



BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

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 nine months ended 31 December 2022, together with the unaudited comparative figures for the corresponding period in 2021 were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Three months ended		Nine months ended	
		31 December		31 December	
		2022	2021	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	2	831	2,697	2,646	6,067
Cost of sales		(321)	(1,108)	(1,068)	(2,560)
Gross profit		510	1,589	1,578	3,507
Other revenue and other net income	3	388	167	1,519	976
Selling and marketing expenses		(67)	(27)	(166)	(90)
Administrative expenses		(3,698)	(3,807)	(10,746)	(12,165)
Share-based payments	4	–	(3)	–	(1,218)
Share of result of an associate		–	18	(20)	6
Finance costs	5	(474)	(646)	(1,405)	(1,878)
Loss before taxation	6	(3,341)	(2,709)	(9,240)	(10,862)
Taxation	7	–	–	–	–
Loss for the period		<u>(3,341)</u>	<u>(2,709)</u>	<u>(9,240)</u>	<u>(10,862)</u>
Loss attributable to:					
Owners of the Company		(3,292)	(2,742)	(9,139)	(10,170)
Non-controlling interests		(49)	33	(101)	(692)
		<u>(3,341)</u>	<u>(2,709)</u>	<u>(9,240)</u>	<u>(10,862)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
			(Restated)		(Restated)
Loss per share	9				
Basic and diluted		<u>(3.21)</u>	<u>(2.76)</u>	<u>(8.90)</u>	<u>(11.27)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(3,341)	(2,709)	(9,240)	(10,862)
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations				
— Exchange differences arising during the period	<u>(347)</u>	<u>(183)</u>	<u>1,040</u>	<u>(275)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>(347)</u>	<u>(183)</u>	<u>1,040</u>	<u>(275)</u>
Total comprehensive loss for the period	<u>(3,688)</u>	<u>(2,892)</u>	<u>(8,200)</u>	<u>(11,137)</u>
Other comprehensive income/(loss) attributable to:				
Owners of the Company	<u>(283)</u>	<u>(173)</u>	<u>958</u>	<u>(263)</u>
Non-controlling interests	<u>(64)</u>	<u>(10)</u>	<u>82</u>	<u>(12)</u>
	<u>(347)</u>	<u>(183)</u>	<u>1,040</u>	<u>(275)</u>
Total comprehensive loss attributable to:				
Owners of the Company	<u>(3,575)</u>	<u>(2,915)</u>	<u>(8,181)</u>	<u>(10,433)</u>
Non-controlling interests	<u>(113)</u>	<u>23</u>	<u>(19)</u>	<u>(704)</u>
	<u>(3,688)</u>	<u>(2,892)</u>	<u>(8,200)</u>	<u>(11,137)</u>

NOTES TO THE CONDENSED QUARTERLY FINANCIAL INFORMATION

1. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2022.

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

The third quarterly 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		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from cinema business	<u>831</u>	<u>2,697</u>	<u>2,646</u>	<u>6,067</u>

3. OTHER REVENUE AND OTHER NET INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	7	48	11	196
Government grants (<i>note a</i>)	44	–	373	–
Rent concession	337	–	1,135	48
Gain on disposal of a subsidiary	–	–	–	311
Others	–	119	–	421
	<u>388</u>	<u>167</u>	<u>1,519</u>	<u>976</u>

note a: The government grants represent the subsidies received by the Group (i) from the government of the PRC for the operation of cinemas in the PRC; and (ii) from the government of the HKSAR for the Employment Support Scheme 2022 in Hong Kong. There are no unfulfilled conditions or contingencies relating to these grants.

4. 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

	2011 CB				2022 CB
	Tranche 2	Tranche 3	Tranche 4	Tranche 5	
Principal amount	HK\$5,000,000	HK\$5,000,000	HK\$5,000,000	HK\$5,000,000	HK\$19,000,000
Share price (<i>note a</i>)	HK\$0.035	HK\$0.035	HK\$0.035	HK\$0.035	HK\$0.212
Interest	Zero coupon				
Conversion price (<i>note b</i>)	HK\$5.3	HK\$5.3	HK\$5.3	HK\$5.3	HK\$0.275
Maturity date (<i>note c</i>)	1 June 2022	1 June 2023	1 June 2024	1 June 2025	31 December 2025

note a: HK\$0.035 is share price as at 31 March 2020 for Tranche 2 to Tranche 5 of 2011 CB, which is the date of undertaking by the bondholder given to the Company to extend the maturity dates of the convertible bonds by one year. The outstanding 2011 CB has been fully settled by issuing of 2022 CB to Mr. CHIAU Sing Chi, holder of 2011 CB, on 17 March 2022. Share price for 2022 CB of HK\$0.212 represents share price as at 17 March 2022 which is the issue date of 2022 CB.

note b: HK\$5.3 is the conversion price of 2011 CB before extinguishment.

note c: Tranche 2 to Tranche 5 of 2011 CB had been extinguished on 17 March 2022.

Share Option Scheme

Details of specific categories of options are as follows:

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

Option type:	2018A	2020A	2021A
Grant date:	17-9-2018	14-7-2020	6-7-2021
Number of options granted:	180,000,000	25,500,000	25,620,000
Exercise period:	17-9-2018– 16-9-2023	14-7-2020– 13-7-2025	6-7-2021– 5-7-2026
Exercise price:	HK\$0.042	HK\$0.074	HK\$0.084
Adjusted exercise price: (<i>note d</i>)	HK\$1.68	HK\$0.74	HK\$0.84
Fair value:	HK\$2,181,000	HK\$893,000	HK\$1,168,000

note d: The exercise price was adjusted due to share consolidation on 2 May 2019 and 16 March 2022 (as the case may be).

Share Award

On 14 August 2019, the Company adopted a share award scheme (the “Share Award Scheme”) and granted share awards up to 31 December 2022, as follows:

Date of grant	Category	Number of awarded shares granted	Number of awarded shares lapsed	Number of awarded shares cancelled	Number of awarded shares outstanding as at 31 December 2022	Original vesting period	notes
16 August 2019	Director: CHIAU Sing Chi	855,000	–	(855,000)	–	One year from the date of grant	<i>e, g</i>
14 October 2019	Director: CHOW Man Ki Kelly	424,000	–	(424,000)	–	One year from the date of grant	<i>f, g</i>
	Employees (in aggregate)	1,278,000	(854,000)	(424,000)	–	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	<i>f, g</i>
	Advisors (in aggregate)	1,708,000	(1,708,000)	–	–	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	

note e: As additional time was 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 Mr. CHIAU Sing Chi, the grantee, in August 2021 mutually agreed that the awarded shares, which were originally vested on the first anniversary of the date of grant, changed to be vested to the grantees on 16 August 2024 or the date when the trustee has completed the acquisition of all the awarded shares on market, whichever is earlier.

note f: Among 1,278,000 awarded shares granted to employees on 14 October 2019, 424,000 awarded shares were granted to Ms. CHOW Nga Chee Alice, who were subsequently appointed as an executive Director on 31 March 2021. Except for these 424,000 awarded shares granted to Ms. CHOW Nga Chee Alice, the remaining 854,000 awarded shares granted to employees and 1,708,000 awarded shares granted to advisors have been lapsed before 1 April 2022.

As additional time was 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 each of Ms. CHOW Man Ki Kelly and Ms. CHOW Nga Chee Alice in October 2021 mutually agreed that the awarded shares, which were originally vested evenly on the first and second anniversary of the date of grant, changed to be vested to her all together on 16 August 2024 or the date when the trustee has completed the acquisition of all the awarded shares on market, whichever is earlier.

note g: On 14 August 2022, in order to reduce administrative cost of the Company and improve the cashflow position of the Company, the Board has resolved to terminate the share award scheme with effect from the same date. As at 14 August 2022, none of the awarded shares previously granted to the grantees have been vested and the relevant grantees agreed with the Company to cancel such award without compensation.

No share-based payments was recognized in the nine months ended 31 December 2022 (2021: 1,218,000, HK\$51,000 of which is related to awarded shares granted to Ms. CHOW Nga Chee Alice (executive Director) and HK\$777,000 of which is related to share options granted to Ms. CHOW Man Ki Kelly (executive Director) and Ms. CHOW Nga Chee Alice (executive Director)).

5. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Imputed interest on convertible bonds	421	558	1,218	1,608
Interest expenses on lease liabilities	53	88	187	270
	<u>474</u>	<u>646</u>	<u>1,405</u>	<u>1,878</u>

6. LOSS BEFORE TAXATION

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Direct expenses of cinema business	321	1,108	1,068	2,560
Depreciation of property, plant and equipment	3	104	3	538
Depreciation of right-of-use assets	–	346	–	801
Exchange (gain)/loss	(179)	(314)	1,454	(536)
Impairment of deposits paid and other receivables	–	–	–	3
Staff costs (including directors' remuneration)				
— Salaries and allowance	1,532	1,693	4,366	5,415
— Equity settled share-based payments	–	3	–	828
— Retirement scheme contributions	210	158	608	472
Equity settled share-based payments paid to advisors	–	–	–	390

7. TAXATION

No provision for Hong Kong Profits Tax was made by the Group as the Group did not derive any assessable profits in Hong Kong for the nine months ended 31 December 2022 and 2021.

No provision for Enterprise Income Tax was made by the PRC subsidiaries of the Group, as these subsidiaries did not derive any taxable profits during the nine months ended 31 December 2022 and 2021.

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: Nil).

9. LOSS PER SHARE

Basic and diluted loss per share

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>
		(Restated)		(Restated)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Basic and diluted loss per share	<u>(3.21)</u>	<u>(2.76)</u>	<u>(8.90)</u>	<u>(11.27)</u>

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<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>(3,292)</u>	<u>(2,742)</u>	<u>(9,139)</u>	<u>(10,170)</u>

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
		(Restated)		(Restated)
Weighted average number of ordinary shares for the purpose of basis loss per share	<u>102,644,466</u>	<u>99,483,576</u>	<u>102,644,466</u>	<u>90,203,740</u>

The weighted average numbers of ordinary shares for the purpose of calculating basic loss per share for the three and nine months ended 31 December 2021 have been retrospectively adjusted to reflect the share consolidation with effect from 16 March 2022.

The incremental shares from assumed exercise of share options granted by the Company and conversion of the Company's outstanding convertible bonds are excluded in calculating the diluted loss per share during the nine months ended 31 December 2022 and 2021 because they are antidilutive in calculating the diluted loss per share.

10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Contributed surplus	Equity component of convertible bonds	Share option reserve	Shares held for the share award scheme	Exchange reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021 (Audited)	8,554	420,810	132,237	40	7,563	1,687	(2,081)	(559,411)	9,399	(578)	8,821
Loss for the period	-	-	-	-	-	-	-	(10,170)	(10,170)	(692)	(10,862)
Other comprehensive loss for the period											
— Exchange difference arising on translation	-	-	-	-	-	-	(263)	-	(263)	(12)	(275)
Total comprehensive loss for the period	-	-	-	-	-	-	(263)	(10,170)	(10,433)	(704)	(11,137)
Issue of share options	-	-	-	-	1,167	-	-	-	1,167	-	1,167
Lapse of share options	-	-	-	-	(4,095)	-	-	4,095	-	-	-
Issue of shares on placement	1,710	3,751	-	-	-	-	-	-	5,461	-	5,461
Equity settled share award arrangement	-	-	-	-	-	51	-	-	51	-	51
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	351	351
At 31 December 2021 (Unaudited)	10,264	424,561	132,237	40	4,635	1,738	(2,344)	(565,486)	5,645	(931)	4,714
At 1 April 2022 (Audited)	10,265	424,560	132,237	8,743	2,788	1,738	(2,360)	(572,170)	5,801	(1,154)	4,647
Loss for the period	-	-	-	-	-	-	-	(9,139)	(9,139)	(101)	(9,240)
Other comprehensive loss for the period											
— Exchange difference arising on translation	-	-	-	-	-	-	958	-	958	82	1,040
Total comprehensive loss for the period	-	-	-	-	-	-	958	(9,139)	(8,181)	(19)	(8,200)
Cancellation of awarded shares	-	-	-	-	-	(1,738)	-	1,738	-	-	-
At 31 December 2022 (Unaudited)	10,265	424,560	132,237	8,743	2,788	-	(1,402)	(579,571)	(2,380)	(1,173)	(3,553)

11. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the nine months ended 31 December 2022 (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.

Cinema Business

In view of the on-going development of the Cinema Business, this segment is the prime revenue generator of the Group in the Period. Approximately revenue of HK\$2.6 million and gross profit of HK\$1.6 million were generated during the Period. The Group’s revenue and gross profit from the Cinema Business for the Period decreased as compared to revenue of HK\$6.1 million and gross profit of HK\$3.5 million generated in the nine month ended 31 December 2021 (the “Corresponding Period”). Due to outbreak of COVID-19 in the very beginning of Year 2020, all cinemas in Hangzhou and Shanghai could not open since late January 2020. In July 2020, cinemas in certain low-risk areas of the PRC were allowed to recommence their businesses. The Group’s cinemas in Shanghai and Hangzhou were just reopened in August 2020. However, the COVID-19 spread in Shanghai and part of Yangtze River Delta region again, and our cinema in Shanghai could not open from early March 2022 to late July 2022 and that in Hangzhou suspended the business for one week in April 2022. Together with the overall unsatisfactory box office in the PRC in the Period, the Group’s revenue for the Period decreased significantly as compared to that in the nine months ended 31 December 2022.

Filmed Entertainment Business

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.

New Media Exploitations and Licensing Business

VR (Virtual Reality) and MR (Mixed Reality)

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, the name of which is Goal Creation Game Limited (“Goal Creation”). The issued share capital of Goal Creation 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 and MR projects. Pursuant to the JV Agreement, Bingo Movie will enter into of a loan agreement with Goal Creation, pursuant to which Bingo Movie will advance the loan of not less than HK\$25 million and not more than HK\$35 million to Goal Creation for investment and development of relevant VR and MR projects. In September 2018, the loan agreement has been signed and RMB29 million (equivalent to approximately HK\$32.5 million) was lent to Goal Creation. Another loan of RMB16 million (equivalent to approximately HK\$17.9 million) with a term of three years was granted to Goal Creation on 30 September 2019. The difference between the new loan and old loan of RMB13 million (equivalent to approximately HK\$14.6 million) with the accrued interest has been repaid to the Bingo Movie in Year 2018. The Group withdrew the loan of RMB3 million (equivalent to approximately HK\$3.4 million) in October 2021 and the remaining of RMB13 million (equivalent to approximately HK\$14.6 million) has been fully repaid to the Group during the Period. Since the business environment of VR and MR in the PRC is affected by COVID-19 seriously, we still have to adopt prudent approach on our investments, even though we are still optimistic on the development of VR and MR projects in the long run. No appropriate VR or MR project was located up to the date of this announcement. Goal Creation will still closely monitor this market and invest in it with the Group’s consent, if appropriate target is spotted. For further details, please refer to the Company’s announcement dated 30 September 2019 and 7 November 2019.

Augmented Reality Digital Live Action Role-playing Game

On 23 December 2021 (after trading hours), the Company and 廣州玖的文化科技有限公司 (Guangzhou Jiu De Cultural and Technology Company Limited[#]) (“Business Partner” or “Jiu De”) entered into a framework agreement (the “Framework Agreement”) whereby the parties agreed to negotiate in good faith to enter into a legally binding formal agreement (the “Formal Agreement”) on the formation of a joint venture for carrying out business cooperation on the development of augmented reality digital live action role-playing game (“LARP”) projects.

Pursuant to the Framework Agreement, it was agreed that the Company and the Business Partner shall form a joint venture in Guangzhou, China, which shall be owned as to 51% and 49% by the Company and the Business Partner, and the board of the joint venture shall have 3 directors, 2 of which shall be nominated by the Company and 1 of which shall be nominated by the Business Partner.

The Company has been exploring business opportunities leveraging on its movie production, licensing and derivatives, crossover marketing and provision of interactive contents business experience and knowledge in the past year and considered that such business experience and the IPs of the films would be valuable resources in developing various new forms of entertainments to capture the ever-changing consumer markets for entertainment and games in China. On the other hand, LARP games have been developing rapidly in the recent years and have become one of the most popular entertainments for the consumers in China, particularly the younger generations. The Business Partner is an experienced LARP projects developer and/or its associate run the famous LARP platform “玖號房” (Room No. 9#) which is a well-established LARP game system in China. The Company considers the potential cooperation with the Business Partner would bring a synergy of the strengths of the parties and would be an opportunity for the Company to tap into the growing LARP markets as well as the heated augmented reality and virtual reality application business.

The joint venture with Jiu De has been established in the PRC in May 2022, but the business operation is yet to be commenced.

Movie-themed Tourbillon Watches

On 27 October 2022, High Art Limited (“High Art”), a wholly-owned subsidiary of the Group, entered into a joint venture agreement with Memorigin Watch Company Limited (“Memorigin”) and Topping Mark Limited (“Topping Mark”) in relation to the formation of a joint venture company with an aggregate share capital of HKD2,000,000. Memorigin is an independent third party to the Group and the first Hong Kong brand which only produces tourbillon. Topping Mark is wholly owned by Ms. CHOW Man Ki Kelly, an executive director of the Company. The Company has been exploring business opportunities leveraging on its movie production, licensing and derivatives, crossover marketing in the past year and considered that such business experience and the IPs of the films would be valuable resources in developing various new business areas which will potentially enhance returns for the Shareholders. Under the cooperation plan, High Art is intended to develop, design, market and sell movie-themed tourbillon watches together with Memorigin and Topping Mark.

The English names used in the section of “OPERATION REVIEW” are transliteration of their Chinese names for illustrative purpose only.

Pursuant to the terms of the joint venture agreement, each of High Art, Memorigin, and Topping Mark would contribute HK\$1,200,000, HK\$400,000 and HK\$400,000, respectively, in cash to the share capital of the joint venture company. Upon the completion of the formation of the joint venture company, the equity interest of the joint venture company will be owned as to 60%, 20% and 20% by High Art, Memorigin and Topping Mark, respectively.

FINANCIAL REVIEW

During the Period, the Group recorded a total turnover of approximately HK\$2.6 million, representing a decrease of approximately HK\$3.5 million compared with that of approximately HK\$6.1 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\$9.2 million was recorded. As compared with the loss of HK\$10.9 million for the Corresponding Period, the loss decreased by approximately HK\$1.7 million. The decrease in loss for the Period was mainly attributable to the tightened cost control measures implemented during the Period to react the severe business environment. Administrative expenses decreased from approximately HK\$12.2 million for the Corresponding Period to approximately HK\$10.7 million for the Period.

OUTLOOK

As of the date of this announcement, the coronavirus outbreak has killed over 6 million people and infected more than 600 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. Especially COVID-19 Omicron Variant have spread in Shanghai in March 2022. The cinemas in Shanghai have been ordered to be closed since then and are just allowed to be re-opened in late July 2022. The cinema businesses in China was affected again. Our cinema in Shanghai has ceased to operate for nearly four months since late March 2022, and our cinema in Hangzhou had a shorter lockdown period. It was closed for approximately one week since late April 2022 and had re-opened on 1 May 2022 already. Even so, the box office in the 2023 Chinese New Year in the PRC was over RMB6.7 billion, which is the second highest in the historical record. This is encouraging to the China cinema industry and our cinema business is benefited accordingly.

In addition to cinema business, entertainment business, including VR and MR businesses, is one of the commercial sectors suffered by COVID-19 seriously in the PRC. Goal Creation, the associate of the Group, has been trying to locate appropriate VR and MR projects. However, no appropriate one was located during the Period. Although the Group considers that there is still growth potential in investment of VR and MR projects, the Group did not extend the loan of RMB16 million to Goal Creation and the full amount has been refunded to the Group in September 2022. Goal Creation will continue to spot any appropriate VR and MR projects to invest.

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 online games developing and operating businesses, intellectual property licensing business, and investments in China cultural industry.

As mentioned in the section of “OPERATION REVIEW” above, the Company has entered into the Framework Agreement with Jiu De about the business cooperation on the development of LARP projects. The Board is optimistic on this project but will finalise the terms of the details of the business plan carefully in view of difficult time of running entertainment business in the PRC currently. In relation to the business of movie-themed tourbillon watches, we are making effort to launch the business in Year 2023.

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

OTHER INFORMATION

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, the following Directors of the Company had or were deemed to have interests or short positions in the shares (the “Shares”), underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section

352 of the SFO, to be entered in the register referred to herein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

Long positions in the shares of the Company

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Chiau Sing Chi	Beneficial owner	2,757,352	2.69%
	Held by trust (<i>Note 1</i>)	40,212,124	39.17%
Ms. Chow Man Ki Kelly	Held by trust (<i>Note 1</i>)	40,212,124	39.17%

Notes:

1. These shares are registered in the name of Beglobal Investments Limited and Golden Treasure Global Investment Limited. Beglobal Investments Limited and Golden Treasure Global Investment Limited are companies indirectly owned by the trust, the discretionary objects of which are Mr. CHIAU Sing Chi, Ms. CHOW Man Ki Kelly and their family.
2. The total number of the issued share capital of the Company as at 31 December 2022 was 102,644,466.

Long positions in the underlying shares of the Company

Please refer to page 19 of this announcement for the share options held by the Directors as at 31 December 2022.

Pursuant to a subscription and settlement agreement and the supplemental agreement entered into between Mr. CHIAU Sing Chi (“Mr. Chiau”) and the Company on 7 December 2021 and 28 December 2021 respectively, the convertible bonds in principal of HK\$19,000,000 were issued to Mr. Chiau and 69,090,090 number of Shares which would be allotted and issued upon the exercise in full of the convertible bonds, which were held by Mr. Chiau, as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors, as at 31 December 2022, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short in the Shares or underlying Shares (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who is expected, directly and indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or (iii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Long positions in the shares and underlying shares of the Company

Name of Shareholders	Number of Shares held	Approximate percentage of issued share capital of the Company
Sinostar FE (PTC) Limited (<i>Note 1</i>)	40,212,124	39.17%
Treasure Offshore Holdings Limited (<i>Note 1</i>)	40,212,124	39.17%
Beglobal Investments Limited (<i>Note 2</i>)	40,212,124	39.17%
Golden Treasure Global Investment Limited (<i>Note 2</i>)	7,250,000	7.06%
KO Kin Hang	5,135,500	5.00%

Note:

1. Mr. CHIAU Sing Chi, Ms. CHOW Man Ki, Kelly and their family are the beneficiaries of a discretionary trust of which Sinostar FE (PTC) Limited (“Sinostar”) is the trustee. Sinostar as the trustee of the discretionary trust is the sole shareholder of Treasure Offshore Holdings Limited, which is the sole shareholder of Beglobal Investments Limited.
2. Beglobal Investments Limited directly holds 32,962,124 shares of the Company (representing approximately 32.11% of the issued share capital of the Company) and indirectly holds 7,250,000 shares of the Company (representing approximately 7.06% of the issued share capital of the Company) through Golden Treasure Global Investment Limited as at 31 December 2022.
3. The total number of the issued share capital of the Company as at 31 December 2022 was 102,644,466.

SHARE OPTION SCHEME

The Company’s share option scheme was adopted pursuant to resolution passed on 15 August 2012 (the “Scheme”) for the primary purpose of providing incentives to directors, eligible employees and participants who have contributed to the Group, and expired on 14 August 2022. Under the Scheme, the board of directors of the Company may grant options to full-time or part-time employees including directors (executive and non-executive) and any advisor, consultant, supplier, distributor, contractor, agent, business partner, promoter, service provider or customer of the Company or any of its subsidiaries, to subscribe for shares in the Company.

Details of the share options granted to the Directors under the Scheme and movements in such holdings during the Period were as follows:

Category	Option type (Note 1)	Number of options held as at 1 April 2022 (Note 2) '000	Number of options granted '000	Number of options exercised '000	Number of options cancelled/ lapsed (Note 2) '000	Number of options held as at 31 December 2022 (Note 2) '000
Directors						
CHOW Man Ki Kelly	2018A	750	–	–	–	750
	2021A	854	–	–	–	854
CHOW Nga Chee Alice	2018A	750	–	–	–	750
	2021A	854	–	–	–	854
Employees	2018A	750	–	–	–	750
Advisors						
HAO Jing	2020A	850	–	–	–	850
CHAN Ka Yin	2021A	854	–	–	–	854
		5,662	–	–	–	5,662
		5,662	–	–	–	5,662

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

Note 2: The number of share options mentioned are adjusted to reflect the share consolidation effective on 2 May 2019 and 16 March 2022 (as the case may be).

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES” and “SHARE OPTIONS SCHEME” above, none of the Directors or employees of the Group or their associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 31 December 2022.

COMPETING INTEREST

None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the nine months ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established its audit committee (the "Committee") with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the Committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advices and comments thereon to the Board. The Committee will also be responsible for reviewing and supervising the Company's financial reporting, risk management and internal control systems. The Committee comprises three independent non-executive Directors, namely Mr. TSUI Wing Tak (Chairman), Ms. CHOI Mei Ping and Ms. CHAN Yuet Ching. The Group's unaudited results for the nine months ended 31 December 2022 have been reviewed by the Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the nine months ended 31 December 2022.

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

Hong Kong, 13 February 2023

As at the date of this announcement, the Board comprises Mr. CHIAU Sing Chi, Ms. CHOW Man Ki Kelly, Mr. LAU Man Kit, Ms. CHOW Nga Chee Alice and Mr. YIP Yiu Bong as executive Directors, and Ms. CHOI Mei Ping, Mr. TSUI Wing Tak and Ms. CHAN Yuet Ching 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).