



## **BINGO GROUP HOLDINGS LIMITED**

### **比高集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8220)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

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

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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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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 2016, together with the unaudited comparative figures for the corresponding period in 2015 were as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 30 September		Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Turnover	2	13,265	20,727	25,005	39,911
Cost of sales		(5,420)	(8,713)	(10,337)	(17,146)
Gross profit		7,845	12,014	14,668	22,765
Other revenue and other net income	3	3,825	935	7,347	1,194
Selling and marketing expenses		(3,298)	(1,569)	(7,475)	(3,090)
Administrative expenses		(11,267)	(12,879)	(22,582)	(24,127)
Share-based payments	5	(26,600)	(21,600)	(26,600)	(21,600)
Finance costs	6	(667)	(568)	(1,306)	(1,330)
Loss before taxation	7	(30,162)	(23,667)	(35,948)	(26,188)
Taxation	8	(231)	(719)	(265)	(1,328)
<b>Loss for the period</b>		<b>(30,393)</b>	<b>(24,386)</b>	<b>(36,213)</b>	<b>(27,516)</b>
<b>Loss attributable to:</b>					
Owners of the Company		(30,339)	(25,388)	(37,004)	(29,159)
Non-controlling interests		(54)	1,002	791	1,643
		<b>(30,393)</b>	<b>(24,386)</b>	<b>(36,213)</b>	<b>(27,516)</b>
Dividend	9	-	-	-	-
<b>Loss per share (cents per share)</b>	10				
Basic		(0.89)	(0.74)	(1.08)	(0.87)
Diluted		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(30,393)</b>	(24,386)	<b>(36,213)</b>	(27,516)
<b>Other comprehensive loss</b>				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations				
— Exchange differences arising during the period	(213)	(1,187)	(1,011)	(1,060)
Other comprehensive loss for the period, net of tax	(213)	(1,187)	(1,011)	(1,060)
<b>Total comprehensive loss for the period</b>	<b>(30,606)</b>	(25,573)	<b>(37,224)</b>	(28,576)
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	(30,554)	(26,591)	(38,025)	(30,236)
Non-controlling interests	(52)	1,018	801	1,660
	<b>(30,606)</b>	(25,573)	<b>(37,224)</b>	(28,576)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		22,465	27,120
Goodwill		950	950
		<b>23,415</b>	<b>28,070</b>
<b>CURRENT ASSETS</b>			
Trade receivables	11	1,352	1,834
Other receivables, deposits and prepayments		15,124	18,703
Payments to parties for procurement for investment of cinema business	12	47,010	47,010
Cash and cash equivalents		135,284	131,913
		<b>198,770</b>	<b>199,460</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	13	967	1,896
Deposits received, other payables and accruals		75,457	70,063
Tax payables		1,542	2,034
		<b>77,966</b>	<b>73,993</b>
<b>NET CURRENT ASSETS</b>		<b>120,804</b>	<b>125,467</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>144,219</b>	<b>153,537</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds		<b>16,195</b>	14,889
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	14	<b>136,861</b>	136,861
Reserves		<b>(21,411)</b>	(9,986)
		<b>115,450</b>	126,875
Non-controlling interests		<b>12,574</b>	11,773
<b>TOTAL EQUITY</b>		<b>128,024</b>	138,648

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Equity component of convertible bonds HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 April 2015 (Audited)	128,518	360,939	3,930	114,781	63,572	(611)	(537,374)	133,755	9,440	143,195
(Loss)/Profit for the period	-	-	-	-	-	-	(29,159)	(29,159)	1,643	(27,516)
Other comprehensive loss for the period	-	-	-	-	-	(1,077)	-	(1,077)	17	(1,060)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(1,077)	(29,159)	(30,236)	1,660	(28,576)
Issue of new shares upon conversion of convertible bonds	4,411	40,821	-	(38,261)	-	-	-	6,971	-	6,971
Issue of new shares under share option scheme	3,932	19,050	-	-	(7,596)	-	-	15,386	-	15,386
Equity settled share option arrangement	-	-	-	-	21,600	-	-	21,600	-	21,600
Lapse of share options	-	-	-	-	(1,211)	-	1,211	-	-	-
At 30 September 2015 (Unaudited)	136,861	420,810	3,930	76,520	76,365	(1,688)	(565,322)	147,476	11,100	158,576
At 1 April 2016 (Audited)	<b>136,861</b>	<b>420,810</b>	<b>3,930</b>	<b>76,520</b>	<b>76,365</b>	<b>(2,102)</b>	<b>(585,509)</b>	<b>126,875</b>	<b>11,773</b>	<b>138,648</b>
(Loss)/Profit for the period	-	-	-	-	-	-	(37,004)	(37,004)	791	(36,213)
Other comprehensive loss for the period	-	-	-	-	-	(1,021)	-	(1,021)	10	(1,011)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(1,021)	(37,004)	(38,025)	801	(37,224)
Equity settled share option arrangement	-	-	-	-	26,600	-	-	26,600	-	26,600
Lapse of share options	-	-	-	-	(3,510)	-	3,510	-	-	-
At 30 September 2016 (Unaudited)	<b>136,861</b>	<b>420,810</b>	<b>3,930</b>	<b>76,520</b>	<b>99,455</b>	<b>(3,123)</b>	<b>(619,003)</b>	<b>115,450</b>	<b>12,574</b>	<b>128,024</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Net cash generated from operating activities	4,029	1,753
Net cash from/(used in) investing activities	(436)	57
Net cash from financing activities	-	15,386
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,593</b>	<b>17,196</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>131,913</b>	<b>128,974</b>
<b>EFFECT OF FOREIGN RATE EXCHANGES</b>	<b>(222)</b>	<b>129</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>135,284</b>	<b>146,299</b>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	135,284	146,299

# 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 2016.

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 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 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue from cinema business	13,127	20,671	24,788	39,845
Production and distribution of film rights	41	-	41	-
Royalty and licensing income	97	56	176	66
	<b>13,265</b>	<b>20,727</b>	<b>25,005</b>	<b>39,911</b>

## 3. OTHER REVENUE AND OTHER NET INCOME

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest income	115	60	171	117
Consultancy fee income (Note 1)	3,554	-	3,554	-
Gain on disposal of equity interests in the film in progress	-	58	-	248
Government grants (Note 2)	-	162	2,983	162
Others	156	655	639	667
	<b>3,825</b>	<b>935</b>	<b>7,347</b>	<b>1,194</b>

Note 1: The amount represented service income for consultancy on investments in cinemas and theme parks in the PRC, net of direct costs incurred.

Note 2: 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 HK\$'000	Filmed Entertainment New Media Exploitations and Licensing Businesses HK\$'000	Total HK\$'000
<b>For the six months ended</b>			
<b>30 September 2016 (Unaudited)</b>			
<b>Segment Revenue</b>			
Reportable segment revenue	24,788	217	25,005
Inter-segment revenue	-	-	-
Revenue from external customers	24,788	217	25,005
<b>Segment Result</b>			
Reportable segment result	967	(506)	461
Interest income			171
Share-based payments			(26,600)
Unallocated corporate expenses, net			(8,674)
Finance costs			(1,306)
Loss before taxation			(35,948)
<b>As at 30 September 2016 (Unaudited)</b>			
<b>Segment Assets</b>			
Reportable segment assets	140,897	72,300	213,197
Unallocated corporate assets			8,988
Consolidated total assets			222,185
<b>Segment Liabilities</b>			
Reportable segment liabilities	54,879	15,806	70,685
Tax payables			1,542
Convertible bonds			16,195
Unallocated corporate liabilities			5,739
Consolidated total liabilities			94,161

	Cinema Investment and Management HK\$'000	Filmed Entertainment New Media Exploitations and Licensing Businesses HK\$'000	Total HK\$'000
<b>For the six months ended</b>			
<b>30 September 2015 (Unaudited)</b>			
<b>Segment Revenue</b>			
Reportable segment revenue	39,845	66	39,911
Inter-segment revenue	-	-	-
Revenue from external customers	39,845	66	39,911
<b>Segment Result</b>			
Reportable segment result	4,251	(654)	3,597
Interest income			117
Share-based payments			(21,600)
Unallocated corporate expenses, net			(6,972)
Finance costs			(1,330)
Loss before taxation			(26,188)
<b>As at 31 March 2016 (Audited)</b>			
<b>Segment Assets</b>			
Reportable segment assets	146,724	71,516	218,240
Unallocated corporate assets			9,290
Consolidated total assets			227,530
<b>Segment Liabilities</b>			
Reportable segment liabilities	53,758	14,598	68,356
Tax payables			2,034
Convertible bonds			14,889
Unallocated corporate liabilities			3,603
Consolidated total liabilities			88,882

## Other segment information:

	Cinema Investment and Management HK\$'000	Filmed Entertainment New Media Exploitations and Licensing Businesses HK\$'000	Corporate level HK\$'000	Total HK\$'000
<b>For the six months ended 30 September 2016 (Unaudited)</b>				
Additions to non-current assets	607	–	–	607
Interest income	146	22	3	171
Depreciation	4,222	–	246	4,468
<b>For the six months ended 30 September 2015 (Unaudited)</b>				
Additions to non-current assets	36	–	24	60
Interest income	89	28	–	117
Depreciation	4,457	–	252	4,709

## 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 (Note 1)
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:	2011B	2012A	2013A	2013B	2014A	2015A	2015B	2016A
				(Note 2)				
Grant date:	20-8-2010	23-8-2012	4-10-2013	4-10-2013	17-4-2014	13-7-2015	11-9-2015	7-7-2016
Number of options granted:	21,000,000	294,840,000	2,000,000	125,000,000	304,140,000	161,000,000	50,000,000	342,000,000
Exercise period:	15-6-2011- 19-8-2016	23-8-2012- 22-8-2017	4-10-2013- 3-10-2018	4-10-2013- 3-10-2016	17-4-2014- 16-4-2019	13-7-2015- 12-7-2020	11-9-2015- 10-9-2020	7-7-2016- 6-7-2021
Exercise price:	HK\$0.492 (Note 1)	HK\$0.156 (Note 1)	HK\$0.1814	HK\$0.1814	HK\$0.364	HK\$0.235	HK\$0.200	HK\$0.180
Fair value:	HK\$5,324,000	HK\$22,921,000	HK\$110,000	HK\$6,000,000	HK\$45,500,000	HK\$16,800,000	HK\$4,800,000	HK\$26,600,000

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

Option type:	2011B	2012A	2013A	2013B	2014A	2015A	2015B	2016A
Share price as at grant date:	HK\$0.24	HK\$0.076	HK\$0.181	HK\$0.181	HK\$0.355	HK\$0.23	HK\$0.2	HK\$0.18
Nature of the options:	Call	Call	Call	Call	Call	Call	Call	Call
Risk-free rate:	1.28%	0.284%	0.54%	1.15%	1.38%	1.15%	1.02%	0.59%
Expected life of the options:	6 years	5 years	5 years	3 years	5 years	5 years	5 years	5 years
Expected volatility:	91.85%	81.86%	65%	70%	62%	65%	66%	65%
Expected dividend yield:	0%	0%	0%	0%	0%	0%	0%	0%
Exercise multiple:	2.2	2.2	1.4	1.4	2.4	2.45	2.49	2.4

During the Period, 342,000,000 share options were granted and the Company recognized the total expenses of HK\$26,600,000 as share-based payments for the six months ended 30 September 2016 (six months ended 30 September 2015: HK\$21,600,000).

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.

*Note 2:* The 2013B share options were approved at the extraordinary general meeting held on 17 December 2013.

## 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Imputed interest on convertible bonds	667	568	1,306	1,330

## 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Three months ended 30 September		Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Direct expenses of movie and licensing businesses	-	5	-	8
Direct expenses of cinema business	5,420	8,708	10,337	17,138
Depreciation	2,215	2,310	4,468	4,709
Exchange loss	151	1,011	691	905
Operating lease rental in respect of rented premises	1,456	2,010	2,908	3,980
Staff costs (including directors' remuneration)				
Salaries and allowances	3,572	3,609	7,093	7,095
Share-based payments	3,733	3,026	3,733	3,026
Retirement scheme contributions	433	422	888	820
Equity settled share-based payments paid to advisors	22,867	18,574	22,867	18,574

## 8. TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

The taxation charge comprises:

Current tax				
The PRC	231	719	265	1,328

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 2016 and 2015.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 September 2016 and 2015.

## 9. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

## 10. LOSS PER SHARE

### (a) Basic loss per share

	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	HK Cent	HK Cent	HK Cent	HK Cent
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Basic loss per share	0.89	0.74	1.08	0.87

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.

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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company	<b>30,339</b>	25,388	<b>37,004</b>	29,159
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>3,421,538,679</b>	3,416,723,622	<b>3,421,538,679</b>	3,334,118,171

#### (b) Diluted loss per share

No diluted loss per share has been presented for the six months ended 30 September 2016 and 2015. The computation of diluted loss per share for the periods did not assume the conversion of the Company's outstanding convertible bonds and the exercise of share options as their assumed conversion and exercise would decrease the loss per share in the periods.

## 11. TRADE RECEIVABLES

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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Within 30 days	<b>854</b>	1,617
31–60 days	<b>250</b>	174
61–90 days	<b>84</b>	7
Over 90 days	<b>19,145</b>	19,017
Provision	<b>20,333</b> <b>(18,981)</b>	20,815 (18,981)
	<b>1,352</b>	1,834



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.

Impairment losses on trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Before impairment, there was approximately HK\$19,900,000 receivable from Huayi Brothers Media Corporation (“Huayi Brothers”) for the movie titled “Journey To The West: Conquering the Demons” (“JTTW”). Included in the aforesaid HK\$19,900,000 receivable was approximately HK\$18,332,000 recorded in the Group’s books for the year ended 31 March 2013 and carried forward over the three years ended 31 March 2016. In preparation of the consolidated financial statements of the Group for the year ended 31 March 2014, the Group considered not to record the shortfall of approximately HK\$1,568,000 as revenue in its financial statements on the ground of recognition of the dispute with Huayi Brothers and the immateriality of the shortfall amount. Since the trade receivable balance was long outstanding and the Group has requested Huayi Brothers to settle the receivables but no positive feedback was obtained, the Group has taken legal actions to recover the receivable during the year ended 31 March 2015. Although 北京市第三中級人民法院 (Beijing No.3 Intermediate People’s Court, (“the PRC Court”)) rejected all of the petitions by Lofty Gain Investments Limited (“Lofty Gain”), a wholly owned subsidiary of the Company, on 15 April 2015, the Company is of the opinion that, Huayi Brothers objectively failed to perform its commitment to sign the agreement and to perform a supplemental agreement thereto. After seeking legal opinions on the judgment, Lofty Gain determined to lodge an appeal against the judgment made by the PRC Court and the notice of appeal has been lodged already during the year ended 31 March 2016. The appeal has already been withdrawn by the Group subsequently. In view of the long outstanding period of the corresponding receivable, the Group has impaired the remaining balance of approximately HK\$649,000 during the year ended 31 March 2016. The amount of receivables recovered, if any, in future will be recognized as other income. The movement in the allowance is as follows:

	<b>As at 30 September 2016 HK\$’000 (Unaudited)</b>	As at 31 March 2016 HK\$’000 (Audited)
At the beginning of period/year	<b>18,981</b>	18,332
Impairment	–	649
At the end of the period/year	<b>18,981</b>	18,981

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

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000 (Audited)
Neither past due nor impaired	<b>854</b>	1,617
Past due but not impaired:		
Less than 1 month past due	<b>250</b>	174
1 to 3 months past due	<b>84</b>	7
More than 3 months past due	<b>164</b>	36
	<b>1,352</b>	1,834

Receivables at 30 September 2016 and 31 March 2016 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 2016 and 31 March 2016 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.

## 12. PAYMENTS TO PARTIES FOR PROCUREMENT FOR INVESTMENT OF CINEMA BUSINESS

Pursuant to the announcement for the joint venture agreement (“JV agreement”) dated 9 June 2011, a subsidiary of the Company entered into a JV agreement with CineChina Limited (“CineChina”) for the investment of cinemas business in the PRC.

The payments were made to a director of a 70% owned subsidiary, who is also a director and shareholder of CineChina, and to CineChina, a 30% shareholder of the abovementioned subsidiary for the purpose of materializing the JV agreement:

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000 (Audited)
Amount paid to a director of a subsidiary	<b>16,979</b>	16,979
Amount paid to CineChina	<b>26,786</b>	26,786
Amount paid to an independent third party	<b>3,245</b>	3,245
	<b>47,010</b>	47,010

Under the prevailing legal requirements in the PRC, certain restrictions are imposed on foreign investors for taking up majority stake in cinema business in the PRC. In accordance with legal opinion from PRC lawyer, the approval for engaging in the foregoing business by the subsidiaries of the Company has not been obtained from the respective PRC authorities during the year ended 31 March 2012 and the organising of the above cinema business had not been completed at 31 March 2012. The JV Director, CineChina and an Independent third party (collectively, “these parties”) held the fund for the Group and would settle the cost incurred in procurement of the investment of cinema business in the PRC.

By an internal group reorganization the capital of 比高電影院（上海）有限公司 (“Shanghai Bingo”) was transferred from a domestic enterprise to a sino-foreign joint venture enterprise to comply with the relevant regulatory requirement for foreign investors to operate cinema business in the PRC during the year ended 31 March 2013. The Group legally owned 75% equity interest in Shanghai Bingo to operate the cinema business by mid-February 2013. The results of the cinema projects, including Linan and Hangzhou cinema projects, legally owned by Shanghai Bingo are consolidated into that of the Group after completion of the internal group reorganization. Pursuant to the agreement entered into between the Group and these parties on 6 December 2012, these parties in principle agreed to act as a conduit of payment on behalf of the Group for the development of the cinema business in the PRC. These parties have substantially utilized the funds for the cinema business through their connection (“the Connection”) in the PRC.

As at 30 September 2016, approximately RMB33.4 million equivalent to approximately HK\$38.8 million (31 March 2016: approximately RMB33.4 million, equivalent to HK\$40.1 million), have been settled by the Connection (“the Connection Payables”) and was included in other payables of the Group. The Group, these parties and the Connection have principally agreed to offset the funds held by these parties with the amount payable to the Connection upon finalization of all the construction and decoration cost incurred and paid. The outstanding balance owed by these parties will deem to be settled upon the execution of the aforementioned offset.

### 13. TRADE PAYABLES

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

	<b>As at 30 September 2016 HK\$’000 (Unaudited)</b>	As at 31 March 2016 HK\$’000 (Audited)
Within 30 days	<b>967</b>	1,892
31–60 days	–	4
	<b>967</b>	1,896

Payment terms with suppliers are generally within 30 days.

## 14. SHARE CAPITAL

	As at 30 September 2016 (Unaudited)		As at 31 March 2016 (Audited)	
	No of shares '000	Amount HK\$'000	No of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.04 each				
Authorised:				
At the beginning and at the end of the period/year	<b>5,000,000</b>	<b>200,000</b>	5,000,000	200,000
Ordinary shares of HK\$0.04 each				
Issued and fully paid:				
At the beginning of the period/year	<b>3,421,539</b>	<b>136,861</b>	3,212,945	128,518
Conversion of convertible bonds <i>(Note 1)</i>	-	-	110,294	4,411
Share allotment under share option scheme <i>(Note 2)</i>	-	-	98,300	3,932
At the end of the period/year	<b>3,421,539</b>	<b>136,861</b>	3,421,539	136,861

*Note 1:* During the Corresponding Period, the Company issued 110,294,117 ordinary shares of HK\$0.04 each as a result of the exercise of the conversion rights attached to the convertible bonds of entire principal amount of HK\$15,000,000 at a conversion price of HK\$0.136.

*Note 2:* During the Corresponding Period, 98,300,000 ordinary shares of HK\$0.04 each pursuant to the share option scheme of the Company at consideration of HK\$15,385,600.

## 15. OPERATING LEASE COMMITMENTS

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Within one year	3,933	4,110
In the second to fifth year, inclusive	16,829	16,532
More than five years	15,419	17,960
	<b>36,181</b>	<b>38,602</b>

## 16. RELATED PARTY AND CONNECTED TRANSACTIONS

- (a) In addition to those disclosed in other sections of the financial statements, the Group entered into the following transactions with connected parties during the period:

Name of connected persons	Nature of transactions	Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Entrance Gate Limited ("Entrance Gate") (Note 1)	Royalty fee in relation to the royalty income generated from sub-licensing of intellectual property right	-	7
Estrella Limited (Note 2)	Promotional fee in relation to a CJ7 animation film	-	224
Pacific Finder Limited (Note 3)	Return on the feasibility study of a film project	-	606
Prosperous Arts Limited (Note 4)	Musical license fee in relation to a CJ7 animation film	-	405
The Star Overseas Limited (Note 5)	Consultancy service fee in relation to the film production	420	420

- (b) Outstanding balances with connected parties as at the end of the reporting period:

		<b>30 September 2016 HK\$'000 (Unaudited)</b>	31 March 2016 HK\$'000 (Audited)
CineChina Limited ( <i>Note 6</i> )	Payment for procurement for investment of cinema business	<b>26,786</b>	26,786
Mr. Yin Gang ( <i>Note 7</i> )	Payment for procurement for investment of cinema business	<b>16,979</b>	16,979

- (c) Compensation of key management personnel. The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 September <b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited)
Directors' fee, salaries, allowances and other benefits	<b>492</b>	499
Share-based payments	<b>3,733</b>	3,026
	<b>4,225</b>	3,525

*Note 1:* Entrance Gate is an independent third party of the Company. However, the Licence Agreement between Entrance Gate and High Amuse Limited ("High Amuse") are inter-conditional with the following connected transaction/continuing connected transaction including (i) Service agreement for the appointment of Mr. Chiau Sing Chi ("Mr. Chiau"), as a director of the Company, (ii) the Profit Transfer Deed between Ngai Wah Associates Limited and High Amuse and (iii) acquisition agreement between High Amuse and the shareholders of Raxco Assets Corp. before the effective of the acquisition agreement. Royalty fee payable to Entrance Gate in relation to the licence agreement is disclosed as continuing connected transaction.

*Note 2:* Mr. Chiau, Ms. Chow Man Ki Kelly ("Ms. Chow") and their family are the beneficiaries of a discretionary trust. Estrella Limited is wholly owned by that discretionary trust. Accordingly, Estrella Limited is considered a connected person under GEM Listing Rules.

*Note 3:* Ms. Chow, a director of Pacific Finder Limited, is an Executive Directors of the Company. Accordingly, Pacific Finder Limited is considered a connected person under GEM Listing Rules.

*Note 4:* Mr. Chiau and Ms. Chow, the directors and shareholders of Prosperous Arts Limited, are the Executive Directors of the Company. Accordingly, Prosperous Arts Limited is considered a connected person under GEM Listing Rules.

*Note 5:* Ms. Chow, a director of The Star Overseas Limited, is an Executive Director of the Company. Accordingly, The Star Overseas Limited is considered a connected person under GEM Listing Rules.

*Note 6:* CineChina Limited holds 30% equity interest in a subsidiary of the Company and it is considered a connected person under the GEM Listing Rules. The details of the connected transaction is listed in note 12.

*Note 7:* Mr. Yin Gang is a director of a subsidiary of the Company. He is considered a connected person under the GEM Listing Rule. The details of the connected transaction is listed in note 12.

## **17. COMPARATIVE FIGURES**

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL

During the six months ended 30 September 2016 (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\$24.8 million and gross profit of HK\$14.5 million were generated during the Period. The Group’s revenue and gross profit from the Cinema Business for the Period declined as compared to revenue of HK\$39.8 million and gross profit of HK\$22.7 million generated in the six month ended 30 September 2015 (the “Corresponding Period”). The lack of box office success blockbuster in the Period is the major reason for the decline. 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.

In the area of animation, the Group has completed an animation film — CJ7 Super Q Team, which is derived from the intellectual property right (“IP”) of CJ7 (長江7號), during the fiscal year 2015/16. The Group was still in progress of the distribution and promotion of this animation, and developing CJ7 IP products during the Period.

In September 2015, the Group commenced to co-operate with a PRC company to develop short movies of CJ7 (“CJ7 7D Movies”) released in shopping malls in China providing audiences with 7D viewing experience. During the Period, the Group generated licensing income from CJ7 7D Movies of approximately HK\$176,000, which represented an increase of approximately HK\$120,000 as compared with the amount of approximately HK\$56,000 recorded in the Corresponding Period.

During the Period, the Group took the chances in providing consultancy services on investments in cinemas and theme parks in the PRC. Net income of approximately HK\$3.6 million was recorded during the Period in total. The Group is proactively considering the feasibility in developing the consultancy services as one of its major businesses.

## **FINANCIAL REVIEW**

During the Period, the Group recorded a total turnover of approximately HK\$25.0 million, representing a decrease of approximately HK\$14.9 million compared with 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\$36.2 million was recorded. As compared with the loss of HK\$27.5 million for the Corresponding Period, there was increase in loss of approximately HK\$8.7 million.

The increase in loss for the Period was mainly attributable to the net effect of the decline in the revenue from Cinema Business, increase in government grants obtained, recognition of revenue from consultancy services, increase in expenses for business purposes and increase in non-cash share-base payments, during the Period.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 September 2016, the Group had total assets of approximately HK\$222.2 million (31 March 2016: HK\$227.5 million), including cash and cash equivalents of approximately HK\$135.3 million (31 March 2016: HK\$131.9 million). There was no pledged bank deposit as at 30 September 2016 and 31 March 2016. During the Period, the Group financed its operations with its own working capital. As at 30 September 2016 and 31 March 2016, the Group did not have any bank overdraft. As at 30 September 2016, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.42 (31 March 2016: approximately 0.39). In view of the strong cash position of the Group which is adequate to cover all liabilities of the Group as at 30 September 2016, 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 2016, the Group had no outstanding foreign currency hedge contracts (31 March 2015: Nil).

## **EMPLOYEES**

As at 30 September 2016, the Group had 133 (31 March 2016: 166) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$11.7 million during the Period (Corresponding Period: approximately HK\$10.9 million), in which HK\$3.7 million was related to share-based payments to directors (Corresponding Period: HK\$3.0 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 48 million share options have been granted to certain directors (Corresponding Period: 29 million).

## **CONTINGENT LIABILITIES**

As at 30 September 2016, the Group did not have any significant contingent liabilities (31 March 2016: Nil).

## **COMMITMENTS**

The Group did not have any significant capital commitment as at 30 September 2016 (31 March 2016: Nil).

Details of the Group's operating lease commitments are set out in note 15 to the interim financial statements of the Group for the six months ended 30 September 2016.

## **OUTLOOK**

Owing to the booming 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, including the newly launched business of CJ7 7D 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 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

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, the following directors (the "Directors") of the Company had or were deemed to have interests or short positions in the shares (the "Shares"), underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to herein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

#### Long positions in the shares of the Company

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the company
Mr. Chan Cheong Yee	Beneficial owner	5,000	0.00%
Mr. Chiau Sing Chi	Beneficial owner	110,294,117	3.22%
	Held by trust <i>(Note 1)</i>	1,608,484,963	47.01%
Ms. Chow Man Ki Kelly	Held by trust <i>(Note 1)</i>	1,608,484,963	47.01%

#### Notes:

1. These shares are registered in the name of Beglobal Investments Limited and Golden Treasure Global Investment Limited. Beglobal Investments Limited and Golden Treasure Global Investment Limited are companies indirectly owned by the trust, the discretionary objects of which are Mr. Chiau, Ms. Chow and their family.
2. The total number of the issued share capital of the Company as at 30 September 2016 was 3,421,538,679.

## Long positions in the underlying shares of the Company

The Company adopted a share options scheme on 15 August 2012 which the Board may, at their discretion, offer employees, non-executive Directors, independent non-executive Directors or any other persons who have contributed to the Group to take up share options to subscribe for Shares subject to the terms and conditions stipulated in the share option scheme.

Details of share options granted to the Directors as at 30 September 2016 were as follows:

Name of Directors	Option type (Note 1)	Number of options held as at 1 April 2016 '000	Number of options granted during the Period '000	Number of options exercised during the Period '000	Number of options cancelled/lapsed during the Period '000	Number of options held as at 30 September 2016 '000
Mr. Chiau Sing Chi	2012A	3,000	-	-	-	3,000
	2013B	125,000	-	-	-	125,000
	2014A	3,000	-	-	-	3,000
	2015A	8,000	-	-	-	8,000
Ms. Chow Man Ki Kelly	2014A	3,000	-	-	-	3,000
	2015A	3,000	-	-	-	3,000
Mr. Chan Cheong Yee	2016A	-	30,000	-	-	30,000
	2012A	15,000	-	-	-	15,000
	2014A	3,000	-	-	-	3,000
	2015A	3,000	-	-	-	3,000
Mr. Lau Man Kit	2016A	-	3,000	-	-	3,000
	2014A	3,000	-	-	-	3,000
	2015A	3,000	-	-	-	3,000
Mrs. Chin Chow Chung Hang Roberta	2016A	-	3,000	-	-	3,000
	2012A	3,000	-	-	-	3,000
	2014A	3,000	-	-	-	3,000
	2015A	3,000	-	-	-	3,000
Mr. Wong Chak Keung (Note 2)	2016A	-	3,000	-	-	3,000
	2012A	3,000	-	-	(3,000)	-
	2014A	3,000	-	-	(3,000)	-
	2015A	3,000	-	-	(3,000)	-
Ms. Choi Mei Ping	2016A	-	3,000	-	(3,000)	-
	2015A	3,000	-	-	-	3,000
Mr. Tsoi Chiu Yuk	2016A	-	3,000	-	-	3,000
	2016A	-	3,000	-	-	3,000
<b>Total</b>		<b>193,000</b>	<b>48,000</b>	<b>-</b>	<b>(12,000)</b>	<b>229,000</b>

*Note 1:* Details of specific categories of share options are disclosed in note 5 to the interim financial statements.

*Note 2:* Resigned on 23 September 2016.

In addition to 139,000,000 number of Shares which would be allotted and issued upon the exercise in full of the options offered to Mr. Chiau Sing Chi under the share option scheme of the Company above, 220,588,235 number of Shares which would be allotted and issued upon the exercise in full of the convertible bonds held by Mr. Chiau Sing Chi.

Save as disclosed above, as at 30 September 2016, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares of debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES**

So far as known to the Directors, as at 30 September 2016, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short in the Shares or underlying Shares (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who is expected, directly and indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or (iii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

### **Long positions in the shares and underlying shares of the Company**

<b>Name of Shareholders</b>	<b>Number of Shares held</b>	<b>Approximate percentage of issued share capital of the Company</b>	<b>Number of underlying Shares held</b>
Sinostar FE (PTC) Limited <i>(Note 1)</i>	1,608,484,963	47.01%	–
Treasure Offshore Holdings Limited <i>(Note 1)</i>	1,608,484,963	47.01%	–
Beglobal Investments Limited <i>(Note 2)</i>	1,608,484,963	47.01%	–
Golden Treasure Global Investment Limited <i>(Note 2)</i>	290,000,000	8.48%	–

*Note:*

- Mr. Chiau Sing Chi, Ms. Chow Man Ki, Kelly and their family are the beneficiaries of a discretionary trust of which Sinostar FE (PTC) Limited (“Sinostar”) is the trustee. Sinostar as the trustee of the discretionary trust is the sole shareholder of Treasure Offshore Holdings Limited, which is the sole shareholder of Beglobal Investments Limited.
- Beglobal Investments Limited directly holds 1,318,484,963 shares of the Company (representing approximately 38.53% of the issued share capital of the Company) and indirectly holds 290,000,000 shares of the Company (representing approximately 8.48% of the issued share capital of the Company) through Golden Treasure Global Investment Limited as at 30 September 2016.

Save as disclosed above, as at 30 September 2016, the Directors are not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## SHARE OPTIONS SCHEME

The Company's share option scheme was adopted pursuant to written resolutions passed on 15 August 2012 (the "Scheme") for the primary purpose of providing incentives to directors, eligible employees and participants who have contributed to the Group, and will expire in 14 August 2022. Under the Scheme, the board of directors of the Company may grant options to full-time or part-time employees including directors (executive and non-executive) and any advisor, consultant, supplier, distributor, contractor, agent, business partner, promoter, service provider or customer of the Company or any of its subsidiaries, to subscribe for shares in the Company.

Details of the share options granted to the Directors under the Schemes and any other schemes and movements in such holdings during the Period were as follows:

Category	Option type	Number of options held as at 1 April 2016 '000	Number of options granted during the Period '000	Number of options exercised during the Period '000	Number of options cancelled/lapsed during the Period '000	Number of options held as at 30 September 2016 '000
Directors	2012A	24,000	-	-	(3,000)	21,000
	2013B	125,000	-	-	-	125,000
	2014A	18,000	-	-	(3,000)	15,000
	2015A	26,000	-	-	(3,000)	23,000
	2016A	-	48,000	-	(3,000)	45,000
Employees	2012A	10,000	-	-	-	10,000
Advisors	2011B	9,000	-	-	(9,000)	-
	2014A	277,140	-	-	-	277,140
	2015A	132,000	-	-	-	132,000
	2015B	50,000	-	-	-	50,000
	2016A	-	294,000	-	-	294,000
<b>Total</b>		<b>671,140</b>	<b>342,000</b>	<b>-</b>	<b>(21,000)</b>	<b>992,140</b>

*Note:* Details of specific categories of share options are disclosed in note 5 to the interim financial statements.

## **DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES" and "SHARE OPTIONS SCHEME" above, none of the Directors or employees of the Group or their associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 30 September 2016.

## **COMPETING INTEREST**

None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

## **CONNECTED TRANSACTIONS**

Saved as disclosed in note 16 to the interim financial statements, no other connected transactions were entered into by the Group under the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

For the six months ended 30 September 2016, 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 and supervise the financial reporting process and internal control system of the Group. The Committee comprises two independent non-executive Directors, namely Ms. Choi Mei Ping (Chairman) and Mr. Tsoi Chiu Yuk. The Group's unaudited results for the six months ended 30 September 2016 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 2016.

## **CORPORATE GOVERNANCE**

The Board considers that the Company has complied with the code provisions of Code on Corporate Governance Practices and Corporate Governance Report (the "CG Code") set out in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2016, except for the following deviations:

### **(a) Chairman and Chief Executive Officer**

Pursuant to Provision A.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and the Chief Executive Officer should be clearly established and set out in writing. The Board is in the process of locating appropriate persons to fill the vacancies of the Chairman and Chief Executive Officer of the Company as soon as practicable.

### **(b) Appointment and Re-Election of the Directors**

Pursuant to Provision A.4.1 of the CG 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 Article 87 of the Articles 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.

**(c) Chairman of Nomination Committee**

Pursuant to Provision A.5.1 of the CG Code, the nomination committee should be chaired by the chairman of the board or an independent non-executive director. The Chairman of the Company's nomination committee is Ms. Chow Man Ki Kelly, who is an executive Director but not the Chairman of the Board.

As mentioned in point (a) above, the Board is in the process of locating appropriate persons to fill the vacancies of the Chairman of the Company as soon as practicable.

**(d) Attendance in General Meetings**

Pursuant to Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings. The non-executive Director and the independent non-executive Directors could not attend the annual general meeting held on 23 September 2016 due to other business commitments.

By order of the Board  
**Bingo Group Holdings Limited**  
**Chan Cheong Yee**  
*Executive Director*

Hong Kong, 11 November 2016

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

This announcement will remain on the "Latest Company Announcements" page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from its date of publication and on the website of the Company ([www.bingogroup.com.hk](http://www.bingogroup.com.hk)).