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## **BINGO GROUP HOLDINGS LIMITED**

**比高集團控股有限公司**

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

**(Stock Code: 8220)**

### **PROPOSED CAPITAL REORGANISATION**

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The Company proposes to effect a Capital Reorganisation which involves:

- (i) the Share Consolidation of every four (4) Existing Shares of HK\$0.04 each into one (1) Consolidated Share of HK\$0.16;
- (ii) the reduction of the issued share capital of the Company through (a) elimination of any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number; and (b) a cancellation of the paid-up capital of the Company to the extent of HK\$0.15 on each issued Consolidated Share so that the nominal value of each issued Consolidated Share will be reduced from HK\$0.16 to HK\$0.01;
- (iii) the Subdivision of each authorised but unissued Consolidated Share of HK\$0.16 each (which shall include the authorised but unissued share capital resulting from the Capital Reduction) into sixteen (16) New Shares of HK\$0.01 each; and
- (iv) a transfer of the credit arising from the Capital Reduction to a distributable reserve account of the Company.

The Existing Shares are currently traded on the Stock Exchange in board lot of 20,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Shares will remain as 20,000 New Shares.

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Capital Reorganisation. A circular containing, among other matters, information regarding the Capital Reorganisation together with a notice of the EGM will be despatched to the Shareholders on or before 7 January 2019.

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- (iv) a transfer of the credit arising from the Capital Reduction to a distributable reserve account of the Company.

### **Effects of the Capital Reorganisation**

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 5,000,000,000 Existing Shares of HK\$0.04 each, of which 3,421,538,679 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Upon the Capital Reorganisation becoming effective and assuming no further Shares will be issued or repurchased between the date of this announcement and the effective date of the Capital Reorganisation, the authorised share capital of the Company will become HK\$200,000,000 divided into 20,000,000,000 New Shares of HK\$0.01 each while the issued share capital of the Company will become HK\$8,553,846.69 divided into 855,384,669 New Shares of HK\$0.01 each.

Fractional New Shares to which an individual Shareholder is entitled will not be issued to the individual Shareholders but will be aggregated, sold and retained for the benefit of the Company.

Other than the expenses incurred in relation to the Capital Reorganisation, the implementation thereof will not, in itself, alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders, save that any fractional New Shares will not be allocated to individual Shareholders but will be aggregated, and sold if a premium (net of expenses) can be obtained, and such premium will be retained for the benefit of the Company. The Capital Reorganisation itself will not have any material adverse effect on the financial position of the Group.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon the following conditions being fulfilled:

- (a) the passing of the necessary resolution(s) by the Shareholders at the EGM to approve, among others, the Capital Reorganisation consisting of the Share Consolidation, the Capital Reduction and the Subdivision;
- (b) approval of the Capital Reduction by the Court;
- (c) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (d) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Law with respect to the Capital Reduction;
- (e) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation; and
- (f) compliance with the relevant procedures and requirements under the Cayman Islands law and the Listing Rules to effect the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reorganisation at the EGM, the special legal counsel to the Company as to Cayman Islands law will apply to the Court for hearing date(s) to confirm the Capital Reduction and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

### **Listing Application**

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation. The New Shares will be identical in all respects and rank *pari passu* with each other in all respects, including the rights as to dividends, voting and return of capital.

## **CCASS eligibility**

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS in the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **Board lot size**

The Existing Shares are currently traded on the Stock Exchange in board lot of 20,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Shares will remain as 20,000 New Shares.

Based on the closing price of HK\$0.042 per Existing Share (equivalent to the theoretical closing price of HK\$0.168 per New Share) as at the date of this announcement, the value of each board lot of the Existing Shares is HK\$840 and the theoretical market value of each board lot of the New Shares, assuming the Capital Reorganisation had become effective, would be HK\$3,360.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of the New Shares arising from the Capital Reorganisation, the Company will appoint a securities firm to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular of the Company. Holders of odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed.

## **Free exchange of certificates for the New Shares and trading arrangements**

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during the period between Thursday, 25 April 2019 and Tuesday, 4 June 2019 as specified in the section headed “Expected Timetable” below, submit their existing certificates in purple colour for the Existing Shares held by them to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, in exchange for new certificates for the New Shares in yellow colour at the expense of the Company. Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each certificate for the New Shares issued or each share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates involved is higher.

Certificates for the Existing Shares in purple colour will continue to be good evidence of legal title on the basis of every four (4) issued Existing Shares for one (1) New Share and may be exchanged for certificates of the New Shares at any time. Nevertheless, they will not be acceptable for trading, settlement and registration purpose after the Capital Reorganisation becomes effective except in a temporary counter after the commencement of dealings in the New Shares until parallel trading ends.

## **Adjustments in relation to other securities of the Company**

### *Share Options*

As at the date of this announcement, the Company has outstanding 571,800,000 Options entitling the holders thereof to subscribe for a total of 571,800,000 Existing Shares. Under the terms and conditions of the Share Option Scheme, the Capital Reorganisation may lead to adjustments to the number of Shares to be allotted and issued upon the exercise of the outstanding Options and/or the exercise price of the outstanding Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

### *Convertible bonds*

As at the date of this announcement, the Company has convertible bonds with outstanding principal amount of HK\$30,000,000 which is convertible into 220,588,235 Existing Shares upon conversion in full. Under the terms and conditions of the convertible bonds, the Capital Reorganisation may lead to adjustments to the number of Shares to be allotted and issued upon the conversion of the convertible bonds and/or the conversion price of the convertible bonds. The Company will make further announcement about the adjustments in due course.

Save for the aforesaid, as at the date of this announcement, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares.

## **REASONS FOR THE CAPITAL REORGANISATION**

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the recent trading price of the Existing Shares, the Directors consider that the Share Consolidation will enable the Company to comply with the trading requirements under the GEM Listing Rules. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 3 July 2018 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.042 per Share as at the date of this announcement, the value of each board lot of 20,000 Shares was HK\$840. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. The Share Consolidation will reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. The Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract more investors.

Under the laws of the Cayman Islands, a company may not issue shares at a discount to the nominal value of such shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and Subdivision, the nominal value of the Consolidated Shares will be HK\$0.16 per Consolidated Share. The Capital Reduction and the Subdivision will keep the nominal value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by the laws of the Cayman Islands and the articles of association of the Company.

Assuming no further Existing Shares will be issued or repurchased prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation on the share capital structure of the Company is summarised below:

	<b>As at the date of this announcement</b>	<b>Immediately upon the Capital Reorganisation becoming effective</b>
Nominal value per Share	HK\$0.04 per Existing Share (equivalent to HK\$0.16 per Consolidated Share)	HK\$0.01 per New Share
Authorised share capital	HK\$200,000,000 divided into 5,000,000,000 Existing Shares	HK\$200,000,000 divided into 20,000,000,000 New Shares
Number of issued Shares of the Company	3,421,538,679 Existing Shares	855,384,669 New Shares
Number of authorised but unissued Shares of the Company	1,578,461,321 Existing Shares	19,144,615,331 New Shares

Based on the 3,421,538,679 Existing Shares in issue as at the date of this announcement and assuming no further Existing Shares issued or repurchased prior to the effective date of the Capital Reorganisation, a credit amounting to approximately HK\$128,307,700 will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilized by the Company in such manner as the Board may deem fit under the applicable laws and the articles of association of the Company.

The Board believes that the Capital Reorganisation will provide greater flexibility to the Company in pricing future equity fund raising exercise.

As at the date of this announcement, the Company has no current plan of equity fund raising exercise, and has not entered into and is not under any negotiation to enter into, any agreement to conduct equity fund raising exercise.

The Company has considered other alternatives and takes the view that the proposed corporate action (including the Capital Reorganisation) is the best available alternative to achieve the aforesaid benefits. Set out below is the comparison of the advantages and disadvantages of the other different alternatives:

## **1. Simple Change of board lot size without Capital Reorganisation**

### *Advantages*

- No shareholders' approval is needed and no general meeting is required to be held.
- A relatively simple way to meet the requirement that the expected value per board lot should be greater than HK\$2,000.

### *Disadvantages*

- Shareholders have no flexibility to approve such corporate action.
- The nominal value per Share remains unchanged.
- The theoretical market price per Share remains unchanged.
- Odd lots will be created.

## **2. Simple Share Consolidation without Capital Reduction**

### *Advantages*

- Shareholders have the right to approve the corporate action.
- A relatively simple way to meet the requirement that the expected value per board lot should be greater than HK\$2,000.
- The theoretical market price per Share will increase.



*Disadvantages*

- The nominal value per Share will increase.
- Odd lots will be created.

**3. Simple Capital Reduction without Share Consolidation**

*Advantages*

- Shareholders have the right to approve the corporate action.
- The nominal value per Share will decrease and thus enhance the flexibility of future fund raising.
- No odd lots will be created in the event that there will be no change of board lot size.

*Disadvantages*

- The theoretical market price per Share will remain unchanged and thus may not meet Rule 17.76 of the GEM Listing Rules.
- Odd lots will yet be created in the event that there will be change in board lot size in association with the corporate action.
- Without any change of board lot size, the requirement that the expected value per board lot should be greater than HK\$2,000 cannot be met.

Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole.

**EXPECTED TIMETABLE**

Set out below is the indicative timetable for the Capital Reorganisation.

Despatch of the circular and proxy form for the EGM..... Monday, 7 January 2019

Latest time for lodging transfer of Shares in order  
to qualify for attendance and voting at the EGM ..... 4:30 p.m. on  
Friday, 18 January 2019

Register of members closes (both days inclusive)..... Monday, 21 January 2019 to  
Thursday, 31 January 2019

Latest time for lodging the form of proxy for the EGM ..... 11:30 a.m. on  
Tuesday, 29 January 2019

Record date for attendance and voting at the EGM..... Thursday, 31 January 2019



EGM..... 11:30 a.m. on  
Thursday, 31 January 2019

Announcement of voting results of the EGM ..... Thursday, 31 January 2019

*The following events are conditional on the results of the EGM and the approval from the Court and therefore the dates are tentative:*

Effective date of the Capital Reorganisation ..... Thursday, 25 April 2019

First day of free exchange of existing share certificates  
for new share certificates..... Thursday, 25 April 2019

Commencement of dealings in the New Shares ..... 9:00 a.m. on  
Thursday, 25 April 2019

Original counter for trading in Existing Shares in  
board lots of 20,000 Existing Shares (in the  
form of existing share certificates)  
temporarily closes ..... 9:00 a.m.  
Thursday, 25 April 2019

Temporary counter for trading in New Shares in  
board lots of 5,000 New Shares (in the  
form of existing share certificates) opens ..... 9:00 a.m.  
Thursday, 25 April 2019

Original counter for trading in New Shares in  
board lot of 20,000 New Shares (in the  
form of new share certificates) re-opens ..... 9:00 a.m.  
Friday, 10 May 2019

Parallel trading in the Existing Shares and New Shares  
(in the form of existing share certificates and  
new share certificates) commences ..... 9:00 a.m.  
Friday, 10 May 2019

Designated broker starts to stand in the market  
to provide matching services for odd lots of  
New Shares..... 9:00 a.m.  
Friday, 10 May 2019

Temporary counter for trading in New Shares in  
board lot of 5,000 New Shares (in the  
form of existing share certificates) closes..... 4:00 p.m.  
Friday, 31 May 2019

Parallel trading in the Existing Shares and New Shares  
(in the form of new share certificates and  
existing share certificates) ends ..... 4:00 p.m.  
Friday, 31 May 2019

Designated broker ceases to stand in the market  
to provide matching services for odd lots of  
New Shares..... 4:00 p.m.  
Friday, 31 May 2019

Latest time for free exchange of existing share  
certificates for new share certificates ..... Tuesday, 4 June 2019

*All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be excluded or varied due to the timetable and availability of the Court, additional time required for compliance with the regulatory requirements in the Cayman Islands and/or with any requirements imposed by the Court or varied by the Company. Any changes to the anticipated timetable for the Capital Reorganisation will be announced as appropriate.*

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Capital Reorganisation. A circular containing, among other matters, information regarding the Capital Reorganisation together with a notice of the EGM will be despatched to the Shareholders on or before 7 January 2019.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Capital Reorganisation and no Shareholders are required to abstain from voting at the EGM.

As the Capital Reorganisation is subject to the satisfaction of conditions, it may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong

“Capital Reduction”	the proposed reduction in the issued share capital of the Company whereby the par value of each Consolidated Share will be reduced from HK\$0.16 to HK\$0.01 by cancelling HK\$0.15 of the paid-up capital on each Consolidated Share and elimination of any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company consisting of (i) the Share Consolidation, (ii) the Capital Reduction and (iii) the Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Law”	the Company Law Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised
“Company”	Bingo Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“Consolidated Share(s)”	ordinary share(s) of HK\$0.16 each in the share capital of the Company immediately upon the Share Consolidation becoming effective
“Court”	The Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation
“Existing Share(s)”	ordinary Share(s) with a par value of HK\$0.04 each in the existing share capital of the Company before the Capital Reorganisation becomes effective
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New Shares”	shares of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Option(s)”	the options granted or proposed to be granted by the Company to the grantees under the Share Option Scheme to subscribe for Shares
“Shares”	the Existing Share(s) or the New Share(s), as the case maybe
“Share Consolidation”	the proposed consolidation of every four (4) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 15 August 2012
“Shareholder(s)”	holder(s) of the Existing Share(s) or the New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share of HK\$0.16 each (which shall include the authorised but unissued share capital resulting from the Capital Reduction) into sixteen (16) New Shares of HK\$0.01 each
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 3 January 2019

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

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

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