



BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

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 2023, together with the audited comparative figures for the corresponding year in 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3,4	5,522	8,494
Cost of sales and services		(2,306)	(3,643)
Gross profit		3,216	4,851
Other revenue and other net income	5	1,518	2,108
Selling and marketing expenses		(222)	(98)
Administrative expenses		(13,705)	(15,797)
Impairment of property, plant and equipment		–	(209)
Impairment of right-of-use assets		–	(1,714)
Gain on lease modification		2,718	–
Share-based payments		–	(1,219)
Share of result of an associate		(20)	8
Finance costs		(1,882)	(2,601)
Loss before taxation	6	(8,377)	(14,671)
Taxation	7	–	–
Loss for the year		(8,377)	(14,671)
Loss attributable to:			
Owners of the Company		(9,030)	(13,779)
Non-controlling interests		653	(892)
		(8,377)	(14,671)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	9		
Basic and diluted		(8.80)	(14.77)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	<u>(8,377)</u>	<u>(14,671)</u>
Other comprehensive income/(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	810	(335)
— Release of translation reserve upon disposal of subsidiaries	<u>—</u>	<u>37</u>
Other comprehensive income/(loss) for the year, net of tax	<u>810</u>	<u>(298)</u>
Total comprehensive loss for the year	<u><u>(7,567)</u></u>	<u><u>(14,969)</u></u>
Other comprehensive income/(loss) attributable to:		
Owners of the Company	749	(279)
Non-controlling interests	<u>61</u>	<u>(19)</u>
	<u><u>810</u></u>	<u><u>(298)</u></u>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	(8,281)	(14,058)
Non-controlling interests	<u>714</u>	<u>(911)</u>
	<u><u>(7,567)</u></u>	<u><u>(14,969)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		126	5
Right-of-use assets		–	–
Interests in an associate		16	570
Rental deposits		343	547
		<hr/> 485	<hr/> 1,122
CURRENT ASSETS			
Trade receivables	<i>10</i>	135	67
Other receivables, deposits and prepayments		547	6,365
Loan to an associate		–	16,029
Cash and cash equivalents		22,993	11,824
		<hr/> 23,675	<hr/> 34,285
CURRENT LIABILITIES			
Trade payables	<i>11</i>	142	72
Other payables and accruals	<i>12</i>	3,748	3,717
Contract liabilities		7,423	8,266
Lease liabilities		556	2,689
		<hr/> 11,869	<hr/> 14,744
NET CURRENT ASSETS		<hr/> 11,806	<hr/> 19,541
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 12,291	<hr/> 20,663

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Convertible bonds	13,146	11,501
Lease liabilities	1,265	4,515
	<u>14,411</u>	<u>16,016</u>
NET (LIABILITIES)/ASSETS	<u>(2,120)</u>	<u>4,647</u>
CAPITAL AND RESERVES		
Share capital	10,265	10,265
Reserves	(12,745)	(4,464)
	(2,480)	5,801
Non-controlling interests	360	(1,154)
TOTAL (CAPITAL DEFICIENCY)/EQUITY	<u>(2,120)</u>	<u>4,647</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. 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 the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and the disclosure requirements of the Hong Kong Companies Ordinance (“CO”).

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group has incurred losses for number of years and a net loss of HK\$8,377,000 during the year ended 31 March 2023 and as of that date, the Group’s capital deficiency as of 31 March 2023 amounted to HK\$2,120,000.

In order to improve the Group’s financial position, to provide liquidity and cashflows and to sustain the Group’s as a going concern, the management has taken and/or will take the following measures:

- (i) The Group is taking measures to tighten cost controls over various operating costs and expenses with the aim to attain profitable and positive cash flow operation;
- (ii) The Group will negotiate with substantial shareholders of the Company to provide additional sources of financing; and
- (iii) The Group will seek for other potential business to generate positive cash flow.

The directors of the Company considered that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirement. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. APPLICATION OF AMENDMENTS TO HKFRSs

a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

b) 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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

3. 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 business — 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, share of result of an associate, 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 2023			Year ended 31 March 2022		
	Cinema investment and management business HK\$'000	Filmed entertainment, new media and exploitations and licensing businesses HK\$'000	Total HK\$'000	Cinema investment and management business HK\$'000	Filmed entertainment, new media and exploitations and licensing businesses HK\$'000	Total HK\$'000
Segment Revenue	<u>5,522</u>	<u>-</u>	<u>5,522</u>	<u>8,494</u>	<u>-</u>	<u>8,494</u>
Segment Results						
Reportable segment result	2,351	(1,750)	601	(2,410)	(15)	(2,425)
Unallocated corporate income			347			1,702
Unallocated corporate expenses			(7,423)			(10,136)
Share of result of an associate			(20)			8
Share-based payments			-			(1,219)
Finance costs			<u>(1,882)</u>			<u>(2,601)</u>
Loss before taxation			<u>(8,377)</u>			<u>(14,671)</u>
Segment Assets						
Reportable segment assets	2,291	357	2,648	2,817	370	3,187
Interests in an associate			16			570
Loan to an associate			-			16,029
Unallocated corporate assets			<u>21,496</u>			<u>15,621</u>
Consolidated total assets			<u>24,160</u>			<u>35,407</u>
Segment Liabilities						
Reportable segment liabilities	10,800	-	10,800	16,202	-	16,202
Convertible bonds			13,146			11,501
Unallocated corporate liabilities			<u>2,334</u>			<u>3,057</u>
Consolidated total liabilities			<u>26,280</u>			<u>30,760</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 convertible bonds and unallocated corporate liabilities.

Other segment information:

	Year ended 31 March 2023			
	Cinema investment and management business <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>
Additions to property, plant and equipment	130	–	–	130
Interest income	4	1	18	23
Depreciation of property, plant and equipment	8	–	–	8
Gain on lease modification	2,718	–	–	2,718
Rent concession	896	–	–	896
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Year ended 31 March 2022			
	Cinema investment and management business <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>
Additions to property, plant and equipment	10	–	–	10
Additions to right-of-use assets	–	–	1,557	1,557
Interest income	5	–	194	199
Depreciation of property, plant and equipment	362	–	–	362
Depreciation of right-of-use assets	238	–	546	784
Impairment of property, plant and equipment	209	–	–	209
Impairment of right-of-use assets	703	–	1,011	1,714
Gain on disposal of property, plant and equipment	16	–	–	16
Gain on lease termination	170	–	–	170
Rent concession	75	–	48	123
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Revenue from major products and services:

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cinema business	<u>5,522</u>	<u>8,494</u>

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 interests in an associate. Revenue from external customers and information about non-current assets by geographical location are detailed below:

	Revenue from		Specified	
	external customers		non-current assets	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	–	–	16	570
PRC	<u>5,522</u>	<u>8,494</u>	<u>126</u>	<u>5</u>
	<u>5,522</u>	<u>8,494</u>	<u>142</u>	<u>575</u>

Revenue from major customers:

There are no major customers contributing over 10% of the Group's revenue for the year ended 31 March 2023 (2022: Nil).

4. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from cinema business	<u>5,522</u>	<u>8,494</u>

Disaggregation of revenue from contracts with customers

	2023	2022
	HK\$'000	HK\$'000
Revenue from cinema business		
— Sales of movie tickets — at a point in time	4,766	7,478
— Sales of snacks — at a point in time	421	690
— Advertising income — over time	—	9
— Management services income — over time	85	109
— Others	250	208
	<hr/>	<hr/>
Total	5,522	8,494
	<hr/> <hr/>	<hr/> <hr/>

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 prepaid amounts in membership cards 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 2023 will be materially recognised as income within one to two years after the year end.

5. OTHER REVENUE AND OTHER NET INCOME

	2023	2022
	HK\$'000	HK\$'000
Exchange gain	—	609
Interest income	23	199
Gain on disposal of property, plant and equipment	—	16
Gain on disposal of subsidiaries	—	822
Gain on lease termination	—	170
Government grants (<i>note 1</i>)	596	43
Rent concession (<i>note 2</i>)	896	123
Others	3	126
	<hr/>	<hr/>
	1,518	2,108
	<hr/> <hr/>	<hr/> <hr/>

notes:

1. The government grants represent the subsidies received by the Group from the government for the operation of cinemas in the PRC of HK\$332,000 (2022: HK\$43,000) and related to Employment Support Scheme provided by Hong Kong Government of HK\$264,000 (2022: Nil). 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”).

6. LOSS BEFORE TAXATION

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

	2023	2022
	HK\$'000	HK\$'000
Auditor's remuneration		
— Audit services	900	850
— Other services	250	50
Direct expenses of cinema business (<i>note 1</i>)	2,306	3,643
Depreciation of property, plant and equipment	8	362
Depreciation of right-of-use assets	—	784
Gain on disposal of property, plant and equipment	—	(16)
Impairment of property, plant and equipment	—	209
Impairment of right-of-use assets	—	1,714
Gain on lease modification	(2,718)	—
Gain on lease termination	—	(170)
Short-term lease expenses	137	45
Staff costs (including directors' remuneration)		
— Salaries and allowances	5,768	6,916
— Equity settled share-based payments	—	828
— Retirement scheme contributions	806	861
Equity settled share-based payments paid to advisors	—	391
	—————	—————

note:

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

7. TAXATION

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%.

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 (2022: Nil).

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the years ended 31 March 2023 and 2022.

During the years ended 31 March 2023 and 2022, 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.

No provision for PRC Enterprise Income Tax has been made as there is no assessable profits for the current year (2022: Nil).

8. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 March 2023 (2022: Nil).

9. LOSS PER SHARE

Basic and diluted loss per share

	2023 <i>HK cents</i>	2022 <i>HK cents</i>
Total basic and diluted loss per share	<u>(8.80)</u>	<u>(14.77)</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(9,030)</u>	<u>(13,779)</u>
	2023	2022
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>102,644,467</u>	<u>93,271,316</u>

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 2023 and 2022 because they are antidilutive in calculating the diluted loss per share.

10. TRADE RECEIVABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	132	14
31–60 days	–	–
61–90 days	–	–
Over 90 days	3	53
	<u>135</u>	<u>67</u>
Less: Allowance for expected credit losses	<u>–</u>	<u>–</u>
	<u>135</u>	<u>67</u>

As at 31 March 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$3,000 (2022: HK\$53,000) which are past due for over 90 days as at the reporting date.

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.

11. TRADE PAYABLES

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Within 30 days	120	48
31–60 days	–	–
61–90 days	–	–
Over 90 days	22	24
	<u>142</u>	<u>72</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. OTHER PAYABLES AND ACCRUALS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Other payables and accruals (<i>note 1</i>)	3,748	3,717

notes:

1. Included in the amount mainly represents an auditor's remuneration of approximately HK\$900,000 (2022: HK\$850,000) and accrued rental and utilities expenses of approximately HK\$1,313,000 (2022: HK\$1,136,000).
2. All of the other payables and accruals are expected to be settled within one year or are repayable on demand.

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT ON THE GROUP’S CONSOLIDATED FINANCIAL STATEMENTS

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2* to the consolidated financial statements which indicates that the Group has incurred losses for a number of years. The Group has incurred a net loss of HK\$8,377,000 for the year ended 31 March 2023 and sustained capital deficiency of HK\$2,120,000 at 31 March 2023. These events or conditions, along with other matters as set forth in Note 2*, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

* As reproduced in note 1 of this announcement.

BUSINESS REVIEW

During the Year, 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\$5.5 million and gross profit of HK\$3.2 million were generated during the Year. The Group’s revenue and gross profit from the Cinema Business for the Year decreased as compared to revenue of HK\$8.5 million and gross profit of HK\$4.9 million generated in the year ended 31 March 2022 (the “Last Year”). 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 were just re-opened 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 more than half month during the Year. Together with the overall unsatisfactory box office in the PRC in the Year, the Group’s revenue for the Year decreased significantly as compared to that in the Last Year.

Subsequent to the end of the reporting period, the Group could not agree with the landlord the adjustment on the rental charge of the Group's cinema in Shanghai, the Group terminated its operation in May 2023.

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 Year. Accordingly, no revenue was generated in this sector during the Year.

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\$32.4 million) was lent to Goal Creation. Another loan of RMB16 million (equivalent to approximately HK\$18.0 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\$14.4 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\$3.6 million) in October 2021 and the remaining of RMB13 million (equivalent to approximately HK\$14.4 million) has been fully repaid to the Group during the Year. 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 annual report. 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, which is called “廣州高的數字文化科技有限公司” (Guangzhou Gao De Digital Cultural Technology Limited[#]) 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 years 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.

Pursuant to the terms of the joint venture agreement, each of High Art, Memorigin, and Topping Mark has contributed HK\$1,200,000, HK\$400,000 and HK\$400,000, respectively, in cash to the share capital of the joint venture company which is called Bingo Group Memorigin (BGM) Limited (“BGM”). The equity interest of BGM is owned as to 60%, 20% and 20% by High Art, Memorigin and Topping Mark, respectively. Subsequent to the end of the reporting period, BGM has commenced its operation and revenue is expected to be generated in the coming financial year.

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

FINANCIAL REVIEW

During the Year, the Group recorded a total turnover of approximately HK\$5.5 million, representing a decrease of approximately HK\$3.0 million compared with that of approximately HK\$8.5 million in the last year. The turnover of the Group for the Year and the last year principally represented revenue from Cinema Business. Loss for the Year of approximately HK\$8.4 million was recorded. As compared with the loss of HK\$14.7 million for the last year, the loss decreased by approximately HK\$6.3 million. The decrease in loss for the year was mainly attributable to the tightened cost control measures implemented during the Year to react the severe business environment. Administrative expenses decreased from approximately HK\$15.8 million for the last year to approximately HK\$13.7 million for the Year. In addition, no impairment on the Group’s fixed assets and right-of-use assets was made during the Year, whereas impairment of approximately HK\$1.9 million was recorded in the last year. A special gain on modification of lease terms of cinemas of HK\$2.7 million was recorded in the Year. The aforesaid change of impairment and special gain on modification of lease also made the decrease in loss of the Group for the Year as compared to that for the last year.

LIQUIDITY, DEBT RATIO, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2023, the Group had total assets of approximately HK\$24.2 million (2022: HK\$35.4 million), including cash and cash equivalents of approximately HK\$23.0 million (2022: HK\$11.8 million). There was no pledged bank deposit as at 31 March 2023 (2022: Nil). As at 31 March 2023, the debt ratio (defined as total liabilities/total assets) was approximately 1.09 (2022: 0.87).

The Group held cash and cash equivalents of approximately HK\$23.0 million as at 31 March 2023. Even though the debt ratio of the Group as at 31 March 2023 is over 1, the Company believes that it can cover the full amount of its current liabilities of approximately HK\$11.9 million as at 31 March 2023. Accordingly, the Board considers 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 2023, the Group did not have any bank overdraft (2022: Nil).

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 18 October 2021, the Company completed a placing and has successfully raised approximately HK\$5.8 million (before expenses), which are detailed below.

On 27 September 2021 (after trading hours), the Company and Enlighten Securities Limited (the “Placing Agent”) entered into a placing agreement (the “Placing Agreement”) pursuant to which the Placing Agent agreed to place, on a best endeavour basis, to not less than six independent placees for up to 171,060,000 new shares at a price (the “Placing Price”) of HK\$0.034 per placing share of HK\$0.01 each in the share capital of the Company (the “Placing”). These new shares rank pari passu in all respect with the then existing shares of the Company. The Placing was completed on 18 October 2021.

The Placing Price of HK\$0.034 per placing share represents: (i) a discount of approximately 10.5% to the closing price of HK\$0.038 per share of the Company as quoted on the Stock Exchange on 27 September 2021, being the date of the Placing Agreement; and (ii) a discount of approximately 15.8% to the average of the closing prices of HK\$0.0404 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Group is principally engaged in cinema investment and management, movie production, licensing and derivatives, crossover marketing and provision of interactive contents. The Directors were of the view that the Placing can strengthen the financial position of the Company for its cinema operation and provide funding to the Company to meet any future investment opportunities in the cinema business. The Placing also represented a good opportunity to broaden the Shareholders' base and the capital base of the Company. The Directors (including the independent non-executive Directors) considered that the terms and conditions of the Placing Agreement were fair and reasonable and were on normal commercial terms and the Placing was in the interest of the Company and the Shareholders as a whole.

The aggregate gross proceeds of the Placing were approximately HK\$5.8 million and the aggregate net proceeds of the Placing, after deduction of expenses, were approximately HK\$5.5 million, representing a net issue price of approximately HK\$0.032 per placing share. The net proceeds from the Placing were intended to be used for cinema investment and/or supporting the existing cinema operation of the Group. As of 31 March 2023, the net proceeds of approximately HK\$5.5 million were used for supporting the existing cinema operation of the Group as intended.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 March 2023.

EMPLOYEES

As at 31 March 2023, the Group had 52 (2022: 44) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$6.6 million during the Year (2022: HK\$8.6 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 has not granted any awarded shares or share options to the Group's directors or employees.

RETIREMENT BENEFITS

The information of the Group's retirement benefits schemes is as follows:

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a defined contribution pension scheme centrally operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF scheme") for all employees in Hong Kong, which is defined contribution retirement scheme. The contributions to the MPF scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

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 2023, the Group had no outstanding foreign currency hedge contracts (2022: Nil).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no significant contingent liabilities (2022: Nil).

OUTLOOK

As of the date of this report, 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 more than half month during the Year. Lastly, the Group terminated its cinema operation in Shanghai in May 2023. 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 still 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 Year. 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 “BUSINESS 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 have started its business subsequent to the end of the reporting period, and revenue is expected to be generated in the coming financial year.

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 2023, 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 2023. 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 C.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 C.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 C.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 C.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 C.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 C.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 C.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 C.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 C.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.

With reference to Code E.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 F.2.2, 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 C.6.3, it is the Company's practice that the company secretary report to the executive Directors.

NON-COMPLIANCE WITH THE GEM LISTING RULES IN RELATION TO BOARD COMPOSITION

Mr. ONG King Keung ("Mr. Ong") has tendered his resignation as an independent non-executive Director with effect from 20 May 2022. Following Mr. Ong's resignation, (i) Mr. Ong also ceased to be the chairman of the audit committee of the Company (the "Audit Committee"), and a member of each of the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee").

As a result of Mr. Ong's resignation, the Audit Committee and the Nomination Committee comprises only two members. It results in non-compliance with the requirements under Rule 5.05(1), Rule 5.05A and Rule 5.28 of the GEM Listing Rules.

Rule 5.05(1)

Pursuant to Rule 5.05(1) of the GEM Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Following the resignation of Mr. Ong as an independent non-executive Director, the Company only had two independent non-executive Directors.

Rule 5.05A

Pursuant to Rule 5.05A of the GEM Listing Rules, an issuer must appoint independent non-executive directors representing at least one-third of the board. Following the resignation of Mr. Ong as an independent non-executive Director, the Company only had two independent non-executive Directors which do not represent one-third of the Board.

Rule 5.28

Pursuant to Rule 5.28 of the GEM Listing Rules, the audit committee must comprise a minimum of three members. Following the resignation of Mr. Ong as an independent non-executive Director, the Audit Committee only had two members.

Following the appointment of Ms. CHAN Yuet Ching as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee the Company on 29 July 2022, the Company shall comply with the requirement of Rules 5.05(1), 5.05(A) and 5.28 of the GEM Listing Rules.

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 2023.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee ("Audit Committee") of the Company has reviewed with the management about the Group's annual results for the year ended 31 March 2023, 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 consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2023. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. TSUI Wing Tak (chairman), Ms. CHOI Mei Ping and Ms. CHAN Yuet Ching.

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 and the related notes thereto for the year ended 31 March 2023 as set out in this preliminary 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 on this preliminary announcement.

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

Hong Kong, 26 June 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, for which the Directors of the Company 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 Listed Company Information” page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting and will also be published on the Company’s website at www.bingogroup.com.hk.