



BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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 2020, together with the audited comparative figures for the corresponding year in 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	2,3	22,888	38,048
Cost of sales and services		(9,395)	(15,634)
Gross profit		13,493	22,414
Other revenue and other net income	4	3,460	2,087
Other loss		(14,512)	–
Selling and marketing expenses		(4,434)	(6,551)
Administrative expenses		(34,107)	(37,556)
Impairment of property, plant and equipment		(3,806)	–
Impairment of right-of-use assets		(7,770)	–
Share-based payments		(1,720)	(2,181)
Share of result of an associate		(50)	(2)
Finance costs		(5,265)	(3,835)
Loss before taxation	5	(54,711)	(25,624)
Taxation	6	(131)	(918)
Loss for the year		(54,842)	(26,542)
Loss attributable to:			
Owners of the Company		(41,475)	(26,410)
Non-controlling interests		(13,367)	(132)
		(54,842)	(26,542)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	8		
Basic and diluted		(4.85)	(3.09)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year	<u>(54,842)</u>	<u>(26,542)</u>
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations		
— Exchange differences arising during the year	<u>(844)</u>	<u>(2,532)</u>
Other comprehensive loss for the year, net of tax	<u>(844)</u>	<u>(2,532)</u>
Total comprehensive loss for the year	<u><u>(55,686)</u></u>	<u><u>(29,074)</u></u>
Other comprehensive loss attributable to:		
Owners of the Company	(418)	(1,290)
Non-controlling interests	<u>(426)</u>	<u>(1,242)</u>
	<u><u>(844)</u></u>	<u><u>(2,532)</u></u>
Total comprehensive loss attributable to:		
Owners of the Company	(41,893)	(27,700)
Non-controlling interests	<u>(13,793)</u>	<u>(1,374)</u>
	<u><u>(55,686)</u></u>	<u><u>(29,074)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,571	9,752
Right-of-use assets		10,829	–
Goodwill		950	950
Interests in an associate		169	502
Loan to an associate		17,512	–
Deposit for acquisition of non-controlling interests	10	721	–
Rental deposits		657	700
		<u>36,409</u>	<u>11,904</u>
CURRENT ASSETS			
Trade receivables	9	132	969
Loan to an associate		–	33,808
Other receivables, deposits and prepayments		6,203	2,232
Payments to parties for procurement for investment of cinema business	10	1,452	5,412
Cash and cash equivalents		38,146	60,926
		<u>45,933</u>	<u>103,347</u>
CURRENT LIABILITIES			
Trade payables	11	347	909
Deposits received, other payables and accruals	12	3,342	2,969
Contract liabilities		7,405	7,756
Convertible bonds		9,747	–
Lease liabilities		3,877	–
Tax payables		–	1,064
		<u>24,718</u>	<u>12,698</u>
NET CURRENT ASSETS		<u>21,215</u>	90,649
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>57,624</u>	102,553
NON-CURRENT LIABILITIES			
Convertible bonds		11,793	24,618
Lease liabilities		14,237	–
		<u>26,030</u>	24,618
NET ASSETS		<u>31,594</u>	<u>77,935</u>
CAPITAL AND RESERVES			
Share capital		8,554	136,861
Reserves		26,977	(68,782)
		<u>35,531</u>	68,079
Non-controlling interests		(3,937)	9,856
TOTAL EQUITY		<u>31,594</u>	<u>77,935</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

a) Basis of preparation

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 GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). A summary of new and amendments to HKFRSs adopted by the Group and its corresponding effects are disclosed below.

b) New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

In addition, the Group has early adopted the following amendment of HKFRS, which is relevant to its operations.

Amendments to HKFRS 16 Covid-19-Related Rent Concessions

The amendment is issued in June 2020 and is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including interim or annual financial statements not authorised for issue as at 4 June 2020, the date of the amendment is issued.

Amendments to HKFRS 16 “Covid-19-Related Rent Concessions” allow lessee to elect not to assess whether a rent concession occurring as a direct consequence of the Covid-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not lease modifications. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 and the related interpretations.

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after the date of 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities ranged from 2.96% to 4.19%.

	At 1 April 2019 <i>HK\$'000</i>
Operation lease commitments disclosed as at 31 March 2019	24,815
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application	<u>(322)</u>
	24,493
Less: Total future interest expenses	(2,610)
Other tax	<u>(1,366)</u>
Lease liabilities as at 1 April 2019	<u><u>20,517</u></u>
Analysed as:	
Current	2,850
Non-current	<u>17,667</u>
	<u><u>20,517</u></u>

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u><u>21,323</u></u>

Impact of transition to HKFRS 16 on accumulated losses

The transition to HKFRS 16 has no impact on accumulated losses at 1 April 2019.

Impact of transition to HKFRS 16 on the consolidated statement of financial position

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Impact of adopting HKFRS 16 <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
Non-current asset			
Right-of-use assets	–	21,323	21,323
Current asset			
Other receivables, deposits and prepayments	2,932	(806)	2,126
Current liability			
Lease liabilities	–	(2,850)	(2,850)
Non-current liability			
Lease liabilities	–	(17,667)	(17,667)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

c) New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁵
Amendments to HKFRS 3	Definition of a Business 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 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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 2020.

⁵ Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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, other loss, share-based payments 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 2020			Year ended 31 March 2019		
	Cinema investment and management HK\$'000	Filmed entertainment, new media exploitations and licensing businesses HK\$'000	Total HK\$'000	Cinema investment and management HK\$'000	Filmed entertainment, new media exploitations and licensing businesses HK\$'000	Total HK\$'000
Segment Revenue	<u>22,888</u>	<u>-</u>	<u>22,888</u>	<u>38,048</u>	<u>-</u>	<u>38,048</u>
Segment Results						
Reportable segment result	(13,901)	(1,769)	(15,670)	217	(1,003)	(786)
Unallocated corporate income			1,279			1,405
Unallocated corporate expenses			(18,823)			(20,227)
Other loss			(14,512)			-
Share-based payments			(1,720)			(2,181)
Finance costs			(5,265)			(3,835)
Loss before taxation			<u>(54,711)</u>			<u>(25,624)</u>
Segment Assets						
Reportable segment assets	31,007	7,813	38,820	47,126	20,002	67,128
Interests in an associate			169			502
Loan to an associate			17,512			33,808
Unallocated corporate assets			25,841			13,813
Consolidated total assets			<u>82,342</u>			<u>115,251</u>
Segment Liabilities						
Reportable segment liabilities	26,790	-	26,790	9,851	-	9,851
Tax payables			-			1,064
Convertible bonds			21,540			24,618
Unallocated corporate liabilities			2,418			1,783
Consolidated total liabilities			<u>50,748</u>			<u>37,316</u>

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

- all assets are allocated to reportable segments other than interests in an associate, loan to an associate and unallocated corporate assets.
- all liabilities are allocated to reportable segments other than tax payables, convertible bonds and unallocated corporate liabilities.

Other segment information:

	Year ended 31 March 2020			Total <i>HK\$'000</i>
	Cinema investment and management <i>HK\$'000</i>	Filmed entertainment, new media exploitations and licensing businesses <i>HK\$'000</i>	Corporate level <i>HK\$'000</i>	
Additions to property, plant and equipment	2,521	–	–	2,521
Interest income	251	30	527	808
Other loss	14,512	–	–	14,512
Depreciation of property, plant and equipment	2,407	–	25	2,432
Depreciation of right-of-use assets	3,141	–	690	3,831
Impairment of property, plant and equipment	3,806	–	–	3,806
Impairment of right-of-use assets	6,639	–	1,131	7,770
Impairment of trade receivables	325	–	–	325
Interest expenses on lease liabilities	651	–	67	718

	Year ended 31 March 2019			Total <i>HK\$'000</i>
	Cinema investment and management <i>HK\$'000</i>	Filmed entertainment, new media exploitations and licensing businesses <i>HK\$'000</i>	Corporate level <i>HK\$'000</i>	
Additions to property, plant and equipment	1,135	–	–	1,135
Interest income	285	195	528	1,008
Depreciation of property, plant and equipment	2,341	–	99	2,440
Impairment of trade receivables	11	–	–	11

Revenue from major products and services:

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cinema business	22,888	38,048

Geographical information:

The Group mainly operates in Hong Kong and the People's Republic of China (the "PRC"). 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 right-of-use assets, and the location of the operation to which they are allocated in the case of goodwill and interests 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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong	–	–	170	532
PRC	22,888	38,048	17,349	10,672
	<u>22,888</u>	<u>38,048</u>	<u>17,519</u>	<u>11,204</u>

Revenue from major customers:

There are no major customers contributing over 10% of the Group's revenue for the year ended 31 March 2020 (2019: Nil).

3. REVENUE

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

	2020 HK\$'000	2019 HK\$'000
Revenue from cinema business	<u>22,888</u>	<u>38,048</u>

Disaggregation of revenue from contracts with customers

	2020 HK\$'000	2019 HK\$'000
Revenue from cinema business		
— Sales of movie tickets – at a point in time	18,806	31,225
— Sales of snacks – at a point in time	2,651	4,238
— Advertising income – over time	590	1,655
— Management services income – over time	272	–
— Others (<i>note</i>)	569	930
Total	<u>22,888</u>	<u>38,048</u>

note: It mainly represents the rental income for claw machines placed in cinemas, service income for registration of membership and the income for the re-issuance of membership cards for those lost cases.

Contracts for advertising services typically have a 1 year to 3 years non-cancellable term in which the Group bills a fixed percentage on the box office takings. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The customer loyalty points have no expiration and can be redeemed anytime at customers' discretion. The management of the Group expected that the remaining performance obligation as at 31 March 2020 will be materially recognized as income within one to two years after the year end.

4. OTHER REVENUE AND OTHER NET INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income	808	1,008
Government grants (<i>note 1</i>)	598	157
Rent concession (<i>note 2</i>)	460	–
Others	1,594	922
	<u>3,460</u>	<u>2,087</u>

notes:

1. The government grants represent the subsidies received by the Group from the government for the operation of cinemas in PRC. There are no unfulfilled conditions or contingencies relating to these grants.
2. It mainly represents rent concession provided to cinemas in PRC for the closure of business due to 2019 Novel Coronavirus (“COVID-19”).

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration		
— audit services	800	800
— other services	90	–
Direct expenses of cinema business (<i>note 1</i>)	9,395	15,634
Depreciation of property, plant and equipment	2,432	2,440
Depreciation of right-of-use assets	3,831	–
Property, plant and equipment written off	7	55
Exchange loss	3,112	3,913
Impairment of property, plant and equipment	3,806	–
Impairment of right-of-use assets	7,770	–
Impairment of trade receivables	325	11
Operating lease rental in respect of rented premises	422	5,179
Staff costs (including directors' remuneration)		
— Salaries and allowances	12,198	13,136
— Equity settled share-based payments	1,186	1,848
— Retirement scheme contributions	1,522	2,009
Equity settled share-based payments paid to advisors	534	333
	<u>12,198</u>	<u>13,136</u>

note:

1. The direct expenses mainly represent the profit sharing paid to film providers.

6. TAXATION

	2020	2019
	HK\$'000	HK\$'000

The taxation charge recognised in profit or loss comprises:

Current tax		
The PRC	131	744
Under provision in prior years	–	174
	131	918
	131	918

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision of Hong Kong Profits Tax has been made as there is no assessable profits for the current year (2019: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the years ended 31 March 2020 and 2019.

During the years ended 31 March 2020 and 2019, the tax authority in the PRC has grant concessionary tax rate at 20% to some of the PRC subsidiaries of the Company because the size and assessable profits of those subsidiaries have fulfilled the condition as small and micro corporations defined by the relevant tax authority.

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

	2020	2019
	HK\$'000	HK\$'000
Loss before taxation	(54,711)	(25,624)
Tax at the respective applicable tax rate	(11,497)	(4,167)
Income not subject to taxation	(371)	(457)
Expenses not deductible for tax purpose	10,578	4,130
Tax effect of unrecognised tax loss	1,674	1,535
Tax effect of temporary difference not recognised	(35)	15
Effect of tax concessions granted to PRC subsidiaries	(218)	(312)
Under provision in prior years	–	174
	131	918
Taxation charged for the year	131	918

Deferred tax assets not recognised

At the end of the reporting period, the Group had unused tax losses arising in the PRC and Hong Kong of approximately HK\$12,661,000 (2019: HK\$12,840,000) and approximately HK\$59,597,000 (2019: HK\$53,505,000) respectively available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits stream. Under current tax regulation, tax losses arising in the PRC can be carried forward for five years from the year in which the respective loss arose while the tax losses arising in Hong Kong can be carried forward indefinitely.

Deferred tax liabilities not recognised

At the end of the reporting period, undistributed profits of subsidiaries amounted to approximately HK\$27,724,000 (2019: HK\$34,529,000). Withholding tax resulting from the distribution of such profits would amount approximately to HK\$2,772,000 (2019: HK\$3,453,000) if they are distributed to holding companies/shareholders outside of PRC. However, no deferred tax liabilities have been recognised in this respect as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

7. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2020 (2019: Nil).

8. LOSS PER SHARE

Basic and diluted loss per share

	2020 <i>HK cents</i>	2019 <i>HK cents</i>
Total basic and diluted loss per share	<u>(4.85)</u>	<u>(3.09)</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(41,475)</u>	<u>(26,410)</u>

	2020	2019
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<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 years ended 31 March 2020 and 2019 because they are antidilutive in calculating the diluted loss per share.

9. TRADE RECEIVABLES

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	–	786
31–60 days	39	142
61–90 days	–	4
Over 90 days	418	48
	<u>457</u>	<u>980</u>
Less: Allowance for expected credit losses	<u>(325)</u>	<u>(11)</u>
	<u>132</u>	<u>969</u>

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.

10. DEPOSIT FOR ACQUISITION OF NON-CONTROLLING INTERESTS/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 CineChina and to an independent third party, for the purpose of materialising the JV agreement:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Amount paid to CineChina	2,173	2,315
Amount paid to an independent third party	–	3,097
	<u>2,173</u>	<u>5,412</u>
Analysed as:		
Current	1,452	5,412
Non-current	721	–
	<u>2,173</u>	<u>5,412</u>

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. 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 reorganisation the capital of Bingo Cinema (Shanghai) Company Limited (“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 reorganisation. 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 utilised the funds for the cinema business through their connection in the PRC.

The management of the Company has taken into account the past repayment record, adjusted for forward-looking information that is available without undue cost or effort, of these parties and estimated that the expected credit loss rate was insignificant and no expected credit loss was recognised during the year ended 31 March 2019.

In March 2020, the amount paid to an independent third party of approximately RMB2,656,000 (equivalent to HK\$2,920,000) was refunded, and exchange loss of approximately HK\$177,000 was recorded during the year ended 31 March 2020.

On 25 February 2020, the Group entered into an acquisition agreement (“Acquisition Agreement”) with CineChina to acquire remaining 30% of the equity interests of Bingo Cinema Investment Company Limited (“BCIC”) and Bingo Cinema Management Company Limited (“BCMC”) at a cash consideration of HK\$721,000, which is classified as non-current. Immediately before entering into the Acquisition Agreement, the Group recorded a receivable balance of approximately RMB1,985,500 from CineChina. The consideration for the Acquisition Agreement of HK\$721,000 (equivalent to approximately RMB650,000) was net off against the receivable of RMB1,985,500 from CineChina. The remaining balance of approximately RMB1,335,500 (equivalent to HK\$1,480,000) has been collected by the Group subsequently in April 2020, and exchange gain of approximately HK\$28,000 relating to this receivable is to be recorded in the year ending 31 March 2021. The management of the Group assessed that no expected credit loss on the receivable from CineChina RMB1,985,500 is required to be recognised during the year ended 31 March 2020.

11. TRADE PAYABLES

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

	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Within 30 days	–	899
31–60 days	307	2
61–90 days	–	3
Over 90 days	40	5
	<u>347</u>	<u>909</u>

Payment terms with suppliers are generally within 30 days.

All amounts are short term and hence the carrying values of trade payables are considered to be a reasonable approximation of fair value.

12. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other payables and accruals (<i>note 1</i>)	<u>3,342</u>	<u>2,969</u>

notes:

1. Included in the amount mainly represents an auditor's remuneration of approximately HK\$800,000 (2019: HK\$800,000).
2. All of the other payables and accruals are expected to be settled within one year or are repayable on demand.

13. EVENTS AFTER REPORTING PERIOD

- (a) On 25 February 2020, the Group entered into an acquisition agreement with CineChina to acquire the remaining 30% of the equity interests of BCIC and BCMC, companies that are incorporated in Hong Kong at a cash consideration of HK\$721,000. The transaction was completed on 29 April 2020. Details of the acquisition are stated in the Company's announcements dated 25 February 2020 and 27 April 2020, and its circular dated 29 April 2020.
- (b) The outbreak of the COVID-19 in PRC and the subsequent quarantine measures imposed by the Chinese government in early 2020 have had a severe negative impact on the operations of the Group since January 2020, as all of the Group's cinemas are located in PRC. The Group had closed its cinemas since January 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic. In addition, as substantially all of the Group's subsidiaries and operations are located in PRC, the outbreak of the COVID-19 is expected to have a negative impact on these entities. This may in turn negatively affect the recoverability of Group's assets recorded in these subsidiaries, which are subject to impairment assessments as appropriate.

As the situation remains fluid as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of the COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated. Nevertheless, the COVID-19 outbreak is expected to materially affect the consolidated results of the Group for the first half and full year ending 31 March 2021, e.g. impairment of goodwill, property, plant and equipment, and right-of-use assets.

BUSINESS REVIEW

During the year ended 31 March 2020 (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\$22.9 million and gross profit of HK\$13.5 million were generated during the Year. The revenue and gross profit for the Year declined, as compared to revenue of HK\$38.0 million and gross profit of HK\$22.4 million generated in last year, principally 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, which covered the traditional peak season — Chinese New Year. No schedule of re-opening of cinemas is confirmed as at the date of this announcement. All cinemas of the Group are located in Hangzhou and Shanghai.

In the segment of Filmed Entertainment, New Media Exploitations and Licensing Businesses, 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.

In 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\$33.8 million) was lent to the JV Company. Another loan of RMB16 million (equivalent to HK\$17.5 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 Year. No appropriate VR or MR projects were located as at the date of this announcement. 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 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 (“PRC”) 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.

In view of uncertainty on the re-opening schedule of cinemas of the Group, the Group has made impairment losses on its cinema fixtures and equipment, and lease assets of approximately HK\$3.8 million and HK\$7.8 million respectively during the Year.

FINANCIAL REVIEW

During the Year, the Group recorded a total turnover of approximately HK\$22.9 million, representing a decrease of approximately 39.8% as compared with HK\$38.0 million for last year. The HK\$22.9 million turnover for the Year (2019: HK\$38.0 million) mainly consisted of the gross revenue of the Cinema Business of HK\$22.9 million (2019: HK\$38.0 million).

Save as the loss resulted from the misappropriation of funds by Mr. Yin of approximately RMB13 million (equivalent to HK\$14.5 million) and the impairment losses on the Group's fixed assets and lease assets totalling HK\$11.6 million, which are one-off in nature, there was overall decrease in the Group's expenses for the Year as compared to those for fiscal year 2018/19, which was resulted from implementation of various cost control measures.

The significant increase in net loss of the Group from approximately HK\$26.5 million in last year to approximately HK\$54.8 million for the Year is principally due to the decrease in revenue of cinema business, the loss from misappropriation of funds by Mr. Yin and impairment on the Group's fixed assets and lease assets.

LIQUIDITY, DEBT RATIO, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2020, the Group had total assets of approximately HK\$82.3 million (2019: HK\$115.3 million), including cash and cash equivalents of approximately HK\$38.1 million (2019: HK\$60.9 million). There was no pledged bank deposit as at 31 March 2020 (2019: Nil). As at 31 March 2020, the debt ratio (defined as total liabilities/total assets) was approximately 0.62 (2019: 0.32).

Although the Group's total assets decreased while total liabilities increased over the Year, the Group continued to hold strong cash and cash equivalents as at 31 March 2020, and the Board believes that the Group has sufficient resources to satisfy its working capital requirements. During the Year, the Group financed its operations principally with its own working capital. As at 31 March 2020, the Group did not have any bank overdraft (2019: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries during the year ended 31 March 2020.

EMPLOYEES

As at 31 March 2020, the Group had 78 (2019: 115) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$14.9 million during the Year (2019: HK\$17.0 million).

Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees. During the Year, the Company granted awarded shares to its directors and employees under its share award scheme, as follows:

Date	Grantee	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	Employees (<i>In aggregate</i>)	12,780,000

Save as the grant of awarded shares mentioned above, neither awarded shares nor share options was granted to the Group's directors or employees during the Year.

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 2020, the Group had no outstanding foreign currency hedge contracts (2019: Nil).

OUTLOOK

As of the date of this announcement, the coronavirus outbreak has killed nearly half million people and infected more than 9 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 no re-opening date is confirmed.

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.

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. In 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 has granted a loan to the JV Company of RMB16.0 million (equivalent to approximately HK\$17.5 million) 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.

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 2020, 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 2020. 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 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.

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 2020.

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 2020, 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 2020.

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 2020 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
Lau Man Kit
Executive Director

Hong Kong, 26 June 2020

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 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) for at least 7 days from its date of publication and on the website of the Company (www.bingogroup.com.hk).