March 2018: HK\$96.0 million). There was no pledged bank deposit as at 30 September 2018 and 31 March 2018. During the Period, the Group financed its operations with its own working capital. As at 30 September 2018 and 31 March 2018, the Group did not have any bank overdraft. As at 30 September 2018, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.28 (31 March 2018: approximately 0.28). In view of the strong cash position of the Group which is adequate to cover all liabilities of the Group as at 30 September 2018, the Board believes that the Group has sufficient resources to satisfy its working capital requirements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group had no material acquisition or disposal of subsidiaries and affiliated companies during the Period.

FOREIGN EXCHANGE EXPOSURE

The Group's exposures to foreign currencies mainly arises from receivables from PRC customers and its investment in foreign subsidiaries which are financed internally, and payables to PRC suppliers. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and will use suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Period. As at 30 September 2018, the Group had no outstanding foreign currency hedge contracts (31 March 2018: Nil).

EMPLOYEES

As at 30 September 2018, the Group had 108 (31 March 2018: 111) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$9.0 million during the Period (Corresponding Period: approximately HK\$7.3 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees. During the Period, total 90 million share options have been granted to a director and certain employees (Corresponding Period: Nil) and the Company recognized total expenses of HK\$1.8 million as share-based payments to a director and employees accordingly (Corresponding Period: Nil).

CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any significant contingent liabilities (31 March 2018: Nil).

COMMITMENTS

The Group did not have any significant capital commitment as at 30 September 2018 (31 March 2018: Nil).

Details of the Group's operating lease commitments are set out in note 16 to the interim financial statements of the Group for the six months ended 30 September 2018.

OUTLOOK

Owing to the continuing development of the film industry in the PRC, the Group will continue to grasp other business opportunities in investments in cinemas in the PRC and attractive movies. While the Group continued its existing businesses, the Group will put more focus onto locating other business opportunities with enormous potentials, including provision of consultancy services, online games developing and operating businesses, and investments in China cultural industry.

The VR (Virtual Reality) and MR (Mixed Reality) industry is undergoing rapid development and the Company considers that there will be growth potential in investment of VR and MR projects. In February 2018, the Group entered into an agreement with Lechuang in relation to the formation of the JV Company. The formation of the JV Company will allow the Group to utilise its experience in provision of interactive contents with the expertise of Lechuang in developing VR and MR projects. The Company is optimistic as to the prospect of the JV Company, and has granted a loan to the JV Company of RMB29 million (equivalent to approximately HK\$33.4 million) in September 2018.

The Board believes that the Group's existing businesses can create a synergistic effect with the above-mentioned new businesses and will benefit the Group in the future.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 September 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established its audit committee (the "Committee") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The Committee will also be responsible for reviewing and supervising the Company's financial reporting, risk management and internal control systems. The Committee comprises three independent non-executive Directors, namely Mr. Ong King Keung (Chairman), Ms. Choi Mei Ping and Mr. Tsoi Chiu Yuk. The Group's unaudited results for the six months ended 30 September 2018 have been reviewed by the Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2018.

CORPORATE GOVERNANCE

The Board considers that the Company has complied with the code provisions of Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2018, except for the following deviations:

Chairman and Chief Executive Officer

The Company does not have the Chairman of the Board and the Chief Executive Officer during the six months ended 30 September 2018. The Board is in the process of locating appropriate persons to fill the vacancies of the Chairman and Chief Executive Officer. Even so, the Board considers that the existing Board members are able to share the power and responsibilities of Chairman and Chief Executive Officer among themselves, as detailed below.

Based on Code A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Board's current significant decisions are made in Board meetings. Every Board member has the rights and responsibility to propose Board meetings to discuss significant issues he/she concerns, and has the power to make the decisions among other Board members.

With reference to Code A.2.2, in each Board meeting, the director who proposes that meeting (the "Convenor") would generally be appointed as the chairman of the meeting in accordance with the articles of association of the Company, and he/she has to ensure all directors briefed on issues arising at board meeting.

With reference to Code A.2.3, the Convenor has to provide the meeting agenda and materials (the "Board Papers") to the company secretary, and the company secretary will then pass the Board Papers to other Board members for their review. Unless urgent matters to be discussed, it is the Board's practice that the Board Papers have to be given to the Board at least 3 days in advance of the Board meetings. Other Board members should have enough time to read the Board Papers and raise questions and/or request more information before holding the Board meetings. For the urgent Board meetings, the Convenor and/or company secretary have to contact individual Director about the details of the agenda meeting and the reasons of urgency. Every Board member has the right to request additional time to understand the agenda details and delay the Board meeting.

With reference to Code A.2.4, the executive Directors jointly provide leadership of the Board, and ensure the Board works effectively and perform its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. As mentioned above, all Directors have the rights to propose Board meetings. The company secretary has to summarise all agenda items and circulate the agenda to all Board members.

With reference to Code A.2.5, the Board members share the responsibility to ensure good corporate governance practices and procedures are established. It is the practice of the Board to discuss corporate governance issues in the meetings to approve the interim and annual results.

With reference to Code A.2.6, the executive Directors share the responsibility of encouraging all directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interest of the Company. The Convenor has the responsibility to encourage other Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure the Board decisions fairly reflected Board consensus.

With reference to Code A.2.7, the non-executive Directors (including independent non-executive Directors) hold at least a meeting among themselves annually, to consider and discuss any significant issues of the Company and the Board, without influence from the executive Directors.

With reference to Code A.2.8, the executive Directors share the responsibility of ensuring that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole. It is a general practice that the executive Directors will discuss the shareholder's viewpoints with non-executive Directors in the Board meeting following a shareholders' meeting.

With reference to Code A.2.9, the executive Directors share the responsibility of promoting a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors. As mentioned above, all directors, including non-executive Directors, have the right to propose a board meeting to discuss the issues they consider important, and enough time is reserved for all Directors to read the Board Papers and raise questions. It is the Board's practice to encourage the non-executive Directors to raise their viewpoints in Board meetings.

Code A.5.1 states that an issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. It is the Board's practice to appoint an executive Director as the chairman of the nomination committee of the Board, as the Board considers that executive Directors have to lead the business development of the Company and need to have appropriate Board members and senior management to assist them. In addition, the nomination committee of the Board consists of majority of independent non-executive Directors, who have the veto power jointly if they consider the nomination is inappropriate.

With reference to Code B.1.1, the remuneration committee of the Board would consult Ms. Chow Man Ki Kelly, an executive Director and the major shareholder of the Company about their remuneration proposals for other executive Directors.

With reference to Code E.1.2, the Board appoints as least one executive Director to attend the annual general meeting, due to the chairmanship vacancy. The executive Directors have to invite the chairman of the audit, remuneration and nomination committees of the Board to attend the annual general meeting.

With reference to Code F.1.3, it is the Company's practice that the company secretary report to the executive Directors.

Appointment and Re-election of the Directors

Pursuant to the Provision A.4.1 of the Code, the non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive Director and all independent non-executive Directors are not appointed for a specific term, but they are subject to re-election at the annual general meeting of the Company in accordance with the Articles.

In accordance with the Articles of the Association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

By order of the Board
Bingo Group Holdings Limited
Lau Man Kit
Executive Director

Hong Kong, 9 November 2018

As at the date of this announcement, the Board comprises Mr. Chiau Sing Chi, Ms. Chow Man Ki Kelly and Mr. Lau Man Kit as executive Directors, Mrs. Chin Chow Chung Hang Roberta as non-executive Director, and Ms. Choi Mei Ping, Mr. Tsoi Chiu Yuk and Mr. Ong King Keung as independent non-executive Directors.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company (www.bingogroup.com.hk).