



BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

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

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

The board of Directors (the “Board”) of the Company presents the unaudited consolidated results of the Group for the three months and nine months ended 31 December 2020, together with the unaudited comparative figures for the corresponding period in 2019 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended		Nine months ended	
		31 December		31 December	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	2	2,536	6,619	3,800	22,086
Cost of sales		<u>(1,231)</u>	<u>(2,678)</u>	<u>(1,815)</u>	<u>(9,100)</u>
Gross profit		1,305	3,941	1,985	12,986
Other revenue and other net income	3	755	251	1,837	1,311
Selling and marketing expenses		(678)	(1,052)	(731)	(1,968)
Administrative expenses		(3,416)	(7,159)	(17,069)	(25,444)
Share-based payments	4	(107)	(613)	(2,566)	(736)
Share of result of an associate		(4)	–	58	(3)
Finance costs	5	(587)	(1,604)	(2,069)	(4,763)
Other expense	6	<u>–</u>	<u>(14,512)</u>	<u>–</u>	<u>(14,512)</u>
Loss before taxation	7	(2,732)	(20,748)	(18,555)	(33,129)
Taxation	8	<u>–</u>	<u>–</u>	<u>(15)</u>	<u>(131)</u>
Loss for the period		<u>(2,732)</u>	<u>(20,748)</u>	<u>(18,570)</u>	<u>(33,260)</u>
Loss attributable to:					
Owners of the Company		(2,303)	(13,950)	(16,435)	(26,091)
Non-controlling interests		<u>(429)</u>	<u>(6,798)</u>	<u>(2,135)</u>	<u>(7,169)</u>
		<u>(2,732)</u>	<u>(20,748)</u>	<u>(18,570)</u>	<u>(33,260)</u>
Dividend	9	–	–	–	–
Loss per share (cents per share)	10				
Basic and diluted		<u>(0.27)</u>	<u>(1.63)</u>	<u>(1.92)</u>	<u>(3.05)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(2,732)	(20,748)	(18,570)	(33,260)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations				
— Exchange differences arising during the period	<u>(198)</u>	<u>219</u>	<u>(356)</u>	<u>(1,473)</u>
Other comprehensive loss for the period, net of tax	<u>(198)</u>	<u>219</u>	<u>(356)</u>	<u>(1,473)</u>
Total comprehensive loss for the period	<u>(2,930)</u>	<u>(20,529)</u>	<u>(18,926)</u>	<u>(34,733)</u>
Total comprehensive loss attributable to:				
Owners of the Company	<u>(2,491)</u>	(13,721)	<u>(16,795)</u>	(27,631)
Non-controlling interests	<u>(439)</u>	<u>(6,808)</u>	<u>(2,131)</u>	<u>(7,102)</u>
	<u>(2,930)</u>	<u>(20,529)</u>	<u>(18,926)</u>	<u>(34,733)</u>

NOTES TO THE CONDENSED QUARTERLY FINANCIAL INFORMATION

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 (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) 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 accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the nine months ended 31 December 2020 are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2020 except as described below.

The application of the other new and amendments to HKASs and HKFRSs in the current period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

The third quarterly 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		Nine months ended	
	31 December 2020	2019	31 December 2020	2019
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from cinema business	2,237	6,619	3,501	22,086
Revenue from KOL e-commerce business	299	–	299	–
	<u>2,536</u>	<u>6,619</u>	<u>3,800</u>	<u>22,086</u>

3. OTHER REVENUE AND OTHER NET INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	50	178	163	682
Government grants (<i>Note 1</i>)	394	64	990	600
Rent concession	194	–	538	–
Others	117	9	146	29
	<u>755</u>	<u>251</u>	<u>1,837</u>	<u>1,311</u>

Note 1: The government grants represent the subsidies received by the Group (i) from the government of the PRC for the operation of cinemas in the PRC; and (ii) from the government of the HKSAR for the Employment Support Scheme in Hong Kong. There are no unfulfilled conditions or contingencies relating to these grants.

4. SHARE-BASED PAYMENTS

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

Convertible bonds

Issuer:	The Company					Total
	1 June 2010	1 June 2011	1 June 2012	1 June 2013	1 June 2014	
Issue date:	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Principal amount:	25,000	5,000	5,000	5,000	5,000	45,000
Outstanding amount as at 31 December 2020:	–	5,000	5,000	5,000	5,000	20,000
Conversion period:	From 1 June 2010 to 31 May 2020	From 1 June 2011 to 31 May 2021	From 1 June 2012 to 31 May 2022	From 1 June 2013 to 31 May 2023	From 1 June 2014 to 31 May 2024	
Conversion price (<i>note a</i>):	HK\$0.544	HK\$0.544	HK\$0.544	HK\$0.544	HK\$0.544	
Maturity date:	31 May 2020	31 May 2022	31 May 2023	31 May 2024	31 May 2025	
		(<i>note b</i>)	(<i>note b</i>)	(<i>note b</i>)	(<i>note b</i>)	

note a: Conversion price was adjusted due to (i) the issue and allotment of the subscription shares, which are detailed in the Company's circular dated 24 February 2012, (ii) the share consolidation effective on 18 September 2012, and (iii) the share consolidation effective on 2 May 2019.

note b: Mr. Chiau Sing Chi, the holder of convertible bonds, undertook to delay the maturity dates of these outstanding convertible bonds as at 31 March 2020 for repayment by one year, but the conversion periods of the convertible bonds remain unchanged.

Share Option Scheme

Details of specific categories of share options outstanding during the nine months ended 31 December 2020 and 2019 are as follow:

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

Option type:	2015A	2016A	2017A	2018A	2020A
Grant date:	13-7-2015	7-7-2016	3-3-2017	17-9-2018	14-7-2020
Number of options granted:	40,250,000	85,500,000	39,750,000	45,000,000	25,500,000
	(note c)	(note c)	(note c)	(note c)	
Exercise period:	13-7-2015– 12-7-2020	7-7-2016– 6-7-2021	3-3-2017– 2-3-2022	17-9-2018– 16-9-2023	14-7-2020– 13-7-2025
Exercise price:	HK\$0.940	HK\$0.720	HK\$0.540	HK\$0.168	HK\$0.074
	(note c)	(note c)	(note c)	(note c)	
Fair value when share options granted:	HK\$16,800,000	HK\$26,600,000	HK\$8,640,000	HK\$2,181,000	HK\$892,500

note c: The exercise prices and numbers of share options above are adjusted due to the share consolidation effective on 2 May 2019.

Share Award

On 14 August 2019, the Company adopted a share award scheme (the “Share Award Scheme”) and granted share awards up to 31 December 2020, as follows:

Date of grant	Category	Number of awarded shares granted	Original vesting period
16 August 2019	Director: Chiau Sing Chi	8,550,000	One year from the date of grant*
14 October 2019	Director: Chow Man Ki Kelly	4,240,000	One year from the date of grant*
	Employees (in aggregate)	12,780,000	50% of the awarded shares were vested on the first anniversary of the date of the grant and another 50% were vested on the second anniversary of the date of the grant**
	Advisors (in aggregate)	17,080,000	50% of the awarded shares were vested on the first anniversary of the date of the grant and another 50% were vested on the second anniversary of the date of the grant**

- * As additional time is required for the trustee to acquire the awarded shares on market, subject to the terms and conditions of the Share Award Scheme, the Company and the grantees mutually agreed that the awarded shares, which were originally vested on the first anniversary of the date of grant, would change to be vested to the grantees on the second anniversary of the date of grant or the date when the trustee has completed the acquisition of all the awarded shares on market, whichever is earlier.
- # 8,540,000 awarded shares granted to an employee and 17,080,000 awarded shares to advisors were lapsed in October 2020. Please refer to the Company's announcement dated 15 October 2020 for further details.

The share-based payments related to the above share awards are as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Directors	14	326	570	449
Employees	51	123	483	123
Advisors	42	164	1,513	164
	<u>107</u>	<u>613</u>	<u>2,566</u>	<u>736</u>

5. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Imputed interest on convertible bonds	482	1,160	1,646	3,337
Interest expenses on lease liabilities	105	444	423	1,426
	<u>587</u>	<u>1,604</u>	<u>2,069</u>	<u>4,763</u>

6. OTHER EXPENSE

During the third quarter of fiscal year 2019/20, the Company has noted that Mr. Yin Gang, a then director of certain non-wholly owned subsidiaries of the Group, would have misappropriated funds of approximately RMB13 million (equivalent to approximately HK\$14.5 million) from two non-wholly owned subsidiaries of the Company established in the People's Republic of China for his personal uses. This amount was expensed off during the nine months ended 31 December 2019.

7. LOSS BEFORE TAXATION

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Direct expenses of cinema business	936	2,678	1,520	9,100
Direct expenses of KOL e-commerce business	295	–	295	–
Depreciation of property, plant and equipment	290	484	1,377	1,804
Depreciation of right-of-use assets	404	843	1,806	2,492
Exchange (gain)/loss	(1,177)	(17)	(1,875)	1,516
Impairment of deposits paid and other receivables	–	–	369	–
Impairment of right-of-use assets	–	–	7,144	–
Loss on disposal of property, plant and equipment	–	–	2,981	–
Write-back of lease liabilities	–	–	(7,038)	–
Staff costs (including directors' remuneration)				
— Salaries and allowance	2,286	3,506	6,318	9,611
— Equity settled share-based payments under Share Award Scheme	65	449	1,053	572
— Retirement scheme contributions	160	298	490	958
Equity settled share-based payments paid to advisors	42	164	1,513	164

8. TAXATION

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
— The PRC	–	–	15	131

The taxation charge comprises:

Current tax

The PRC

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 nine months ended 31 December 2020 and 2019.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the nine months ended 31 December 2020 and 2019.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

10. LOSS PER SHARE

Basic and diluted loss per share

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Basic and diluted loss per share	<u>(0.27)</u>	<u>(1.63)</u>	<u>(1.92)</u>	<u>(3.05)</u>

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	<u>(2,303)</u>	<u>(13,950)</u>	<u>(16,435)</u>	<u>(26,091)</u>

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
		(Restated)		(Restated)
Weighted average number of ordinary shares for the purpose of basis loss per share	<u>855,384,669</u>	<u>855,384,669</u>	<u>855,384,669</u>	<u>855,384,669</u>

The weighted average numbers of ordinary shares for the purpose of calculating basic loss per share have been retrospectively adjusted to reflect the share consolidation with effect from 2 May 2019.

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 nine months ended 31 December 2020 and 2019 because they are antidilutive in calculating the diluted loss per share.

11. TERMINATION OF THE OPERATION OF A CINEMA

In September 2020, the Group has terminated the operation of a cinema of Hangzhou Linan Bingo Cinema Company Limited due to the poor business environment. Loss on the aforesaid termination of approximately HK\$3,456,000, which were the net amount of impairment loss of deposits paid and other receivables of approximately HK\$369,000, impairment loss of right-of-use assets of approximately HK\$7,144,000, loss on disposal of property, plant and equipment of approximately HK\$2,981,000 and the write-back of lease liabilities of approximately HK\$7,038,000, was recorded during the nine months ended 31 December 2020.

12. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Contributed surplus	Equity component of convertible bonds	Share option reserve	Shares held for the share award scheme	Exchange reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (Audited)	136,861	420,810	3,930	76,520	53,022	-	(1,228)	(621,836)	68,079	9,856	77,935
Loss for the period	-	-	-	-	-	-	-	(26,091)	(26,091)	(7,169)	(33,260)
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	(1,540)	-	(1,540)	67	(1,473)
Total comprehensive loss for the period	-	-	-	-	-	-	(1,540)	(26,091)	(27,631)	(7,102)	(34,733)
Equity settled share award arrangement	-	-	-	-	-	736	-	-	736	-	736
Capital reorganisation	(128,307)	-	128,307	-	-	-	-	-	-	-	-
At 31 December 2019 (Unaudited)	8,554	420,810	132,237	76,520	53,022	736	(2,768)	(647,927)	41,184	2,754	43,938
At 1 April 2020 (Audited)	8,554	420,810	132,237	25,548	10,266	1,720	(1,646)	(561,958)	35,531	(3,937)	31,594
Loss for the period	-	-	-	-	-	-	-	(16,435)	(16,435)	(2,135)	(18,570)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	(360)	-	(360)	4	(356)
Total comprehensive loss for the period	-	-	-	-	-	-	(360)	(16,435)	(16,795)	(2,131)	(18,926)
Redemption of convertible bonds	-	-	-	(25,507)	-	-	-	25,507	-	-	-
Issue of share options	-	-	-	-	893	-	-	-	893	-	893
Lapse of share options	-	-	-	-	(3,596)	-	-	3,596	-	-	-
Lapse of share awards	-	-	-	-	-	(1,730)	-	1,730	-	-	-
Acquisition of non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(6,259)	(6,259)	5,532	(727)
Equity settled share award arrangement	-	-	-	-	-	1,673	-	-	1,673	-	1,673
At 31 December 2020 (Unaudited)	8,554	420,810	132,237	41	7,563	1,663	(2,006)	(553,819)	15,043	(536)	14,507

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the nine months ended 31 December 2020 (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 is the prime revenue generator of the Group in the Period. Approximately revenue of HK\$3.5 million and gross profit of HK\$2.0 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\$22.1 million and gross profit of HK\$13.0 million generated in the nine month ended 31 December 2019 (the “Corresponding Period”). Due to outbreak of COVID-19 in the very beginning of Year 2020, all cinemas in Hangzhou and Shanghai could not open since late January 2020. In July 2020, cinemas in certain low-risk areas of the PRC were allowed to recommence their businesses. The Group’s cinemas in Shanghai and Hangzhou have re-opened in August this year, and minimal amount of turnover was generated during the Period. It is, however, a good start to normalize the Group’s cinema operation. With respect to our cinema in Linan, we could not reach a conclusion of the business plan with the owner of the shopping mall where that cinema was located, and that cinema was closed in September 2020.

In the segment of Filmed Entertainment Business, the Group has established a joint venture which is named as 浙江比高家品牌管理有限公司 (Zhejiang Bingo Family Brand Management Company Limited, “Bingo Family”) in Zhejiang in late November 2020. The Group holds 51% equity stake of Bingo Family. The principal businesses of Bingo Family are brand and IP management, KOL incubation and KOL live shows and e-commerce. Since its incorporation to 31 December 2020, Bingo Family was still running in a trial period and has brought revenue of approximately HK\$0.3 million to the Group.

On 9 February 2018, Bingo Movie Development Limited (“Bingo Movie”), a wholly owned subsidiary of the Company and Lechuang Holdings (HK) Limited (“Lechuang”), an independent third party, entered into an agreement (the “JV Agreement”) in relation to the formation of the joint venture company (“JV Company”). The issued share capital of the JV Company will be owned as to 49% by Bingo Movie and as to 51% by Lechuang. The JV Company will be principally engaged in investment and development of VR (Virtual Reality) and MR (Mixed Reality) projects. Pursuant to the JV Agreement, Bingo Movie will enter into of a loan agreement with the JV Company, pursuant to which Bingo Movie will advance the loan of not less than HK\$25 million and not more than HK\$35 million to the JV Company for investment and development of relevant VR and MR projects. In September 2018, the loan agreement has been signed and RMB29 million (equivalent to HK\$33.4 million) was lent to the JV Company. Another loan of RMB16 million (equivalent to HK\$18.2 million) with a term of three years was granted to the JV Company on 30 September 2019. The difference between the new loan and old loan of RMB13 million with the accrued interest has been repaid to the Bingo Movie during the Period. For further details, please refer to the Company’s announcement dated 30 September 2019 and 7 November 2019.

During the third quarter of fiscal year 2019/20, the Company has noted that Mr. Yin Gang (“Mr. Yin”), a then director of certain non-wholly owned subsidiaries of the Group, would have misappropriated funds of approximately RMB13 million (equivalent to approximately HK\$14.5 million) from two non-wholly owned subsidiaries of the Company established in the People’s Republic of China for his personal uses. The Company is in the course of seeking legal advices and will take appropriate actions against Mr. Yin. Please refer to the Company’s announcement dated 5 February 2020 for further details.

FINANCIAL REVIEW

During the Period, the Group recorded a total turnover of approximately HK\$3.8 million, representing a decrease of approximately HK\$18.3 million compared with that of approximately HK\$22.1 million in the Corresponding Period. The turnover of the Group for the Period and the Corresponding Period principally represented revenue from Cinema Business. As mentioned in the “OPERATION REVIEW” above, the Group has generated revenue of approximately HK\$0.3 million from the KOL e-commerce business of Bingo Family. Loss for the Period of approximately HK\$18.6 million was recorded. As compared with the loss of HK\$33.1 million for the Corresponding Period, the loss decreased by approximately HK\$14.5 million, which principally reflected the loss on misappropriation of funds of Rmb13 million (equivalent to HK\$14.5 million) by Mr. Yin, which was recorded in the third quarter of the fiscal year of 2019/20.

OUTLOOK

As of the date of this quarterly report, the coronavirus outbreak has killed more than two million people and infected over 100 million people globally. Although the situation in China is better than many countries in the West, the economy in China is still shocked to a certain extent. The cinemas have been ordered to be closed since early Year 2020, and certain cinemas in the PRC are just allowed to be re-opened in late July 2020.

In spite of the wide-spreading of coronavirus mentioned above, the Group may continue to grasp other business opportunities in investments in cinemas in the PRC and attractive movies, when appropriate. 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.

In November 2020, a wholly owned subsidiary of the Company entered into an agreement (“JV Agreement”) to establish a joint venture — Bingo Family, in Huzhou City, Zhejiang Province, the PRC. Bingo Family is engaged principally in brand and IP management, KOL incubation and KOL live shows and e-commerce. Bingo Family has been running business in trial period during December 2020.

The VR (Virtual Reality) and MR (Mixed Reality) industry is undergoing rapid development and the Company considers that there will be growth potential in investment of VR and MR projects. The Group has entered into an agreement with Lechuang in relation to the formation of the JV Company. The formation of the JV Company will allow the Group to utilise its experience in provision of interactive contents with the expertise of Lechuang in developing VR and MR projects. The Company is optimistic as to the prospect of the JV Company, and has granted a loan to the JV Company of RMB16 million (equivalent to approximately HK\$18.2 million as at 30 September 2020) in September 2019.

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 31 December 2020, the following 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. Chiau Sing Chi	Beneficial owner	27,573,529	3.22%
	Held by trust (<i>Note 1</i>)	402,121,240	47.01%
Ms. Chow Man Ki Kelly	Held by trust (<i>Note 1</i>)	402,121,240	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 Sing Chi, Ms. Chow Man Ki Kelly and their family.
2. The total number of the issued share capital of the Company as at 31 December 2020 was 855,384,669.

Long positions in the underlying shares of the Company

The share award scheme (the “Share Award Scheme”) was approved by the Board on 14 August 2019 (the “Adoption Date”). The purposes of the Share Award Scheme are to recognise and reward the contribution of eligible persons (“Eligible Person(s)”), in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Pursuant to the terms of the Share Award Scheme, the following classes of participants (each an “Eligible Person”) are eligible for participation in the Share Award Scheme:

- (a) any employee (an “Employee”) (whether full time or part time, including any executive director but excluding any non-executive director) of any member of the Group or any entity (the “Invested Entity”) in which the Group holds any equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and
- (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Award Scheme, the award may be made to any company wholly owned by one or more of the above participant(s). The eligibility of any of the Eligible Persons to an award shall be determined by the Board from time to time on the basis of the Board’s opinion as to his contribution and/or future contribution to the development and growth of the Group.

The total number of all the shares purchased by the trustee under the Share Award Scheme must not exceed 10% of the issued shares as at the Adoption Date (being 85,538,466 shares) unless the Board otherwise decides. The maximum number of shares which can be awarded to any selected employee under the Share Award Scheme is limited to 1% of the issued share capital of the Company as at the Adoption Date.

During the Period, the Company had not purchased any of the Company's existing shares on the market for the purpose of the Share Award Scheme.

No awarded shares was granted during the Period. The details of awarded shares granted since adoption of the Share Award Scheme are as follows:

Date	Grantees	Number of awarded shares
16 August 2019	Mr. Chiau Sing Chi (<i>Executive Director</i>)	8,550,000
14 October 2019	Ms. Chow Man Ki Kelly (<i>Executive Director</i>)	4,240,000
14 October 2019	Non-directors (in aggregate)	29,860,000

As at the date of this quarterly report, no share of the Company was held by the trustee.

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 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:

Name of Directors	Option type (Note 1)	Number of options held as at 1 April 2020 (Note 2) '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 31 December 2020 '000
Mr. Chiau Sing Chi	2015A	2,000	–	–	(2,000)	–
	2017A	8,500	–	–	–	8,500
Ms. Chow Man Ki Kelly	2015A	750	–	–	(750)	–
	2016A	7,500	–	–	–	7,500
	2018A	7,500	–	–	–	7,500
Mr. Lau Man Kit	2015A	750	–	–	(750)	–
	2016A	750	–	–	–	750
Mrs. Chin Chow Chung	2015A	750	–	–	(750)	–
Hang Roberta	2016A	750	–	–	–	750
Ms. Choi Mei Ping	2015A	750	–	–	(750)	–
	2016A	750	–	–	–	750
Mr. Tsoi Chiu Yuk (Note 3)	2016A	750	–	–	(750)	–
Total		<u>31,500</u>	<u>–</u>	<u>–</u>	<u>(5,750)</u>	<u>25,750</u>

Note 1: Details of specific categories of share options are disclosed in note 4 to the condensed financial information.

Note 2: The number of share options mentioned are adjusted to reflect the share consolidation effective on 2 May 2019.

Note 3: Resigned on 6 May 2020.

As mentioned above, in addition to 8,500,000 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 and 8,550,000 number of Shares granted to him pursuant to the Share Award Scheme, 36,764,704 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 31 December 2020, 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 31 December 2020, 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
Sinostar FE (PTC) Limited (<i>Note 1</i>)	402,121,240	47.01%
Treasure Offshore Holdings Limited (<i>Note 1</i>)	402,121,240	47.01%
Beglobal Investments Limited (<i>Note 2</i>)	402,121,240	47.01%
Golden Treasure Global Investment Limited (<i>Note 2</i>)	72,500,000	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 329,621,240 shares of the Company (representing approximately 38.53% of the issued share capital of the Company) and indirectly holds 72,500,000 shares of the Company (representing approximately 8.48% of the issued share capital of the Company) through Golden Treasure Global Investment Limited as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, 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 OPTION SCHEME

The Company’s share option scheme was adopted pursuant to resolution 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 movements in such holdings during the Period were as follows:

Category	Option type (Note 1)	Number of options held as at 1 April 2020 (Note 2) '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 (Note 2) '000	Number of options held as at 31 December 2020 (Note 2) '000
Directors	2015A	5,000	–	–	(5,000)	–
	2016A	10,500	–	–	(750)	9,750
	2017A	8,500	–	–	–	8,500
	2018A	7,500	–	–	–	7,500
Employees	2018A	15,000	–	–	(7,500)	7,500
Advisors	2015A	1,000	–	–	(1,000)	–
	2016A	1,500	–	–	–	1,500
	2018A	22,500	–	–	(15,000)	7,500
	2020A	–	25,500	–	–	25,500
		<u>71,500</u>	<u>25,500</u>	<u>–</u>	<u>(29,250)</u>	<u>67,750</u>

Note 1: Details of specific categories of share options are disclosed in note 4 to the condensed quarterly financial information.

Note 2: The number of share options mentioned are adjusted to reflect the share consolidation effective on 2 May 2019.

THE SHARE AWARD SCHEME

On 14 August 2019 (the “Adoption Date”), the Board adopted the Share Award Scheme which has taken effect immediately. The following is a summary of the principal terms and conditions of the Share Award Scheme:

Purposes and objectives

The purposes of the Share Award Scheme are to recognise and reward the contribution of Eligible Persons, which are defined below, to the growth and development of the Group, to give incentives to Eligible Persons in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Duration

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

Eligible Persons

Pursuant to the terms of the Share Award Scheme, the following classes of participants (each an “Eligible Person”) are eligible for participation in the Share Award Scheme:

- (a) any employee (an “Employee”) (whether full time or part time, including any executive director but excluding any non-executive director) of any member of the Group or any entity (the “Invested Entity”) in which the Group holds any equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and
- (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Award Scheme, the awarded shares may be made to any company wholly owned by one or more of the above participant(s). The eligibility of any of the Eligible Persons to an awarded shares shall be determined by the Board from time to time on the basis of the Board’s opinion as to his contribution and/or future contribution to the development and growth of the Group.

The grant of the awarded shares to the Eligible Person(s) is through (i) the purchase of awarded shares by the Company’s administration committee or the trustee of the Share Award Scheme; and/or (ii) issue of new awarded shares under the general mandate approved at the Company’s general meetings.

Save as the awarded shares granted on 16 August 2019 and 14 October 2019 (see note 4 to the condensed quarterly financial information), the Company has not granted any awarded shares for the nine months ended 31 December 2020 and 2019.

For further details of the Share Award Scheme, please refer to the Company’s announcement dated 14 August 2019.

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 31 December 2020.

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.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the nine months ended 31 December 2020, 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. Tsui Wing Tak. The Group’s unaudited results for the nine months ended 31 December 2020 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 nine months ended 31 December 2020.

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

Hong Kong, 10 February 2021

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

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