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*This report, 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Chiau Sing Chi  
Chow Man Ki Kelly  
Chan Cheong Yee  
Lau Man Kit

### Non-Executive Director

Chin Chow Chung Hang Roberta

### Independent Non-Executive Directors

Choi Mei Ping  
Tsoi Chiu Yuk  
Ong King Keung

## COMPANY SECRETARY

Chan Ka Yin

## COMPLIANCE OFFICER

Chan Cheong Yee

## AUDIT COMMITTEE

Ong King Keung (Chairman)  
Choi Mei Ping  
Tsoi Chiu Yuk

## REMUNERATION COMMITTEE

Choi Mei Ping (Chairman)  
Chow Man Ki Kelly  
Tsoi Chiu Yuk  
Ong King Keung

## NOMINATION COMMITTEE

Chow Man Ki Kelly (Chairman)  
Choi Mei Ping  
Tsoi Chiu Yuk  
Ong King Keung

## AUTHORIZED REPRESENTATIVES

Chan Cheong Yee  
Chan Ka Yin

## AUDITORS

Cheng & Cheng Limited  
*Certified Public Accountants*

## PRINCIPAL BANKERS

Fubon Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Dah Sing Bank

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units A&F, 10/F  
Ho Lee Commercial Building  
No. 40 D'Aguilar Street  
Central, Hong Kong

## SHARE REGISTRARS AND TRANSFER OFFICES

### Principal Registrar

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### Branch Registrar

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## STOCK CODE

8220

## WEBSITE

[www.bingogroup.com.hk](http://www.bingogroup.com.hk)

# MANAGEMENT DISCUSSION AND ANALYSIS

## GENERAL

During the six months ended 30 September 2017 (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\$23.6 million and gross profit of HK\$13.9 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\$24.8 million and gross profit of HK\$14.5 million generated in the six month ended 30 September 2016 (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.

During the Period, the Group generated licensing income from short movies, which were released in shopping malls in China providing audiences with 7D viewing experience, of approximately HK\$51,000. In the Corresponding period, licensing income of approximately HK\$176,000 was recorded.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

During the Period, the Group recorded a total turnover of approximately HK\$24.5 million, representing a decrease of approximately HK\$0.5 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\$14.0 million was recorded. As compared with the loss of HK\$36.2 million for the Corresponding Period, there was decrease in loss of approximately HK\$22.2 million.

The decrease in loss for the Period as compared with the Corresponding Period was mainly attributable to recognition of the non-cash share-based payments of approximately HK\$26.6 million, as a result of share options granted by the Company in July 2016. No share option was granted during the Period.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2017, the Group had total assets of approximately HK\$142.4 million (31 March 2017: HK\$196.8 million), including cash and cash equivalents of approximately HK\$105.2 million (31 March 2017: HK\$125.0 million). There was no pledged bank deposit as at 30 September 2017 and 31 March 2017. During the Period, the Group financed its operations with its own working capital. As at 30 September 2017 and 31 March 2017, the Group did not have any bank overdraft. As at 30 September 2017, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.30 (31 March 2017: approximately 0.43). In view of the strong cash position of the Group which is adequate to cover all liabilities of the Group as at 30 September 2017, 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 2017, the Group had no outstanding foreign currency hedge contracts (31 March 2017: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES

As at 30 September 2017, the Group had 111 (31 March 2017: 124) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$7.3 million during the Period (Corresponding Period: approximately HK\$11.7 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, the Company has not granted any share options to directors (Corresponding Period: 48 million) and the Company did not recognize any expense as share-based payments to directors accordingly (Corresponding Period: HK\$3.7 million).

## CONTINGENT LIABILITIES

As at 30 September 2017, the Group did not have any significant contingent liabilities (31 March 2017: Nil).

## COMMITMENTS

The Group did not have any significant capital commitment as at 30 September 2017 (31 March 2017: 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 2017.

## 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 business in the PRC and investment in 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 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.

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 2017, together with the unaudited comparative figures for the corresponding period in 2016 were as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|   | Notes | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|---|-------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   |       | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| Turnover                                | 2     | 13,556                             | 13,265                          | 24,511                           | 25,005                          |
| Cost of sales                           |       | (5,242)                            | (5,420)                         | (9,698)                          | (10,337)                        |
| Gross profit                            |       | 8,314                              | 7,845                           | 14,813                           | 14,668                          |
| Other revenue and other net income      | 3     | 327                                | 3,825                           | 2,432                            | 7,347                           |
| Selling and marketing expenses          |       | (2,530)                            | (3,298)                         | (6,477)                          | (7,475)                         |
| Administrative expenses                 |       | (13,068)                           | (11,267)                        | (22,435)                         | (22,582)                        |
| Share-based payments                    | 5     | -                                  | (26,600)                        | -                                | (26,600)                        |
| Finance costs                           | 6     | (791)                              | (667)                           | (1,480)                          | (1,306)                         |
| Loss before taxation                    | 7     | (7,748)                            | (30,162)                        | (13,147)                         | (35,948)                        |
| Taxation                                | 8     | (313)                              | (231)                           | (847)                            | (265)                           |
| <b>Loss for the period</b>              |       | <b>(8,061)</b>                     | <b>(30,393)</b>                 | <b>(13,994)</b>                  | <b>(36,213)</b>                 |
| <b>Loss attributable to:</b>            |       |                                    |                                 |                                  |                                 |
| Owners of the Company                   |       | (7,519)                            | (30,339)                        | (14,355)                         | (37,004)                        |
| Non-controlling interests               |       | (542)                              | (54)                            | 361                              | 791                             |
|   |       | <b>(8,061)</b>                     | <b>(30,393)</b>                 | <b>(13,994)</b>                  | <b>(36,213)</b>                 |
| Dividend                                | 9     | -                                  | -                               | -                                | -                               |
| <b>Loss per share (cents per share)</b> | 10    |                                    |                                 |                                  |                                 |
| Basic and diluted                       |       | (0.22)                             | (0.89)                          | (0.42)                           | (1.08)                          |



## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

|  | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| <b>Loss for the period</b>                                       | <b>(8,061)</b>                     | <b>(30,393)</b>                 | <b>(13,994)</b>                  | <b>(36,213)</b>                 |
| <b>Other comprehensive income/(loss)</b>                         |                                    |                                 |                                  |                                 |
| Item that may be reclassified subsequently<br>to profit or loss: |                                    |                                 |                                  |                                 |
| Exchange differences on translating foreign<br>operations        |                                    |                                 |                                  |                                 |
| — Exchange differences arising<br>during the period              | 900                                | (213)                           | 1,589                            | (1,011)                         |
| Other comprehensive income/(loss)<br>for the period, net of tax  | 900                                | (213)                           | 1,589                            | (1,011)                         |
| <b>Total comprehensive loss for the period</b>                   | <b>(7,161)</b>                     | <b>(30,606)</b>                 | <b>(12,405)</b>                  | <b>(37,224)</b>                 |
| <b>Total comprehensive loss attributable to:</b>                 |                                    |                                 |                                  |                                 |
| Owners of the Company  | (6,601)                            | (30,554)                        | (12,731)                         | (38,025)                        |
| Non-controlling interests  | (560)                              | (52)                            | 326                              | 801                             |
|  | <b>(7,161)</b>                     | <b>(30,606)</b>                 | <b>(12,405)</b>                  | <b>(37,224)</b>                 |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   |    | As at<br>30 September<br>2017<br>HK\$'000<br>(Unaudited) | As at<br>31 March<br>2017<br>HK\$'000<br>(Audited) |
|---|----|--|--|
| <b>NON-CURRENT ASSETS</b>   |    |  |  |
| Property, plant and equipment   |    | 13,520   | 18,497   |
| Goodwill  |    | 950  | 950  |
|   |    | <b>14,470</b>  | 19,447   |
| <b>CURRENT ASSETS</b>   |    |  |  |
| Trade receivables   | 11 | 923  | 968  |
| Other receivables, deposits and prepayments                           |    | 16,323   | 4,335  |
| Payments to parties for procurement for investment of cinema business | 12 | 5,463  | 47,010   |
| Cash and cash equivalents   |    | 105,208  | 125,021  |
|   |    | <b>127,917</b>   | 177,334  |
| <b>CURRENT LIABILITIES</b>  |    |  |  |
| Trade payables  | 13 | 926  | 965  |
| Deposits received, other payables and accruals                        | 14 | 20,672   | 64,412   |
| Tax payables  |    | 1,849  | 1,539  |
|   |    | <b>23,447</b>  | 66,916   |
| <b>NET CURRENT ASSETS</b>   |    | <b>104,470</b>   | 110,418  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                          |    | <b>118,940</b>   | 129,865  |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                |    | As at<br>30 September<br>2017<br>HK\$'000<br>(Unaudited) | As at<br>31 March<br>2017<br>HK\$'000<br>(Audited) |
|--------------------------------|----|--|--|
| <b>NON-CURRENT LIABILITIES</b> |    |  |  |
| Convertible bonds              |    | 19,097   | 17,617   |
| <b>NET ASSETS</b>              |    | <b>99,843</b>  | 112,248  |
| <b>CAPITAL AND RESERVES</b>    |    |  |  |
| Share capital                  | 15 | 136,861  | 136,861  |
| Reserves                       |    | <b>(49,539)</b>  | (36,808)   |
|                                |    | <b>87,322</b>  | 100,053  |
| Non-controlling interests      |    | <b>12,521</b>  | 12,195   |
| <b>TOTAL EQUITY</b>            |    | <b>99,843</b>  | 112,248  |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Share capital<br>HK\$'000 | Share premium<br>HK\$'000 | Contributed surplus<br>HK\$'000 | Equity component of convertible bonds<br>HK\$'000 | Share options reserve<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Accumulated losses<br>HK\$'000 | Attributable to owners of the Company<br>HK\$'000 | Non-controlling interests<br>HK\$'000 | Total<br>HK\$'000 |
|--|---------------------------|---------------------------|---------------------------------|---|-----------------------------------|------------------------------|--------------------------------|---|---------------------------------------|-------------------|
| At 1 April 2016 (Audited)                        | 136,861                   | 420,810                   | 3,930                           | 76,520  | 76,365                            | (2,102)                      | (585,509)                      | 126,875   | 11,773                                | 138,648           |
| Profit/(Loss) for the period                     | -                         | -                         | -                               | -   | -                                 | -                            | (37,004)                       | (37,004)  | 791                                   | (36,213)          |
| Other comprehensive income/(loss) for the period | -                         | -                         | -                               | -   | -                                 | (1,021)                      | -                              | (1,021)   | 10                                    | (1,011)           |
| Total comprehensive income/(loss) 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)                 | 136,861                   | 420,810                   | 3,930                           | 76,520  | 99,455                            | (3,123)                      | (619,003)                      | 115,450   | 12,574                                | 128,024           |
| At 1 April 2017 (Audited)                        | <b>136,861</b>            | <b>420,810</b>            | <b>3,930</b>                    | <b>76,520</b>                                     | <b>102,095</b>                    | <b>(4,025)</b>               | <b>(636,138)</b>               | <b>100,053</b>                                    | <b>12,195</b>                         | <b>112,248</b>    |
| (Loss)/Profit for the period                     | -                         | -                         | -                               | -   | -                                 | -                            | (14,355)                       | (14,355)  | 361                                   | (13,994)          |
| Other comprehensive income/(loss) for the period | -                         | -                         | -                               | -   | -                                 | 1,624                        | -                              | 1,624   | (35)                                  | 1,589             |
| Total comprehensive income/(loss) for the period | -                         | -                         | -                               | -   | -                                 | 1,624                        | (14,355)                       | (12,731)  | 326                                   | (12,405)          |
| Lapse of share options                           | -                         | -                         | -                               | -   | (2,410)                           | -                            | 2,410                          | -   | -                                     | -                 |
| At 30 September 2017 (Unaudited)                 | <b>136,861</b>            | <b>420,810</b>            | <b>3,930</b>                    | <b>76,520</b>                                     | <b>99,685</b>                     | <b>(2,401)</b>               | <b>(648,083)</b>               | <b>87,322</b>                                     | <b>12,521</b>                         | <b>99,843</b>     |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | For the six months ended<br>30 September |                                 |
|---|--|---------------------------------|
|   | 2017<br>HK\$'000<br>(Unaudited)          | 2016<br>HK\$'000<br>(Unaudited) |
| Net cash generated from/(used in) operating activities      | (21,731)                                 | 4,029                           |
| Net cash from/(used in) investing activities                | 224                                      | (436)                           |
| Net cash from financing activities                          | -  | -                               |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b> | <b>(21,507)</b>                          | <b>3,593</b>                    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b> | <b>125,021</b>                           | <b>131,913</b>                  |
| <b>EFFECT OF FOREIGN RATE EXCHANGES</b>                     | <b>1,694</b>                             | <b>(222)</b>                    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>       | <b>105,208</b>                           | <b>135,284</b>                  |
| <b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>     |  |                                 |
| Cash at bank and on hand                                    | 105,208                                  | 135,284                         |

# 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 2017.

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.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 2. TURNOVER

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

|  | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| Revenue from cinema business               | 12,671                             | 13,127                          | 23,602                           | 24,788                          |
| Production and distribution of film rights | 858                                | 41                              | 858                              | 41                              |
| Royalty and licensing income               | 27                                 | 97                              | 51                               | 176                             |
|  | <b>13,556</b>                      | 13,265                          | <b>24,511</b>                    | 25,005                          |

## 3. OTHER REVENUE AND OTHER NET INCOME

|  | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| Interest income                        | 108                                | 115                             | 250                              | 171                             |
| Consultancy fee income <i>(Note 1)</i> | -                                  | 3,554                           | -                                | 3,554                           |
| Government grants <i>(Note 2)</i>      | 31                                 | -                               | 1,860                            | 2,983                           |
| Others                                 | 188                                | 156                             | 322                              | 639                             |
|  | <b>327</b>                         | 3,825                           | <b>2,432</b>                     | 7,347                           |

*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.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION

|   | Cinema<br>Investment<br>and<br>Management<br>HK\$'000 | Filmed<br>Entertainment<br>New Media<br>Exploitations<br>and Licensing<br>Businesses<br>HK\$'000 | Total<br>HK\$'000 |
|---|---|--|-------------------|
| <b>For the six months ended<br/>30 September 2017 (Unaudited)</b> |   |  |                   |
| <b>Segment Revenue</b>  |   |  |                   |
| Reportable segment revenue  | 23,652  | 859  | 24,511            |
| Inter-segment revenue   | -   | -  | -                 |
| Revenue from external customers                                   | 23,652  | 859  | 24,511            |
| <b>Segment Result</b>   |   |  |                   |
| Reportable segment result   | (2,853)   | 1,445  | (1,408)           |
| Interest income   |   |  | 250               |
| Unallocated corporate expenses, net                               |   |  | (10,509)          |
| Finance costs   |   |  | (1,480)           |
| Loss before taxation  |   |  | (13,147)          |
| <b>As at 30 September 2017 (Unaudited)</b>                        |   |  |                   |
| <b>Segment Assets</b>   |   |  |                   |
| Reportable segment assets   | 48,429  | 60,475   | 108,904           |
| Unallocated corporate assets                                      |   |  | 33,483            |
| Consolidated total assets   |   |  | 142,387           |
| <b>Segment Liabilities</b>  |   |  |                   |
| Reportable segment liabilities                                    | 10,453  | 7,654  | 18,107            |
| Tax payables  |   |  | 1,849             |
| Convertible bonds   |   |  | 19,097            |
| Unallocated corporate liabilities                                 |   |  | 3,491             |
| Consolidated total liabilities                                    |   |  | 42,544            |



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

|                                      | Cinema<br>Investment<br>and<br>Management<br>HK\$'000 | Filmed<br>Entertainment<br>New Media<br>Exploitations<br>and Licensing<br>Businesses<br>HK\$'000 | Total<br>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 31 March 2017 (Audited)</b> |   |  |                   |
| <b>Segment Assets</b>                |   |  |                   |
| Reportable segment assets            | 127,311   | 55,180   | 182,491           |
| Unallocated corporate assets         |   |  | 14,290            |
| Consolidated total assets            |   |  | 196,781           |
| <b>Segment Liabilities</b>           |   |  |                   |
| Reportable segment liabilities       | 48,262  | 10,921   | 59,183            |
| Tax payables                         |   |  | 1,539             |
| Convertible bonds                    |   |  | 17,617            |
| Unallocated corporate liabilities    |   |  | 6,194             |
| Consolidated total liabilities       |   |  | 84,533            |

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## Other segment information:

|                                      | Cinema<br>Investment<br>and<br>Management<br>HK\$'000 | Filmed<br>Entertainment<br>New Media<br>Exploitations<br>and Licensing<br>Businesses<br>HK\$'000 | Corporate<br>level<br>HK\$'000 | Total<br>HK\$'000 |
|--------------------------------------|---|--|--------------------------------|-------------------|
| <b>For the six months ended</b>      |   |  |                                |                   |
| <b>30 September 2017 (Unaudited)</b> |   |  |                                |                   |
| Additions to non-current assets      | 26  | -  | -                              | 26                |
| Interest income                      | 198   | 28   | 24                             | 250               |
| Depreciation                         | 4,623   | 50   | 225                            | 4,898             |
| <b>For the six months ended</b>      |   |  |                                |                   |
| <b>30 September 2016 (Unaudited)</b> |   |  |                                |                   |
| Additions to non-current assets      | 607   | -  | -                              | 607               |
| Interest income                      | 146   | 22   | 3                              | 171               |
| Depreciation                         | 4,222   | -  | 246                            | 4,468             |

## 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  |

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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          | 2013B         | 2014A          | 2015A          | 2015B         | 2016A          | 2017A         |
|----------------------------|---------------|----------------|---------------|----------------|----------------|---------------|----------------|---------------|
|                            |               |                | (Note 2)      |                |                |               |                |               |
| Grant date:                | 20-8-2010     | 23-8-2012      | 4-10-2013     | 17-4-2014      | 13-7-2015      | 11-9-2015     | 7-7-2016       | 3-3-2017      |
| Number of options granted: | 21,000,000    | 294,840,000    | 125,000,000   | 304,140,000    | 161,000,000    | 50,000,000    | 342,000,000    | 159,000,000   |
| Exercise period:           | 15-6-2011-    | 23-8-2012-     | 4-10-2013-    | 17-4-2014-     | 13-7-2015-     | 11-9-2015-    | 7-7-2016-      | 3-3-2017-     |
|                            | 19-8-2016     | 22-8-2017      | 3-10-2016     | 16-4-2019      | 12-7-2020      | 10-9-2020     | 6-7-2021       | 2-3-2022      |
| Exercise price:            | HK\$0.492     | HK\$0.156      | HK\$0.1814    | HK\$0.364      | HK\$0.235      | HK\$0.200     | HK\$0.180      | HK\$0.135     |
|                            | (Note 1)      | (Note 1)       |               |                |                |               |                |               |
| Fair value:                | HK\$5,324,000 | HK\$22,921,000 | HK\$6,000,000 | HK\$45,500,000 | HK\$16,800,000 | HK\$4,800,000 | HK\$26,600,000 | HK\$8,640,000 |

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

| Option type:                  | 2011B    | 2012A     | 2013B     | 2014A     | 2015A    | 2015B   | 2016A    | 2017A     |
|-------------------------------|----------|-----------|-----------|-----------|----------|---------|----------|-----------|
| Share price as at grant date: | HK\$0.24 | HK\$0.076 | HK\$0.181 | HK\$0.355 | HK\$0.23 | HK\$0.2 | HK\$0.18 | HK\$0.126 |
| Nature of the options:        | Call     | Call      | Call      | Call      | Call     | Call    | Call     | Call      |
| Risk-free rate:               | 1.28%    | 0.284%    | 1.15%     | 1.38%     | 1.15%    | 1.02%   | 0.59%    | 1.49%     |
| Expected life of the options: | 6 years  | 5 years   | 3 years   | 5 years   | 5 years  | 5 years | 5 years  | 5 years   |
| Expected volatility:          | 91.85%   | 81.86%    | 70%       | 62%       | 65%      | 66%     | 65%      | 61%       |
| Expected dividend yield:      | 0%       | 0%        | 0%        | 0%        | 0%       | 0%      | 0%       | 0%        |
| Exercise multiple:            | 2.2      | 2.2       | 1.4       | 2.4       | 2.45     | 2.49    | 2.4      | 2.4       |

The Company has not issued/granted any convertible bonds or share options and the Company did not recognize any expense as share-based payments for the six months ended 30 September 2017 (six months ended 30 September 2016: HK\$26,600,000).

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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<br>30 September |                                 | Six months ended<br>30 September |                                 |
|---------------------------------------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                                       | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| Imputed interest on convertible bonds | 791                                | 667                             | 1,480                            | 1,306                           |

### 7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

|   | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|---|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| Direct expenses of cinema business                      | 5,242                              | 5,420                           | 9,698                            | 10,337                          |
| Depreciation  | 2,495                              | 2,215                           | 4,898                            | 4,468                           |
| Exchange loss   | 2,794                              | 151                             | 2,215                            | 691                             |
| Operating lease rental in respect of<br>rented premises | 1,432                              | 1,456                           | 2,822                            | 2,908                           |
| Staff costs (including directors' remuneration)         |                                    |                                 |                                  |                                 |
| Salaries and allowances                                 | 3,235                              | 3,572                           | 6,561                            | 7,093                           |
| Share-based payments                                    | -                                  | 3,733                           | -                                | 3,733                           |
| Retirement scheme contributions                         | 401                                | 433                             | 784                              | 888                             |
| Equity settled share-based payments<br>paid to advisors | -                                  | 22,867                          | -                                | 22,867                          |

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 8. TAXATION

|                                | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--------------------------------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                                | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| The taxation charge comprises: |                                    |                                 |                                  |                                 |
| Current tax                    |                                    |                                 |                                  |                                 |
| The PRC                        | 313                                | 231                             | 847                              | 265                             |

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 2017 and 2016.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 September 2017 and 2016.

## 9. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

## 10. LOSS PER SHARE

### Basic and diluted loss per share

|                                  | Three months ended<br>30 September |                                | Six months ended<br>30 September |                                |
|----------------------------------|------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                  | 2017<br>HK Cent<br>(Unaudited)     | 2016<br>HK Cent<br>(Unaudited) | 2017<br>HK Cent<br>(Unaudited)   | 2016<br>HK Cent<br>(Unaudited) |
| Basic and diluted loss per share | 0.22                               | 0.89                           | 0.42                             | 1.08                           |

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| Loss for the period attributable to owners of the Company                          | 7,519                              | 30,339                          | (14,355)                         | 37,004                          |
| Weighted average number of ordinary shares for the purpose of basic loss per share | 3,421,538,679                      | 3,421,538,679                   | 3,421,538,679                    | 3,421,538,679                   |

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 2017 and 2016 because they are antidilutive in calculating the diluted loss per share.

### 11. TRADE RECEIVABLES

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

|                | As at<br>30 September<br>2017<br>HK\$'000<br>(Unaudited) | As at<br>31 March<br>2017<br>HK\$'000<br>(Audited) |
|----------------|--|--|
| Within 30 days | 792  | 894  |
| 31-60 days     | 39   | 65   |
| 61-90 days     | 36   | 9  |
| Over 90 days   | 56   | -  |
|                | 923  | 968  |

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.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 was 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 judgement, Lofty Gain determined to lodge an appeal against the judgement made by the PRC Court and the notice of appeal has been lodged already during the year ended 31 March 2016. The Group has impaired the remaining balance of approximately HK\$649,000 in that year. On 16 May 2016, the Group has obtained a preliminary offer for the settlement from Huayi Brothers but the settlement is yet to be reached. The appeal has already been withdrawn by the Group during the year ended 31 March 2017. In view of the long outstanding period of the corresponding receivable, during the year ended 31 March 2017, the outstanding amount of approximately HK\$18,038,000, together with other long outstanding receivables of approximately HK\$943,000, totalling HK\$18,981,000 were fully written off. The movement in the allowance is as follows:

|                                 | <b>As at<br/>30 September<br/>2017<br/>HK\$'000<br/>(Unaudited)</b> | <b>As at<br/>31 March<br/>2017<br/>HK\$'000<br/>(Audited)</b> |
|---------------------------------|---|---|
| At the beginning of period/year | –   | 18,981  |
| Impairment                      | –   | –   |
| Bad debts written-off           | –   | (18,981)  |
| At the end of the period/year   | –   | –   |

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

|                               | <b>As at<br/>30 September<br/>2017<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 March<br>2017<br>HK\$'000<br>(Audited) |
|-------------------------------|---|--|
| Neither past due nor impaired | <b>792</b>  | 894  |
| Past due but not impaired:    |   |  |
| Less than 1 month past due    | <b>39</b>   | 65   |
| 1 to 3 months past due        | <b>92</b>   | 9  |
| More than 3 months past due   | -   | -  |
|                               | <b>923</b>  | 968  |

Receivables at 30 September 2017 and 31 March 2017 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 2017 and 31 March 2017 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.



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 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:

|   | As at<br>30 September<br>2017<br>HK\$'000<br>(Unaudited) | As at<br>31 March<br>2017<br>HK\$'000<br>(Audited) |
|---|--|--|
| Amount paid to a director of a subsidiary | –  | 16,979   |
| Amount paid to CineChina                  | 2,337  | 26,786   |
| Amount paid to an independent third party | 3,126  | 3,245  |
|   | <b>5,463</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.

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

During the Period, the amount paid to a director of a subsidiary of approximately RMB13,652,000 (equivalent to HK\$16,979,000 as at 31 March 2017) and an amount paid to CineChina of approximately RMB19,720,000 (equivalent to HK\$24,449,000 as at 31 March 2017) were collected.

As at 31 March 2017, approximately RMB33,372,000 equivalent to approximately HK\$37,590,000, which has been fully collected during the Period, has 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<br/>30 September<br/>2017<br/>HK\$'000<br/>(Unaudited)</b> | <b>As at<br/>31 March<br/>2017<br/>HK\$'000<br/>(Audited)</b> |
|----------------|---|---|
| Within 30 days | 926   | 965   |
| 31-60 days     | -   | -   |
|                | <b>926</b>  | <b>965</b>  |

Payment terms with suppliers are generally within 30 days.

### 14. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

|   | <b>As at<br/>30 September<br/>2017<br/>HK\$'000</b> | <b>As at<br/>31 March<br/>2017<br/>HK\$'000</b> |
|---|---|---|
| Customer's deposits and receipts in advance | 11,033  | 15,017  |
| Other payables and accruals <i>(Note)</i>   | 9,639   | 49,395  |
|   | <b>20,672</b>                                       | <b>64,412</b>                                   |

*Note:* The amount of approximately HK\$49,395,000 as at 31 March 2017 includes payable to the Connection of approximately HK\$37,590,000, the details of which is stated in note 12 above.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 15. SHARE CAPITAL

|   | As at<br>30 September 2017<br>(Unaudited) |                    | As at<br>31 March 2017<br>(Audited) |                    |
|---|---|--------------------|-------------------------------------|--------------------|
|   | No of<br>shares<br>'000                   | Amount<br>HK\$'000 | No of<br>shares<br>'000             | Amount<br>HK\$'000 |
| Ordinary shares of HK\$0.04 each                      |   |                    |                                     |                    |
| Authorised:   |   |                    |                                     |                    |
| At the beginning and at the end<br>of the period/year | 5,000,000                                 | 200,000            | 5,000,000                           | 200,000            |
| Ordinary shares of HK\$0.04 each                      |   |                    |                                     |                    |
| Issued and fully paid:                                |   |                    |                                     |                    |
| At the beginning and at the end<br>of the period/year | 3,421,539                                 | 136,861            | 3,421,539                           | 136,861            |

## 16. OPERATING LEASE COMMITMENTS

|  | As at<br>30 September<br>2017<br>HK\$'000<br>(Unaudited) | As at<br>31 March<br>2017<br>HK\$'000<br>(Audited) |
|--|--|--|
| Within one year                        | 4,137  | 4,197  |
| In the second to fifth year, inclusive | 16,884   | 16,060   |
| More than five years                   | 11,363   | 13,149   |
|  | <b>32,384</b>  | 33,406   |

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 17. 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<br>30 September |                                 |
|--|--|----------------------------------|---------------------------------|
|  |  | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| The Star Overseas Limited<br><i>(Note 1)</i> | Consultancy service fee in relation to the film production | -                                | 420                             |

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

|                                   |   | 30 September                    |  | 31 March                      |  |
|-----------------------------------|---|---------------------------------|--|-------------------------------|--|
|                                   |   | 2017<br>HK\$'000<br>(Unaudited) |  | 2017<br>HK\$'000<br>(Audited) |  |
| Mr. Yin Gang <i>(Note 2)</i>      | Payment for procurement for investment of cinema business | -                               |  | 16,979                        |  |
| CineChina Limited <i>(Note 3)</i> | Payment for procurement for investment of cinema business | <b>2,337</b>                    |  | 26,786                        |  |

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

- (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<br>30 September |              |
|---|----------------------------------|--------------|
|   | 2017                             | 2016         |
|   | HK\$'000                         | HK\$'000     |
|   | (Unaudited)                      | (Unaudited)  |
| Directors' fee, salaries, allowances and other benefits | 486                              | 492          |
| Share-based payments                                    | -                                | 3,733        |
|   | <b>486</b>                       | <b>4,225</b> |

*Note 1:* Ms. Chow Man Ki Kelly, a director and the sole shareholder 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 2:* Mr. Yin Gang is a director of a subsidiary of the Company. He is considered a connected person under the GEM Listing Rules. The details of transaction with Mr. Yin Gang are stated in note 12.

*Note 3:* CineChina Limited holds 30% equity interest in a subsidiary of the Company and Mr. Yin Gang is a director and shareholder of CineChina Limited. The details of transaction with CineChina Limited stated in note 12.

## OTHER INFORMATION

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

As at 30 September 2017, 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<br>Held by trust <i>(Note 1)</i> | 110,294,117<br>1,608,484,963 | 3.22%<br>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 2017 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.

## OTHER INFORMATION

Details of share options granted to the Directors as at 30 September 2017 were as follows:

| Name of Directors                    | Option type<br>(Note) | Number of<br>options held<br>as at<br>1 April 2017<br>'000 | Number of<br>options<br>granted<br>during<br>the Period<br>'000 | Number of<br>options<br>exercised<br>during<br>the Period<br>'000 | Number of<br>options<br>cancelled/<br>lapsed during<br>the Period<br>'000 | Number of<br>options held<br>as at<br>30 September<br>2017<br>'000 |
|--------------------------------------|-----------------------|--|---|---|---|--|
| Mr. Chiau Sing Chi                   | 2012A                 | 3,000  | -   | -   | (3,000)   | -  |
|                                      | 2014A                 | 3,000  | -   | -   | -   | 3,000  |
|                                      | 2015A                 | 8,000  | -   | -   | -   | 8,000  |
| Ms. Chow Man Ki Kelly                | 2017A                 | 34,000   | -   | -   | -   | 34,000   |
|                                      | 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  |
| Mr. Lau Man Kit                      | 2015A                 | 3,000  | -   | -   | -   | 3,000  |
|                                      | 2016A                 | 3,000  | -   | -   | -   | 3,000  |
|                                      | 2014A                 | 3,000  | -   | -   | -   | 3,000  |
| Mrs. Chin Chow Chung Hang<br>Roberta | 2016A                 | 3,000  | -   | -   | -   | 3,000  |
|                                      | 2012A                 | 3,000  | -   | -   | (3,000)   | -  |
|                                      | 2014A                 | 3,000  | -   | -   | -   | 3,000  |
| Ms. Choi Mei Ping                    | 2015A                 | 3,000  | -   | -   | -   | 3,000  |
|                                      | 2016A                 | 3,000  | -   | -   | -   | 3,000  |
|                                      | 2015A                 | 3,000  | -   | -   | -   | 3,000  |
| Mr. Tsoi Chiu Yuk                    | 2016A                 | 3,000  | -   | -   | -   | 3,000  |
| <b>Total</b>                         |                       | <b>138,000</b>   | <b>-</b>  | <b>-</b>  | <b>(21,000)</b>   | <b>117,000</b>   |

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

In addition to 45,000,000 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 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 2017, 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.

## OTHER INFORMATION

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

So far as known to the Directors, as at 30 September 2017, 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

| Name of Shareholders                                      | Number of Shares held | Approximate percentage of issued share capital of the Company | Number of underlying Shares held |
|---|-----------------------|---|----------------------------------|
| 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:*

1. 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.
2. 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 2017.

Save as disclosed above, as at 30 September 2017, 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.



# OTHER INFORMATION

## 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 Scheme and any other schemes and movements in such holdings during the Period were as follows:

| Category  | Option type | Number of                                     | Number of                                       | Number of   | Number of  | Number of   |
|-----------|-------------|---|---|---|--|---|
|           |             | options held<br>as at<br>1 April 2017<br>'000 | options<br>granted<br>during the Period<br>'000 | options<br>exercised<br>during the Period<br>'000 | options<br>cancelled/lapsed<br>during the Period<br>'000 | options held<br>as at<br>30 September<br>2017<br>'000 |
| Directors | 2012A       | 21,000  | -   | -   | (21,000)   | -   |
|           | 2014A       | 15,000  | -   | -   | -  | 15,000  |
|           | 2015A       | 23,000  | -   | -   | -  | 23,000  |
|           | 2016A       | 45,000  | -   | -   | -  | 45,000  |
|           | 2017A       | 34,000  | -   | -   | -  | 34,000  |
| Employees | 2012A       | 10,000  | -   | -   | (10,000)   | -   |
| Advisors  | 2014A       | 277,140                                       | -   | -   | -  | 277,140   |
|           | 2015A       | 132,000                                       | -   | -   | -  | 132,000   |
|           | 2015B       | 50,000  | -   | -   | -  | 50,000  |
|           | 2016A       | 294,000                                       | -   | -   | -  | 294,000   |
|           | 2017A       | 125,000                                       | -   | -   | -  | 125,000   |
| Total     |             | 1,026,140                                     | -   | -   | (31,000)   | 995,140   |

*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 2017.

# OTHER INFORMATION

## 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 17 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 2017, 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 2017 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 2017.

## 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 2017, 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 2017. 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.

## OTHER INFORMATION

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.

## OTHER INFORMATION

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.

## OTHER INFORMATION

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.

### **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 independent non-executive Directors could not attend the annual general meeting held in September 2017 due to other business commitments.

### **DISCLOSURE OF DIRECTORS' INFORMATION UNDER THE RULE 17.50A(1) OF THE GEM LISTING RULES**

Mr. Ong King Keung has resigned as an independent non-executive director of each of China Candy Holdings Limited (stock code: 8182) with effect from 14 September 2017 and KOALA Financial Group Limited (stock code: 8226) with effect from 15 September 2017. Both of the shares of China Candy Holdings Limited and KOALA Financial Group Limited are listed on GEM.

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

Hong Kong, 10 November 2017

As at the date of this report, 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, Mr. Tsoi Chiu Yuk and Mr. Ong King Keung as independent non-executive Directors.