BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board of Directors (the "Board") of the Company is pleased present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018, together with the audited comparative figures for the corresponding year in 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Turnover	3	**47,877**	45,230
Cost of sales		**(19,324)**	(18,788)
Gross profit		**28,553**	26,442
Other revenue and other net income	4	**14,315**	8,393
Selling and marketing expenses		**(9,904)**	(11,436)
Administrative expenses		**(40,337)**	(44,046)
Share-based payments		**–**	(35,240)
Share of profit or loss of an associate		**(3)**	–
Finance costs		**(3,166)**	(2,728)
Loss before taxation	5	**(10,542)**	(58,615)
Taxation	6	**(846)**	(1,001)
Loss for the year		**(11,388)**	(59,616)
Loss attributable to:			
Owners of the Company		**(10,542)**	(60,139)
Non-controlling interests		**(846)**	523
		(11,388)	(59,616)
		HK cents	*HK cents*
Loss per share	7		
Basic and diluted		**(0.31)**	(1.76)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(11,388)**	(59,616)
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations		
— Exchange differences arising during the year	**3,471**	(1,896)
— Release of exchange reserve upon disposal of subsidiaries	**515**	–
Other comprehensive income/(loss) for the year, net of tax	**3,986**	(1,896)
Total comprehensive loss for the year	**(7,402)**	(61,512)
Total comprehensive loss attributable to:		
Owners of the Company	**(6,455)**	(62,062)
Non-controlling interests	**(947)**	550
	(7,402)	(61,512)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**11,863**	18,497
Goodwill		**950**	950
Investment in an associate		**3**	–
		12,816	19,447
CURRENT ASSETS			
Trade receivables	*9*	**1,277**	968
Other receivables, deposits and prepayments		**30,003**	4,335
Payments to parties for procurement for investment of cinema business	*10*	**5,793**	47,010
Films in progress and film rights		**–**	–
Cash and cash equivalents		**95,995**	125,021
		133,068	177,334
CURRENT LIABILITIES			
Trade payables	*11*	**1,500**	965
Deposits received, other payables and accruals	*12*	**17,437**	64,412
Tax payables		**1,336**	1,539
		20,273	66,916
NET CURRENT ASSETS		**112,795**	110,418
TOTAL ASSETS LESS CURRENT LIABILITIES		**125,611**	129,865

	2018 *HK$'000*	2017 *HK$'000*
NON-CURRENT LIABILITIES		
Convertible bonds	**20,783**	17,617
NET ASSETS	**104,828**	112,248
CAPITAL AND RESERVES		
Share capital	**136,861**	136,861
Reserves	**(43,263)**	(36,808)
	93,598	100,053
Non-controlling interests	**11,230**	12,195
TOTAL EQUITY	**104,828**	112,248

1. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Statement of compliance

These consolidated financial statements 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 consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group is set out below. These consolidated financial statements have been prepared under historical cost convention except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in annual report.

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The application of these new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and Measurement:

All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment:

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs that are subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the application of the expected credit loss model would not have a material impact on the financial assets measured at amortised cost as at 1 April 2018 upon the application of HKFRS 9.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related Interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are currently presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group as lessee has non-cancellable operating lease commitments of approximately HK$31,440,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of approximately HK$972,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The Group’s operating businesses are structured and managed separately according to the nature of their operations.

For management purposes, the Group is organised into two operating segments for the year:

Cinema investment and management — cinema investment and provision of cinema management service.

Filmed entertainment, new media exploitations and licensing businesses — movie production, licensing and derivatives, crossover marketing, provision of interactive contents, artist development and last miles engagement.

The revenue from external customers reported to the management is measured in a manner consistent with that in the consolidated statement of profit or loss. Revenue between segments are carried out on terms equivalent to those that prevail in arm’s length transactions.

Segment result represents the profit or loss by each segment without allocation of central administration costs including directors’ salaries, investment and other income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment.

	Year ended 31 March 2018			Year ended 31 March 2017		
	Cinema investment and management	**Filmed entertainment new media exploitations and licensing businesses**	**Total**	Cinema investment and management	Filmed entertainment new media exploitations and licensing businesses	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment Revenue	**46,929**	**948**	**47,877**	44,770	460	45,230
Segment Results						
Reportable segment result	**(2,036)**	**4,579**	**2,543**	(741)	(1,520)	(2,261)
Unallocated corporate income			**9,956**			3,559
Unallocated corporate expenses			**(19,875)**			(21,945)
Share-based payments			**–**			(35,240)
Finance costs			**(3,166)**			(2,728)
Loss before taxation			**(10,542)**			(58,615)
Segment Assets						
Reportable segment assets	**52,204**	**33,665**	**85,869**	127,311	55,180	182,491
Unallocated corporate assets			**60,015**			14,290
Consolidated total assets			**145,884**			196,781
Segment Liabilities						
Reportable segment liabilities	**11,454**	**3,244**	**14,698**	48,262	10,921	59,183
Tax payables			**1,336**			1,539
Convertible bonds			**20,783**			17,617
Unallocated corporate liabilities			**4,239**			6,194
Consolidated total liabilities			**41,056**			84,533

For the purposes of monitoring segment information and allocating resources between segment:

— all assets are allocated to reportable segments other than unallocated corporate assets.

— all liabilities are allocated to reportable segments other than tax liabilities, convertible bonds and unallocated corporate liabilities.

Other segment information:

	Year ended 31 March 2018			
	Cinema investment and management *HK$'000*	**Filmed entertainment new media exploitations and licensing businesses** *HK$'000*	**Corporate level** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets	**54**	**–**	**–**	**54**
Interest income	**297**	**49**	**45**	**391**
Depreciation	**7,761**	**99**	**300**	**8,160**
Gain on disposal of subsidiaries	**–**	**2,146**	**–**	**2,146**

	Year ended 31 March 2017			
	Cinema investment and management *HK$'000*	Filmed entertainment new media exploitations and licensing businesses *HK$'000*	Corporate level *HK$'000*	Total *HK$'000*
Additions to non-current assets	1,526	276	–	1,802
Interest income	401	53	–	454
Depreciation	8,347	48	471	8,866

Revenue from major products and services:

The Group's revenue from its major products and services were as follows:

	2018 *HK$'000*	2017 *HK$'000*
Cinema business	**46,929**	44,770
Production and distribution of film rights, royalty and licensing income	**948**	460
	47,877	45,230

Geographical information:

The Group mainly operates in Hong Kong and the People's Republic of China (excluding Hong Kong). The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or services. The geographical location of the non-current assets is based on the physical location of assets in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of goodwill and investment in an associate. Revenue from external customers and information about non-current assets by geographical location are detailed below:

	Revenue from external customers		Specified non-current assets	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**132**	528
PRC (excluding Hong Kong)	**47,019**	45,230	**12,684**	18,919
Others	**858**	–	**–**	–
	47,877	45,230	**12,816**	19,447

Revenue from major customers:

There are no major customers contributing over 10% of the Group's revenue for the year ended 31 March 2018 (2017: Nil).

3. TURNOVER

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

	2018	2017
	HK$'000	*HK$'000*
Revenue from cinema business	**46,929**	44,770
Production and distribution of film rights	**858**	188
Royalty and licensing income	**90**	272
	47,877	45,230

4. OTHER REVENUE AND OTHER NET INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income	**391**	454
Consultancy fee income	**–**	3,554
Exchange gain	**2,599**	–
Gain on disposal of subsidiaries	**2,146**	–
Government grants	**2,082**	3,302
Other payables written off	**585**	–
Others	**6,512**	1,083
	14,315	8,393

5. LOSS BEFORE TAXATION

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

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**750**	750
Direct expenses of cinema business	**19,324**	18,788
Depreciation	**8,160**	8,866
Exchange (gain)/loss	**(2,599)**	1,967
Fixed assets written off	**20**	162
Other receivables written off	**595**	–
Operating lease rental in respect of rented premises	**5,762**	5,433
Staff costs (including directors' remuneration)		
— Salaries and allowances	**14,141**	14,142
— Equity settled share-based payments	**–**	5,581
— Retirement scheme contributions	**2,123**	1,645
Equity settled share-based payments paid to advisors	**–**	29,659

6. TAXATION

	2018	2017
	HK$'000	*HK$'000*
The taxation charge recognised in profit or loss comprises:		
Current tax		
The PRC	**1,574**	1,001
Over provision in prior years	**(728)**	–
	846	1,001

No provision of Hong Kong Profits Tax has been made as the current year's taxable profits has been set-off by previous year's loss (2017: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the years ended 31 March 2018 and 2017.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss before taxation	**(10,542)**	(58,615)
Tax at the respective applicable tax rate	**(1,411)**	(9,591)
Income not subject to taxation	**(4,600)**	(136)
Expenses not deductible for tax purpose	**7,169**	9,423
Tax effect of unrecognised tax loss	**948**	1,828
Tax effect of prior year's tax loss utilised in this year	**(596)**	(603)
Tax effect of temporary difference not recognised	**64**	80
Over provision in prior years	**(728)**	–
Taxation charged for the year	**846**	1,001

7. LOSS PER SHARE

Basic and diluted loss per share

	2018	2017
	HK cents	*HK cents*
Total basic and diluted loss per share	**(0.31)**	(1.76)

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

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(10,542)**	(60,139)

	2018	2017
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**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 year ended 31 March 2018 and 2017 because they are antidilutive in calculating the diluted loss per share.

8. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2018 (2017: Nil).

9. TRADE RECEIVABLES

The aging of the Group's trade receivables based on the invoice date is analysed as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**1,058**	894
31–60 days	**107**	65
61–90 days	**50**	9
Over 90 days	**62**	–
	1,277	968

For 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.

	2018	2017
	HK$'000	*HK$'000*
At the beginning of year	**–**	18,981
Bad debts written-off	**–**	(18,981)
At the end of the year	**–**	–

The aging analysis of trade receivables based on the invoice date that are neither individually nor collectively considered to be impaired are as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,058**	894
Past due but not impaired:		
Less than 1 month past due	**107**	65
1 to 3 months past due	**50**	9
More than 3 months past due	**62**	–
	1,277	968

Receivables at 31 March 2018 and 2017 that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables at 31 March 2018 and 2017 that were past due but not impaired relate to 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.

10. 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 cinema 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 above-mentioned subsidiary for the purpose of materializing the JV agreement:

	2018	2017
	HK$'000	*HK$'000*
Amount paid to a director of a subsidiary	**–**	16,979
Amount paid to CineChina	**2,478**	26,786
Amount paid to an independent third party	**3,315**	3,245
	5,793	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 director of a subsidiary, 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 interests 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.

During the year, 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 year, 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.

11. TRADE PAYABLES

The aging of the Group's trade payables is based on invoice date analysed as follows:

	2018 *HK$'000*	2017 *HK$'000*
Within 30 days	**1,500**	965
	1,500	965

Payment terms with suppliers are generally within 30 days.

12. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	2018 *HK$'000*	2017 *HK$'000*
Customer's deposits and receipts in advance	**8,523**	15,017
Other payables and accruals *(Note)*	**8,914**	49,395
	17,437	64,412

Note:

The amount as at 31 March 2017 included payable to the Connection of approximately HK$37,590,000 which has been fully settled during the year ended 31 March 2018. Please refer to note 10 for further details of the Connection.

BUSINESS REVIEW

During the year ended 31 March 2018 (the "Year"), the Group continues to focus on 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").

In view of the on-going development of the Cinema Business, this segment has become the prime revenue generator of the Group in the Year. Approximately revenue of HK$46.9 million and gross profit of HK$27.6 million were generated during the Year. The revenue and gross profit for the Year maintained steady, as compared to revenue of HK$44.8 million and gross profit of HK$26.0 million generated in last year. The Group will implement various measures 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 Year. Accordingly, no revenue was generated in this sector during the Year.

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$25,000,000 and not more than HK$35,000,000 to the JV Company for investment and development of relevant VR and MR projects. For further details, please refer to the corresponding announcement of the Company dated 9 February 2018.

FINANCIAL REVIEW

During the Year, the Group recorded a total turnover of approximately HK$47.9 million, representing a slight increase of approximately 6.0% as compared with HK$45.2 million for last year. The HK$47.9 million turnover for the Year (2017: HK$45.2 million) mainly consisted of the gross revenue of the Cinema Business of HK$46.9 million (2017: HK$44.8 million).

The increase in other revenue and income is principally due to (i) exchange gain of approximately HK$2.6 million recognized during the Year, while exchange loss of approximately HK$2.0 million, which was included in administrative expenses, was recorded in last year, (ii) gain on disposal of subsidiaries of approximately HK$2.1 million (2017: Nil), and (iii) increase in income from termination of PRC cinema investment contracts from approximately HK$0.2 million in last year to approximately HK$2.7 million during the Year.

There was no material change in the Group's expenses for the Year as compared to those for fiscal year 2016/17, except for the non-cash share-based payments not provided for the Year. Share-based payments of approximately HK$35.2 million was recognised in the year ended 31 March 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2018, the Group had total assets of approximately HK$145.9 million (2017: HK$196.8 million), including cash and cash equivalents of approximately HK$96.0 million (2017: HK$125.0 million). There was no pledged bank deposit as at 31 March 2018 (2017: Nil). As at 31 March 2018, the debt ratio (defined as total liabilities/total assets) was approximately 0.28 (2017: 0.43).

Both the Group's total assets and liabilities slightly decreased over the Year. The Group continued to hold strong cash and cash equivalents as at 31 March 2018 and the Board believes that the Group has sufficient resources to satisfy its working capital requirements. During the Year, the Group financed its operations with its own working capital. As at 31 March 2018, the Group did not have any bank overdraft (2017: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as dispose of 100% equity of High Amuse Limited to The Star Overseas Limited, a company directly owned by Ms. Chow Man Ki Kelly who is an executive director of the Company, on 6 December 2017 (please refer to the Company's announcement on that date for details of the transaction), there was no material acquisition or disposal of subsidiaries during the year ended 31 March 2018.

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 in RMB, 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 Year. As at 31 March 2018, the Group had no outstanding foreign currency hedge contracts (2017: Nil).

EMPLOYEES

As at 31 March 2018, the Group had 111 (2017: 124) staff in the People's Republic of China ("PRC") and Hong Kong. Total staff costs including directors' remuneration were approximately HK$16.3 million during the Year. Included in the total staff costs of approximately HK$21.4 million for the year ended 31 March 2017 was share-based payments to Directors of approximately HK$5.6 million. No share-based payment was made to Directors for the Year.

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 Year, no share option was granted to certain Directors (2017: 82 million share options).

OUTLOOK

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

The VR (Virtual Reality) and MR (Mixed Reality) industry is undergoing rapid development and the Company considers that there will be growth potential in investment of VR and MR projects. On 9 February 2018, the Group entered into an agreement with Lechuang Holdings (HK) Limited ("Lechuang") in relation to the formation of the joint venture company ("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 will grant a loan to the JV Company of not less than HK$25 million and not more than HK$35 million.

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company endeavors to maintain a high standard of corporate governance for the enhancement of shareholders' value. The Company has complied with the required code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 15 to the GEM Listing Rules for the year ended 31 March 2018, except for the following deviation:

Chairman and Chief Executive Officer

The Company does not have the Chairman of the Board and the Chief Executive Officer during the year ended 31 March 2018. The Board is in the process of locating appropriate persons to fill the vacancies of the Chairman and Chief Executive Officer. Even so, the Board considers that the existing Board members are able to share the power and responsibilities of Chairman and Chief Executive Officer among themselves, as detailed below.

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

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

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

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

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

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

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

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

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

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

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

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

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

Appointment and Re-election of the Directors

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

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

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

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 the year ended 31 March 2018 due to other business commitments.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2018.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee has reviewed with the management about the Group's annual results for the year ended 31 March 2018, the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal controls, and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2018.

SCOPE OF WORKS OF MESSRS. CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed by the Group's auditors, Messrs. Cheng & Cheng Limited to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Cheng & Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Cheng & Cheng Limited in this announcement.

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

Hong Kong, 29 June 2018

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

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