



BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 presents the unaudited consolidated results of the Group for the three months and six months ended 30 September 2020, together with the unaudited comparative figures for the corresponding period in 2019 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 September		Six months ended 30 September	
		2020	2019	2020	2019
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	2	1,264	8,235	1,264	15,467
Cost of sales		(584)	(3,429)	(584)	(6,422)
Gross profit		680	4,806	680	9,045
Other revenue and other net income	3	563	772	1,082	1,060
Selling and marketing expenses		(53)	(434)	(53)	(916)
Administrative expenses		(7,911)	(10,476)	(13,653)	(18,285)
Share-based payments	5	(1,619)	(123)	(2,459)	(123)
Share of result of an associate		62	(3)	62	(3)
Finance costs	6	(621)	(1,605)	(1,482)	(3,159)
Loss before taxation	7	(8,899)	(7,063)	(15,823)	(12,381)
Taxation	8	–	(77)	(15)	(131)
Loss for the period		<u>(8,899)</u>	<u>(7,140)</u>	<u>(15,838)</u>	<u>(12,512)</u>
Loss attributable to:					
Owners of the Company		(7,731)	(7,173)	(14,132)	(12,141)
Non-controlling interests		(1,168)	33	(1,706)	(371)
		<u>(8,899)</u>	<u>(7,140)</u>	<u>(15,838)</u>	<u>(12,512)</u>
Dividend	9	–	–	–	–
Loss per share (cents per share)					
Basic and diluted	10	<u>(0.90)</u>	(0.84)	<u>(1.65)</u>	(1.42)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(8,899)	(7,140)	(15,838)	(12,512)
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations				
— Exchange differences arising during the period	<u>(116)</u>	<u>(873)</u>	<u>(158)</u>	<u>(1,692)</u>
Other comprehensive loss for the period, net of tax	<u>(116)</u>	<u>(873)</u>	<u>(158)</u>	<u>(1,692)</u>
Total comprehensive loss for the period	<u>(9,015)</u>	<u>(8,013)</u>	<u>(15,996)</u>	<u>(14,204)</u>
Total comprehensive loss attributable to:				
Owners of the Company	<u>(7,834)</u>	(8,085)	<u>(14,304)</u>	(13,910)
Non-controlling interests	<u>(1,181)</u>	<u>72</u>	<u>(1,692)</u>	<u>(294)</u>
	<u>(9,015)</u>	<u>(8,013)</u>	<u>(15,996)</u>	<u>(14,204)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2020	As at 31 March 2020
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,492	5,571
Right-of-use assets		2,477	10,829
Goodwill		950	950
Interests in an associate	12	318	169
Loan to an associate	12	18,208	17,512
Deposit for acquisition of non-controlling interests		–	721
Rental deposits		341	657
		23,786	36,409
CURRENT ASSETS			
Trade receivables	13	200	132
Other receivables, deposits and prepayments		5,720	6,203
Payments to parties for procurement for investment of cinema business		–	1,452
Cash and cash equivalents		21,189	38,146
		27,109	45,933
CURRENT LIABILITIES			
Trade payables	14	222	347
Deposits received, other payables and accruals		3,344	3,342
Convertible bonds		–	9,747
Lease liabilities		2,828	3,877
Contract liabilities		7,705	7,405
Tax payables		–	–
		14,099	24,718
NET CURRENT ASSETS		13,010	21,215
TOTAL ASSETS LESS CURRENT LIABILITIES		36,796	57,624

		As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Convertible bonds		12,704	11,793
Lease liabilities		6,762	14,237
		<u>19,466</u>	<u>26,030</u>
NET ASSETS		<u>17,330</u>	<u>31,594</u>
CAPITAL AND RESERVES			
Share capital	<i>15</i>	8,554	8,554
Reserves		8,873	26,977
		<u>17,427</u>	<u>35,531</u>
Non-controlling interests		<u>(97)</u>	<u>(3,937)</u>
TOTAL EQUITY		<u>17,330</u>	<u>31,594</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited consolidated results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These unaudited consolidated results also comply with the applicable disclosure provisions of the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance. These unaudited consolidated results have been prepared under historical cost convention except for certain financial instruments which are measured at fair value. The unaudited consolidated results are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2020 except as described below.

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

The interim results are unaudited but have been reviewed by the audit committee of the Company.

2. TURNOVER

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)
Revenue from cinema business	<u>1,264</u>	<u>8,235</u>	<u>1,264</u>	<u>15,467</u>

3. OTHER REVENUE AND OTHER NET INCOME

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)	2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)
Interest income	7	228	113	504
Government grants (<i>Note 1</i>)	245	536	596	536
Rent concession	308	–	344	–
Others	3	8	29	20
	<u>563</u>	<u>772</u>	<u>1,082</u>	<u>1,060</u>

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

4. SEGMENT INFORMATION

	Cinema Investment and Management <i>HK\$'000</i>	Filmed Entertainment New Media Exploitations and Licensing Businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2020			
(Unaudited)			
Segment Revenue	1,264	–	1,264
Segment Results			
Reportable segment result	(7,120)	990	(6,130)
Unallocated corporate expenses, net			(5,752)
Share-based payments			(2,459)
Finance costs			(1,482)
Loss before taxation			<u>(15,823)</u>
As at 30 September 2020 (Unaudited)			
Segment Assets			
Reportable segment assets	9,152	7,943	17,095
Interests in an associate			318
Loan to an associate			18,208
Unallocated corporate assets			15,274
Consolidated total assets			<u>50,895</u>
Segment Liabilities			
Reportable segment liabilities	(19,260)	–	(19,260)
Tax payables			–
Convertible bonds			(12,704)
Unallocated corporate liabilities			(1,601)
Consolidated total liabilities			<u>(33,565)</u>

	Cinema Investment and Management <i>HK\$'000</i>	Filmed Entertainment New Media Exploitations and Licensing Businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2019			
(Unaudited)			
Segment Revenue	15,467	–	15,467
Segment Results			
Reportable segment result	526	(2,274)	(1,748)
Interest income			504
Unallocated corporate expenses, net			(7,855)
Share-based payments			(123)
Finance costs			(3,159)
Loss before taxation			(12,381)
As at 31 March 2020 (Audited)			
Segment Assets			
Reportable segment assets	31,007	7,813	38,820
Interests in an associate			169
Loan to an associate			17,512
Unallocated corporate assets			25,841
Consolidated total assets			82,342
Segment Liabilities			
Reportable segment liabilities	26,790	–	26,790
Tax payables			–
Convertible bonds			21,540
Unallocated corporate liabilities			2,418
Consolidated total liabilities			50,748

Other segment information:

	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>	Total <i>HK\$'000</i>
For the six months ended				
30 September 2020 (Unaudited)				
Additions to property, plant and equipment	–	–	–	–
Interest income	13	91	9	113
Depreciation of property, plant and equipment	1,087	–	–	1,087
Depreciation of right-of-use assets	1,402	–	–	1,402
Impairment of deposits paid and other other receivables (<i>note 11</i>)	369	–	–	369
Impairment of right-of-use assets (<i>note 11</i>)	7,144	–	–	7,144
Loss on disposal of property, plant and equipment (<i>note 11</i>)	2,981	–	–	2,981
Write-back of lease liabilities (<i>note 11</i>)	(7,038)	–	–	(7,038)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
For the six months ended				
30 September 2019 (Unaudited)				
Additions to property, plant and equipment	445	–	–	445
Interest income	166	335	3	504
Depreciation of property, plant and equipment	1,295	–	25	1,320
Depreciation of right-of-use assets	1,363	–	286	1,649
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. SHARE-BASED PAYMENTS

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

Convertible bonds

Issuer:	The Company					Total
	1 June 2010	1 June 2011	1 June 2012	1 June 2013	1 June 2014	
Issue date:	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Principal amount:	25,000	5,000	5,000	5,000	5,000	45,000
Outstanding amount as at 30 September 2020:	–	5,000	5,000	5,000	5,000	20,000
Conversion period:	From 1 June 2010 to 31 May 2020	From 1 June 2011 to 31 May 2021	From 1 June 2012 to 31 May 2022	From 1 June 2013 to 31 May 2023	From 1 June 2014 to 31 May 2024	
Conversion price (<i>note a</i>):	HK\$0.544	HK\$0.544	HK\$0.544	HK\$0.544	HK\$0.544	
Maturity date:	31 May 2020	31 May 2022 (<i>note b</i>)	31 May 2023 (<i>note b</i>)	31 May 2024 (<i>note b</i>)	31 May 2025 (<i>note b</i>)	

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

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

Share Option Scheme

Details of specific categories of share options outstanding during the six months ended 30 September 2020 and 2019 are as follow:

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

Option type:	2015A	2016A	2017A	2018A	2020A
Grant date:	13-7-2015	7-7-2016	3-3-2017	17-9-2018	14-7-2020
Number of options granted:	40,250,000 (<i>note c</i>)	85,500,000 (<i>note c</i>)	39,750,000 (<i>note c</i>)	45,000,000 (<i>note c</i>)	25,500,000
Exercise period:	13-7-2015– 12-7-2020	7-7-2016– 6-7-2021	3-3-017– 2-3-2022	17-9-2018– 16-9-2023	14-7-2020– 13-7-2025
Exercise price:	HK\$0.940 (<i>note c</i>)	HK\$0.720 (<i>note c</i>)	HK\$0.540 (<i>note c</i>)	HK\$0.168 (<i>note c</i>)	HK\$0.074
Fair value when share options granted:	HK\$16,800,000	HK\$26,600,000	HK\$8,640,000	HK\$2,181,000	HK\$892,500

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

Share Award

On 14 August 2019, the Company adopted a share award scheme (the “Share Award Scheme”) and granted share awards up to 30 September 2020, as follows:

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

* As additional time is required for the trustee to acquire the awarded shares on market, subject to the terms and conditions of the Share Award Scheme, the Company and the grantees mutually agreed that the awarded shares, which were originally vested on the first anniversary of the date of grant, would change to be vested to the grantees on the second anniversary of the date of grant or the date when the trustee has completed the acquisition of all the awarded shares on market, whichever is earlier.

Certain awarded shares were lapsed subsequently in October 2020 (see Note 17 to Interim Financial Statements for details).

The share-based payments related to the above share awards recognized in the six months ended 30 September 2020 are as follows:

	<i>HK\$'000</i> (Unaudited)
Directors	556
Employees	432
Advisors	578
	<u>1,566</u>

6. FINANCE COSTS

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Imputed interest on convertible bonds	464	1,112	1,164	2,177
Interest expenses on lease liabilities	157	493	318	982
	<u>621</u>	<u>1,605</u>	<u>1,482</u>	<u>3,159</u>

7. LOSS BEFORE TAXATION

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Direct expenses of cinema business	584	3,429	584	6,422
Depreciation of property, plant and equipment	444	693	1,087	1,320
Depreciation of right-of-use assets	641	884	1,402	1,649
Exchange loss/(gain)	(957)	1,328	(848)	1,533
Short-term lease expenses	38	135	38	135
Impairment of deposits paid and other receivables (note 11)	369	–	369	–
Impairment of right-of-use assets (note 11)	7,144	–	7,144	–
Loss on disposal of property, plant and equipment (note 11)	2,981	–	2,981	–
Write-back of lease liabilities (note 11)	(7,038)	–	(7,038)	–
Staff costs (including directors' remuneration)				
Salaries and allowances	2,141	3,011	4,032	6,105
Equity settled share-based payments under Share Award Scheme	436	123	988	123
Retirement scheme contributions	171	211	330	660
Equity settled share-based payments paid to advisors	1,183	–	1,471	–

8. TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax				
The PRC	–	77	15	131

The taxation charge comprises:

Current tax				
The PRC	–	77	15	131

No provision for Hong Kong Profits Tax was made by the Group as the Group did not derive any assessable profits in Hong Kong for the six months ended 30 September 2020 and 2019.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 September 2020 and 2019.

9. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

10. LOSS PER SHARE

Basic and diluted loss per share

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Basic and diluted loss per share	<u>0.90</u>	<u>0.84</u>	<u>1.65</u>	<u>1.42</u>

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

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	<u>7,731</u>	<u>7,173</u>	<u>14,132</u>	<u>12,141</u>
	2020	2019	2020	2019
		(Restated)		(Restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>855,384,669</u>	<u>855,384,669</u>	<u>855,384,669</u>	<u>855,384,669</u>

The weighted average numbers of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 September 2019 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 six months ended 30 September 2020 and 2019 because they are antidilutive in calculating the diluted loss per share.

11. TERMINATION OF THE OPERATION OF A CINEMA

In September 2020, the Group has terminated the operation of a cinema of Hangzhou Linan Bingo Cinema Company Limited due to the poor business environment. Loss on the aforesaid termination of approximately HK\$3,456,000, which were the net amount of impairment loss of deposits paid and other receivables of approximately HK\$369,000, impairment loss of right-of-use assets of approximately HK\$7,144,000, loss on disposal of property, plant and equipment of approximately HK\$2,981,000 and the write-back of lease liabilities of approximately HK\$7,038,000, was recorded during the six months ended 30 September 2020.

12. INTERESTS IN AN ASSOCIATE

	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
Unlisted shares		
Share of net assets	8	(54)
Amount due from an associate (<i>note b</i>)	<u>310</u>	<u>223</u>
	<u>318</u>	<u>169</u>
Loan to an associate (<i>note c</i>)	<u>18,208</u>	<u>17,512</u>

The following list contains the particulars of the Group's associate:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by subsidiaries	
Goal Creation Game Limited	Incorporated	Hong Kong	100 shares of HK\$1 each	49%	–	49%	Investing in Virtual Reality and Mixed Reality Project

(a) Fair value of Investments

At the end of the reporting period, the Group's associate is a private company and there was no quote market price available for the investment.

(b) Amount due from an associate

The amount due from an associate is unsecured, interest-free and repayable on demand. The balance is denominated in HK\$ and approximate to their fair value.

(c) **Loan to an associate**

In September 2018, the Group entered into a loan agreement (“2018 Loan Agreement”) with the associate. Pursuant to 2018 Loan agreement, the Group advanced a loan of RMB29,000,000 (equivalent to approximately HK\$33,808,000 as at 31 March 2019) to the associate for one year. On 30 September 2019, part of the loan amounting to RMB13,000,000 (equivalent to approximately HK\$14,403,000 as at 30 September 2019) was repaid while the remaining loan balance amounting to RMB16,000,000 (equivalent to approximately HK\$17,512,000 as at 31 March 2020) was extended by entering into another loan agreement.

On 30 September 2019, the Group entered into a loan agreement (“2019 Loan Agreement”) with the associate. Pursuant to the 2019 Loan Agreement, the Group advanced a loan of RMB16,000,000 (equivalent to approximately HK\$18,208,000 as at 30 September 2020) to the associate for three years. The associate could place the proceeds of the loan into a bank as time deposit for interest income.

The loan is unsecured, bearing interest which is the same interest rate as for time deposit placed in the bank mentioned above, and repayable in September 2022.

Summarized financial information in respect of the material associate is set out below. The summarized financial information below represents amount shown in the associates’ financial statements prepared in accordance with HKFRSs:

	As at 30 September 2020 HK\$’000 (Unaudited)	As at 31 March 2020 HK\$’000 (Audited)
Current assets	18,535	17,625
Current liabilities	(18,518)	(17,735)
Net assets/(liabilities)	17	(110)
Share of net assets/(liabilities)	8	(54)
	=====	=====
	Six months ended 30 September 2020 HK\$’000 (Unaudited)	2019 HK\$’000 (Unaudited)
Revenue	–	–
Profit/(loss) for the period	127	(6)
Dividend received from the associate during the year	–	–
Cash flows from operating activities	214	(6)
Cash flows from investing activities	87	317
Cash flows from financing activities	(696)	(16,865)
	=====	=====

13. TRADE RECEIVABLES

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

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Within 30 days	143	–
31–60 days	–	39
61–90 days	–	–
Over 90 days	<u>389</u>	<u>418</u>
	532	457
Less: Allowance for expected credit losses	<u>(332)</u>	<u>(325)</u>
	<u>200</u>	<u>132</u>

For the cinema business and filmed entertainment, new media exploitations and licensing business segment, the credit terms granted by the Group to its customers normally ranged from COD (cash-on-delivery) to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. All trade receivables are expected to be recovered within one year.

14. TRADE PAYABLES

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

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Within 30 days	197	–
31–60 days	–	307
61–90 days	–	–
Over 90 days	<u>25</u>	<u>40</u>
	222	347

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.

15. SHARE CAPITAL

	As at 30 September 2020 (Unaudited)		As at 31 March 2020 (Audited)	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
At the beginning of the period/year, ordinary shares of HK\$0.01 (1 April 2019: HK\$0.04) each				
	20,000,000	200,000	5,000,000	200,000
Share consolidation (<i>note 1</i>)	–	–	(3,750,000)	–
Share subdivision (<i>note 1</i>)	–	–	18,750,000	–
	<u>20,000,000</u>	<u>200,000</u>	<u>20,000,000</u>	<u>200,000</u>
At the end of the period/year, ordinary shares of HK\$0.01 each				
	20,000,000	200,000	20,000,000	200,000
Issued and fully paid:				
At the beginning of the period/year, ordinary shares of HK\$0.01 (1 April 2019: HK\$0.04) each				
	855,385	8,554	3,421,539	136,861
Share consolidation (<i>note 1</i>)	–	–	(2,566,154)	–
Capital reduction (<i>note 1</i>)	–	–	–	(128,307)
	<u>855,385</u>	<u>8,554</u>	<u>855,385</u>	<u>8,554</u>
At the end of the period/year, ordinary shares of HK\$0.01 each				
	855,385	8,554	855,385	8,554

note 1: On 2 May 2019, the Company completed a capital reorganisation (the “Capital Reorganisation”) involving the share consolidation, the capital reduction and the share subdivision. The Capital Reorganisation was approved at the extraordinary general meeting held on 12 February 2019. Details of the Capital Reorganisation are stated in the Company’s circular dated 16 January 2019.

16. RELATED PARTY AND CONNECTED TRANSACTIONS

In addition to the balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party and connected transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors was as follows:

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Directors' fee, salaries, allowances and other benefits	387	377
Share-based payments	556	123
	943	500

(b) Connected transactions

Name of connected parties	Nature of transactions	Six months ended 30 September	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Goal Creation Game Limited	Interest Income from loan to an associate (<i>Note 12</i>)	87	317

(c) Outstanding balances with connected parties

Name of connected persons	Nature of transactions	30 September 2020 <i>HK\$'000</i> (Unaudited)	31 March 2020 <i>HK\$'000</i> (Audited)
		CineChina Limited (<i>note 1</i>)	Receivable of the Group for payment for procurement for investment of Cinema Business
	Deposit for acquisition of non-controlling interests	–	721

note 1: CineChina Limited held 30% equity interest in subsidiaries of the Company as at 31 March 2020 and it is considered a connected party under the GEM Listing Rules. As detailed in the Company's circular dated 29 April 2020, the Company has acquired the aforesaid 30% equity interest during the six months ended 30 September 2020.

17. EVENTS AFTER THE REPORTING PERIOD

(a) Lapse of Awarded Shares

On 14 October 2019, the Company granted certain awarded shares to its directors, employees and advisors. As a result of the termination of the certain consultancy agreements and one of the grantees of the awarded shares ceasing to be an employee of the Company, a total of 25,620,000 awarded shares granted to such grantees was lapsed on 15 October 2020 in accordance with the terms of the Company's share award scheme.

(b) Formation of Joint Venture Company

On 5 November 2020, a joint venture agreement (the "JV Agreement") is entered into between the Beijing Bingo Sky Culture Co., Ltd. ("WOFE Subsidiary") and the joint venture partner, pursuant to which the joint venture company (the "JV Company") will be established in Huzhou City, Zhejiang Province, the PRC.

It is expected that the JV Company will be engaged principally in brand management, development of film and television related peripheral products, copyrights and content management, new media, KOL live shows and e-commerce. The JV Company will be owned beneficially as to 51% by the WOFE Subsidiary and as to the balance of 49% by the joint venture partner. Upon establishment, the JV Company will become a 51% owned subsidiary of the Company.

Pursuant to the terms of the JV Agreement, the proposed registered capital of the JV Company will be RMB10,000,000. RMB5,100,000 will be contributed by the WOFE Subsidiary by way of cash or in such other recognized manner. RMB4,900,000 will be contributed by the joint venture partner by way of cash or in such other recognized manner.

18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the six months ended 30 September 2020 (the “Period”), Bingo Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) was principally engaged in movie production, licensing and derivatives, crossover marketing and provision of interactive contents (“Filmed Entertainment, New Media Exploitations and Licensing Businesses”) and cinema investment and management (“Cinema Business”).

OPERATION REVIEW

During the Period, the Group continues to focus on Filmed Entertainment, New Media Exploitations and Licensing Businesses and Cinema Business.

In view of the on-going development of the Cinema Business, this segment has become the prime revenue generator of the Group in the Period. Approximately revenue of HK\$1.3 million and gross profit of HK\$0.7 million were generated during the Period. The Group’s revenue and gross profit from the Cinema Business for the Period declined as compared to revenue of HK\$15.5 million and gross profit of HK\$9 million generated in the six month ended 30 September 2019 (the “Corresponding Period”). Due to outbreak of COVID-19 in the very beginning of Year 2020, all cinemas in Hangzhou and Shanghai could not open since late January 2020. In July 2020, cinemas in certain low-risk areas of the PRC were allowed to re-commence their businesses. The Group’s cinemas in Shanghai and Hangzhou have re-opened in August this year, and minimal amount of turnover was generated during the Period. It is, however, a good start to normalize the Group’s cinema operation. With respect to our cinema in Linan, we could not reach a conclusion of the business plan with the owner of the shopping mall where that cinema was located, and that cinema was closed in September 2020.

In the segment of Filmed Entertainment Business, the Group continued to locate suitable business opportunities. However, no appropriate target was spotted in the Period. Accordingly, no revenue was generated in this sector during the Period.

On 9 February 2018, Bingo Movie Development Limited (“Bingo Movie”), a wholly owned subsidiary of the Company and Lechuang Holdings (HK) Limited (“Lechuang”), an independent third party, entered into an agreement (the “JV Agreement”) in relation to the formation of the joint venture company (“JV Company”). The issued share capital of the JV Company will be owned as to 49% by Bingo Movie and as to 51% by Lechuang. The JV Company will be principally engaged in investment and development of VR (Virtual Reality) and MR (Mixed Reality) projects. Pursuant to the JV Agreement, Bingo Movie will enter into of a loan agreement with the JV Company, pursuant to which Bingo Movie will advance the loan of not less than HK\$25 million and not more than HK\$35 million to the JV Company for investment and development of relevant VR and MR projects. In September 2018, the loan agreement has been signed and RMB29 million (equivalent to HK\$33.4 million) was lent to the JV Company. Another loan of RMB16 million (equivalent to HK\$18.2 million) with a term of three years was granted to the JV Company on 30 September 2019. The difference between the new loan and old loan of RMB13 million with the accrued interest has been repaid to the Bingo Movie during the Period. No appropriate VR or MR projects were located as at the date of this interim report. For further details, please refer to the Company’s announcement dated 30 September 2019 and 7 November 2019.

FINANCIAL REVIEW

During the Period, the Group recorded a total turnover of approximately HK\$1.2 million, representing a decrease of approximately HK\$14.3 million compared with that of approximately HK\$15.5 million in the Corresponding Period. The turnover of the Group for the Period and the Corresponding Period principally represented revenue from Cinema Business. Loss for the Period of approximately HK\$15.8 million was recorded. As compared with the loss of HK\$12.5 million for the Corresponding Period, the loss increased by approximately HK\$3.3 million. The increase in loss for the Period was mainly attributable to the recognition of impairment loss on the termination of our cinema in Linan as mentioned in the “OPERATION REVIEW” above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2020, the Group had total assets of approximately HK\$50.9 million (31 March 2020: HK\$82.3 million), including cash and cash equivalents of approximately HK\$21.2 million (31 March 2020: HK\$38.1 million). There was no pledged bank deposit as at 30 September 2020 and 31 March 2020. During the Period, the Group financed its operations with its own working capital. As at 30 September 2020 and 31 March 2020, the Group did not have any bank overdraft. As at 30 September 2020, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.66 (31 March 2020: approximately 0.62). In view of the strong cash position of the Group which is adequate to cover all current liabilities of the Group as at 30 September 2020, the Board believes that the Group has sufficient resources to satisfy its working capital requirements.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries and affiliated companies during the Period.

FOREIGN EXCHANGE EXPOSURE

The Group’s exposures to foreign currencies mainly arises from receivables from PRC customers and its investment in foreign subsidiaries which are financed internally, and payables to PRC suppliers. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and will use suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Period. As at 30 September 2020, the Group had no outstanding foreign currency hedge contracts (31 March 2020: Nil).

EMPLOYEES

As at 30 September 2020, the Group had 76 (31 March 2020: 78) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$5.4 million during the Period (Corresponding Period: approximately HK\$6.9 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.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

OUTLOOK

As of the date of this interim report, the coronavirus outbreak has killed more than one million people and infected over 50 million people globally. Although the situation in China is better than many countries in the West, the economy in China is still shocked to a certain extent. The cinemas have been ordered to be closed since early Year 2020, and certain cinemas in the PRC are just allowed to be re-opened in late July 2020.

In spite of the wide-spreading of coronavirus mentioned above, the Group may continue to grasp other business opportunities in investments in cinemas in the PRC and attractive movies, when appropriate. While the Group continued its existing businesses, the Group will put more focus onto locating other business opportunities with enormous potentials, including provision of consultancy services, online games developing and operating businesses, and investments in China cultural industry.

In November 2020, a wholly owned subsidiary of the Company entered into an agreement ("JV Agreement") to establish a joint venture (the "JV Company") in Huzhou City, Zhejiang Province, the PRC. It is expected that the JV Company will be engaged principally in brand management, development of film and television related peripheral products, copyrights and content management, new media, KOL live shows and ecommerce. Application will be made to the relevant PRC authorities for the necessary permits and business licences for the establishment of the JV Company.

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

The Board believes that the Group's existing businesses can create a synergistic effect with the above-mentioned new businesses and will benefit the Group in the future.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SHARES

For the six months ended 30 September 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established its audit committee (the "Audit Committee") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The Audit Committee will also be responsible for reviewing and supervising the Company's financial reporting, risk management and internal control systems. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ong King Keung (Chairman), Ms. Choi Mei Ping and Mr. Tsui Wing Tak. The Group's unaudited results for the six months ended 30 September 2020 have been reviewed by the Audit Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 September 2020.

CORPORATE GOVERNANCE

The Board considers that the Company has complied with the code provisions of Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 15 to the GEM Listing Rules throughout the six months ended 30 September 2020, except for the following deviations:

Chairman and Chief Executive Officer

The Company does not have the Chairman of the Board and the Chief Executive Officer during the six months ended 30 September 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 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 as far as possible, 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.

NON-COMPLIANCE WITH RULES 5.05(1) AND 5.28 OF GEM LISTING RULES

Following the resignation of Mr. Tsoi Chiu Yuk as an independent non-executive Director and cessation as a member of the Audit Committee on 6 May 2020, the Company had only two independent non-executive Directors. As such, the number of independent non-executive Directors fell below the minimum number as required under Rule 5.05(1) of GEM Listing Rules. Further, there were only two members of the Audit Committee. As such, Rule 5.28 of GEM Listing Rules was not complied with.

The Company has already appointed Mr. Tsui Wing Tak as an independent non-executive Director and a member of Audit Committee, with effect from 5 August 2020, and Rules 5.05(1) and 5.28 of GEM Listing Rules have been complied with accordingly.

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

Hong Kong, 13 November 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, Mr. Ong King Keung and Mr. Tsui Wing Tak as independent non-executive Directors.

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