



BINGO GROUP HOLDINGS LIMITED

比高集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

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

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This announcement, for which 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 of 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The board of Directors (the “Board”) of the Company presents the unaudited consolidated result of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2011, together with the unaudited comparative figures for the corresponding period in 2010 were as follows:-

		For the six months ended 30 September	
		2011	2010
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	2	120,972	439,489
Cost of sales		(112,072)	(437,716)
Gross Profit		8,900	1,773
Reimbursement from licensor		–	3,828
Other revenue and other net income		133	39
Gain on disposal of subsidiaries	3(a)	714	3,535
Administrative and operating expenses		(20,084)	(35,574)
Share-based payments	4	(27,293)	(90,173)
Share of results of jointly-controlled entities		(373)	–
Share of results of associates		–	(13)
Finance cost	5	(1,218)	(2,000)
Loss before taxation	3	(39,221)	(118,585)
Taxation credit		–	9,061
Loss for the period		(39,221)	(109,524)
Loss attributable to:			
Equity holders of the Company		(38,608)	(109,524)
Non-controlling interests		(613)	–
		(39,221)	(109,524)

		For the six months ended 30 September	
		2011	2010
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	<i>Notes</i>		
Dividend	6	–	–
Loss per share (cents per share)			
Basic	7	(1.27)	(3.57)
Diluted	7	<u>N/A</u>	<u>N/A</u>
Other comprehensive loss			
Exchange differences on translating foreign operations			
– Exchange differences arising during the period			
		(286)	(58)
– Adjustment relating to foreign operations disposed during the period			
		<u>–</u>	<u>(32)</u>
Other comprehensive loss for the period, net of tax		(286)	(90)
Loss for the period		<u>(39,221)</u>	<u>(109,524)</u>
Total comprehensive loss for the period		<u>(39,507)</u>	<u>(109,614)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		313	578
Interest in the jointly controlled entities	8	27,886	—
Goodwill		15,060	15,060
Deferred tax assets		803	803
		<u>44,062</u>	<u>16,441</u>
CURRENT ASSETS			
Inventories		—	24,710
Trade receivables	9	45,033	322
Other receivables, deposits and prepayments		19,300	4,262
Film in progress		67,032	8,389
Bank balance and cash		46,649	116,765
		<u>178,014</u>	<u>154,448</u>
CURRENT LIABILITIES			
Trade payables	10	44,497	—
Deposits received, other payables and accruals		51,085	34,090
Tax payables		734	736
Convertible bonds		51,155	49,182
		<u>147,471</u>	<u>84,008</u>
NET CURRENT ASSETS		<u>30,543</u>	<u>70,440</u>
NET ASSETS LESS CURRENT LIABILITIES		<u>74,605</u>	<u>86,881</u>
NON-CURRENT LIABILITIES			
Convertible bonds		8,156	8,156
NET ASSETS		<u><u>66,449</u></u>	<u><u>78,725</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
	<i>Notes</i>		
CAPITAL AND RESERVES			
Share capital	11	61,751	61,431
Reserves		<u>5,303</u>	<u>17,294</u>
		67,054	78,725
Non-controlling interests		<u>(605)</u>	<u>—</u>
TOTAL EQUITY		<u>66,449</u>	<u>78,725</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Equity component of convertible bonds <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated Loss <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2010	54,231	221,512	3,930	8,202	4,925	58	(205,646)	87,212	(242)	86,970
Issue of ordinary shares under Convertible bonds	6,500	23,817	–	(3,076)	–	–	–	27,241	–	27,241
Issue of new shares of HK\$0.02 each under share option scheme	680	4,401	–	–	(1,728)	–	–	3,353	–	3,353
Share-based payments	–	–	–	72,625	11,487	–	–	84,112	–	84,112
Disposal of foreign operations	–	–	–	–	–	(58)	–	(58)	242	184
Exchange different arising from translation of financial Statements	–	–	–	–	–	(32)	–	(32)	–	(32)
Loss for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(109,524)</u>	<u>(109,524)</u>	<u>–</u>	<u>(109,524)</u>
At 30 September 2010	<u>61,411</u>	<u>249,730</u>	<u>3,930</u>	<u>77,751</u>	<u>14,684</u>	<u>(32)</u>	<u>(315,170)</u>	<u>92,304</u>	<u>–</u>	<u>92,304</u>

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Equity component of convertible bonds <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated Loss <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2011	61,431	250,641	3,930	91,036	34,307	(53)	(362,567)	78,725	-	78,725
Issue of ordinary shares under convertible bonds	-	-	-	9,034	-	-	-	9,034	-	9,034
Issue of new shares of HK\$0.02 each under share option scheme	320	1,399	-	-	(422)	-	-	1,297	-	1,297
Non-controlling interest	-	-	-	-	-	-	-	-	(605)	(605)
Exchange difference arising from translation of financial statements	-	-	-	-	-	(286)	-	(286)	-	(286)
Equity settled share option arrangement	-	-	-	-	17,505	-	-	17,505	-	17,505
Loss for the period	-	-	-	-	-	-	(39,221)	(39,221)	-	(39,221)
At 30 September 2011	<u>61,751</u>	<u>252,040</u>	<u>3,930</u>	<u>100,070</u>	<u>51,390</u>	<u>(339)</u>	<u>(401,788)</u>	<u>67,054</u>	<u>(605)</u>	<u>66,449</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(38,614)	(28,363)
Net cash used in investing activities	(18,088)	320,709
Net cash used in financing activities	<u>(13,128)</u>	<u>(153,647)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(69,830)	138,699
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	116,765	9,796
EFFECT OF FOREIGN RATE EXCHANGES	<u>(286)</u>	<u>(90)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>46,649</u></u>	<u><u>148,405</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	<u><u>46,649</u></u>	<u><u>148,405</u></u>

NOTES:

1. BASIS OF PREPARATION

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosures requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property, derivative financial instruments and equity investments, which have been 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 principal accounting policies applied in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2011.

In the current period, the Group has adopted a number of new and revised HKFRSs, which are effective for accounting periods beginning on or after 1 April 2011. The adoption of these new and revised HKFRSs had no material effect on the results or financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not applied the new and revised HKFRSs, which have been issued but are not yet effective, in the unaudited consolidated results. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has anticipated that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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

2. TURNOVER AND SEGMENT INFORMATION

Turnover represents amount receivable for goods sold and services provided and royalty income generated in the normal course of business, net of sales related taxes.

Share of jointly controlled entity represents the net amount receivable shared from jointly controlled entity for cinema investment and management business.

Turnover and results

For the six months ended 30 September 2011

	Trading <i>HK\$'000</i>	Filmed entertainment, online games and licensing business <i>HK\$'000</i>	Cinema business <i>HK\$'000</i>	Consolidation <i>HK\$'000</i>
Turnover				
External	112,162	8,810	–	120,972
Share of results of jointly controlled entities	<u>–</u>	<u>–</u>	<u>(373)</u>	<u>(373)</u>
Segment result	<u>(686)</u>	<u>1,406</u>	<u>(373)</u>	<u>347</u>
Interest income				133
Gain from disposal of subsidiary				714
Share-based payments				(27,293)
Unallocated corporate expenses				<u>(11,904)</u>
Loss from operation				(38,003)
Finance cost				<u>(1,218)</u>
Loss before taxation				(39,221)
Taxation				<u>–</u>
Loss for the period				<u><u>(39,221)</u></u>

For the six months ended 30 September 2010

	Trading <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Filmed entertainment, Online games and licensing business <i>HK\$'000</i>	Consolidation <i>HK\$'000</i>
Turnover				
External	<u>432,578</u>	<u>5,464</u>	<u>1,447</u>	<u>439,489</u>
Segment result	<u>(6,033)</u>	<u>(13,806)</u>	<u>(267)</u>	<u>(20,106)</u>
Interest income				13
Gain from disposal of subsidiary				3,535
Unallocated corporate expenses				<u>(100,014)</u>
Loss from operation				(116,572)
Finance cost				(2,000)
Share of loss of an associate				<u>(13)</u>
Loss before taxation				(118,585)
Taxation Credit				<u>9,061</u>
Loss for the period				<u>(109,524)</u>

Consolidated Assets and Liabilities

At 30 September 2011

	Trading HK\$'000	Filmed entertainment, Online games and licensing business HK\$'000	Cinema business HK\$'000	Consolidation HK\$'000
ASSETS				
Segment assets	45,651	90,886	42,926	179,463
Unallocated corporate assets				<u>42,613</u>
				222,076
Consolidated total assets				
LIABILITIES				
Segment liabilities	45,162	37,399	10,171	92,732
Unallocated corporate liabilities				<u>62,895</u>
				155,627
Consolidated total liabilities				
OTHER INFORMATION				
Segment depreciation and amortization		24	39	63
Unallocated corporate depreciation				<u><u>29</u></u>

At 30 September 2010

	Trading HK\$'000	Property management HK\$'000	Filmed entertainment, Online games and licensing business HK\$'000	Other HK\$'000	Consolidation HK\$'000
ASSETS					
Segment assets	193	149,159	2,399	—	151,751
Unallocated corporate assets					<u>22,209</u>
Consolidated total assets					173,960
LIABILITIES					
Segment liabilities	993	16,364	8,968	—	26,325
Unallocated corporate liabilities					<u>55,331</u>
Consolidated total liabilities					81,656
OTHER INFORMATION					
Segment depreciation and amortization	—	670	46	—	716
Gain on disposal of subsidiary	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,535)</u>	<u>(3,535)</u>

3. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting) the following:

	For the six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation and amortization	92	716
Operating leases rental in respect of rented premises	270	270
Staff costs (including directors' remuneration)	7,105	7,357
Gain on disposal of subsidiary (<i>Note a</i>)	(714)	(3,535)

(a) Gain on Disposal of Subsidiaries

On 30 September 2011, the Board of Directors agreed to dispose the entire 100% shareholding interest in Shanghai Bingo Interactive Information Technology Co. Ltd. (Beijing Branch), at a gain on disposal of HK\$714,000.

4. SHARE-BASED PAYMENTS

- (i) The Company has the convertible bonds and share option scheme for Mr. Chiau Sing Chi as his remuneration package to the services provided by him. Details of the convertible bonds and share options are as follows:

Convertible bonds

Issuer:	The Company
Principal amount:	HK\$45 million in aggregate. The Convertible Bonds in the amount of HK\$25 million issued on 1 June 2010 ("commencement date") and the remaining four tranches (each worth HK\$5 million, and HK\$20 million in aggregate) of the Convertible Bonds issued on the date being the first, second, third and fourth anniversary of the date of commencement date.
Issue date:	1 June 2010
Maturity date:	Ten years from the date of issue
Interest:	Zero coupon
Conversion price:	HK\$0.10 per share

Share Option Scheme

Grant date:	1 June 2010
Maturity date:	the date falling on the expiry of the fortieth month from the date of grant of the Options
Number of Options granted:	250,000,000
Exercise price:	HK\$0.10 per share
Exercisable period:	Any time during the period commencing from the date of expiry of the eighteenth months from the date of grant of Options to the date falling on the expiry of the fortieth month from the date of grant of the Options.

The fair values of the HK\$45 million convertible bonds and 250,000,000 share options determined on 1 June 2010 using binomial option pricing model were HK\$124,360,048 and HK\$51,691,784 respectively.

The followings assumptions were made by DTZ Debenham Tie Leung Limited, independent qualified professional valuers are not connected with the Group and have appropriate qualification, to calculate the fair value of HK\$45 million convertible bonds:

Principle amount:	HK\$45 million
Expected life:	10 years
Interest:	Nil
Redemption price:	100% of the principal amount
Conversion price:	HK\$0.10
Risk-free rate:	2.47%
Effective interest rate:	16.73%
Share price:	HK\$0.27
Expected dividend yield:	0%
Expected volatility:	84.09%

The followings assumptions were made by DTZ Debenham Tie Leung Limited, independent qualified professional valuers are not connected with the Group and have appropriate qualification, to calculate the fair value of 250,000,000 share options:

Share price:	HK\$0.27
Exercise price:	HK\$0.10
Nature of the options:	Call
Risk-free rate:	1.08%
Expected life of the options:	40 months
Expected volatility:	94.74%
Expected dividend yield:	0%
Early exercise behavior:	280%

- (ii) The Company has share option scheme for employees and advisors of the Group. 42,000,000 share options were granted to an employee and advisors on 20 August 2010 with fair value of HK\$5,324,000 using binomial option pricing model. 7,500,000 share options were granted to another employee on 14 April 2011 with fair value of HK\$947,185 using binomial option pricing model.

During the period, 24,000,000 share options out of 42, 000,000 share options were lapsed and the outstanding balance is 18,000,000 share options.

Regarding of HK\$30 million convertible bonds, 250,000,000, 18,000,000 and 7,500,000 share options disclosed above, the Company recognised the total share-based payments of HK\$27,293,000 during the period.

5. FINANCE COST

	For the six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance cost		
Continuing operations		
Interest on Bank loan	–	1,996
Effective interest on convertible bonds	1,218	–
Finance lease charge	–	4
	1,218	2,000

6. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 September 2011 (six months ended 30 September 2010: Nil).

7. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Basic loss per share is calculated as follows:

	For the six months ended 30 September	
	2011	2010
	<i>HK Cent</i>	<i>HK Cent</i>
	(Unaudited)	(Unaudited)
Basic loss per share from operation	<u><u>(1.27)</u></u>	<u><u>(3.57)</u></u>

Weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	For the six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity holders of the Company	<u><u>(39,221)</u></u>	<u><u>(109,524)</u></u>
	2011	2010
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><u>3,087,559,126</u></u>	<u><u>3,070,559,126</u></u>

(b) Diluted

No diluted loss per share has been presented by the Company for the six months ended 30 September 2011 as the exercise of the share options and convertible bonds will give rise to an anti-dilutive effect.

8. INTEREST IN THE JOINTLY CONTROLLED ENTITIES

	As at 30 September 2011 <i>HK\$'000</i> (Unaudited)	As at 31 March 2011 <i>HK\$'000</i> (Audited)
Cost of investment, unlisted	28,259	—
Share of post-acquisition loss and reserves	(373)	—
	<u>27,886</u>	<u>—</u>

9. TRADE RECEIVABLES

The credit period granted by the Group to its customers is normally 60-90 days.

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

	As at 30 September 2011 <i>HK\$'000</i> (Unaudited)	As at 31 March 2011 <i>HK\$'000</i> (Audited)
Within 30 days	406	127
31-60 days	44,627	—
61-90 days	—	147
Over 90 days	—	48
	<u>45,033</u>	<u>322</u>

10. TRADE PAYABLES

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

	As at 30 September 2011 <i>HK\$'000</i> (Unaudited)	As at 31 March 2011 <i>HK\$'000</i> (Audited)
Within 30 days	62	—
31-60 days	44,435	—
61-90 days	—	—
Over 90 days	—	—
	<u>44,497</u>	<u>—</u>

11. SHARE CAPITAL

	As at 30 September 2011 (Unaudited)		As at 31 March 2011 (Audited)	
	No of shares '000	Amount HK\$'000	No of shares '000	Amount HK\$'000
Authorised:				
Beginning of the period/year				
Shares of HK\$0.02 each	<u>5,000,000</u>	<u>100,000</u>	<u>5,000,000</u>	<u>100,000</u>
End of the period/year				
Shares of HK\$0.02 each	<u><u>5,000,000</u></u>	<u><u>100,000</u></u>	<u><u>5,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:				
At the beginning of the period/year	3,071,559	61,431	2,711,559	54,231
Issue of ordinary shares under convertible bonds	—	—	325,000	6,500
Share allotment under share option scheme				
After share consolidation	<u>16,000</u>	<u>320</u>	<u>35,000</u>	<u>700</u>
At the end of the period/year	<u><u>3,087,559</u></u>	<u><u>61,751</u></u>	<u><u>3,071,559</u></u>	<u><u>61,431</u></u>

12. OPERATING LEASE COMMITMENTS

	As at 30 September 2011 HK\$'000 (Unaudited)	As at 31 March 2011 HK\$'000 (Audited)
Within one year	495	702
In the second to fifth year, inclusive	<u>—</u>	<u>225</u>
	<u><u>495</u></u>	<u><u>927</u></u>

13. CAPITAL COMMITMENTS

	As at 30 September 2011 <i>HK\$'000</i> (Unaudited)	As at 31 March 2011 <i>HK\$'000</i> (Audited)
Contracted but not provided for		
– Additional cost to be incurred for animation under production	<u>3,116</u>	<u>11,462</u>

14. EVENTS AFTER THE REPORTING PERIOD

The convertible bonds issued on 7 October 2009, with outstanding principal amount of HK\$48,750,000 has been expired on 6 October 2011. The Company is currently negotiating with the bondholders for possible extension of the convertible bonds and other possible alteration of terms of the convertible bonds. During the negotiations between the Company and the bondholders, the bondholders have agreed not to redeem the convertible bonds until the possible alteration is confirmed. And the interest on the convertible bonds will continue to be payable by the Company until the date of redemption pursuant to the terms of the convertible bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

General

During the six months ended 30 September 2011 (the "Period"), Bingo Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") was principally engaged in sales and trading of coal and palm oil ("Trading"), movie production, licensing and derivatives, crossover marketing and provision of interactive contents ("Filmed Entertainment, Online Games and Licensing Businesses") and cinema investment and management ("Cinema Business").

Financial Review

During the Period, the Group recorded a decrease of turnover to HK\$120,972,000, representing a decrease of approximately 72% as compared with HK\$439,489,000 for the period ended 30 September 2010. In 2011, the Group is shifting business strategy more focus onto the newly developing Filmed Entertainment, Online Games and Licensing Business and Cinema Business, so the Group started to put less focus on trading business, which generated 98% of turnover for the period ended 30 September 2010.

Loss attributable to shareholders for the Period was approximately HK\$39,221,000 compared with a loss of HK\$109,524,000 for the period ended 30 September 2010.

The negative effect on the results of the Group for the period ended 30 September 2011 is mainly attributable to the recognition of convertible bonds and shares options at fair values under shared-based payments by HK\$27,293,000 during the Period. And as the share-based payments do not involve any immediate material cash outlay, the expense will not adversely affect the financial position of the Group.

Liquidity

As at 30 September 2011, the Group had total assets of approximately HK\$222,076,000 (31 March 2011: approximately HK\$170,889,000), including cash and cash equivalents of approximately HK\$46,649,000 (31 March 2011: approximately HK\$116,765,000). There was no pledged bank deposit as at 30 September 2011 (31 March 2011: Nil).

During the Period, the Group financed its operations mainly with its own working capital. As at 30 September 2011, the Group did not have any bank overdraft (31 March 2011: Nil) and there was no other charge on the Group's assets (31 March 2011: Nil).

As at 30 September 2011, the debt ratio (defined as the ratio between total liabilities over total assets) was approximately 0.70 (31 March 2011: approximately 0.72).

Foreign Exchange Exposure

The Group's transactions during the Period were mainly denominated in Renminbi, HK Dollars and US Dollars. Risk on exposure to fluctuation in exchange rates was insignificant to the Group.

Employees

As at 30 September 2011, the Group had 27 (31 March 2011: 51) staff in the PRC and Hong Kong. Total staff costs including directors' remuneration were approximately HK\$34,123,000 during the Period (31 March 2011: HK\$137,515,000), in which HK\$27,018,000 was share-based payments to director (31 March 2011: HK\$123,119,000).

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 Period, 7,500,000 share options have been granted to an employee.

Contingent Liabilities

As at 30 September 2011, the Group did not have any significant contingent liabilities (31 March 2011: Nil).

Commitments

As at 30 September 2011, the Group had capital commitments of approximately HK\$3,116,000 (31 March 2011: approximately HK\$11,462,000) with details are set out in note 13 to the condensed consolidated interim information of the Group.

Details of the Group's operating lease commitments are set out in note 12 to the condensed consolidated interim information of the Group.

Operation Review and Prospects

The Group has generated its income mainly by Trading during the Period. According from the new business strategy of the Group, the Group put more focus on its cinema business since 2011. On 13 April 2011, the Company entered into the Memorandum of Understanding ("MOU") with CineChina Limited ("CineChina") in relation to formation of the joint venture ("JV") for investment in and management of high-end digital cinemas in the PRC. CineChina undertakes to the Company that it shall introduce not less than 36 cinemas with not less than 260 screens and 30,000 seats in aggregate within 3 years after the formation of the JV, subject to the Company being satisfied with the results of its due diligence review on such potential cinema projects.

On 17 May 2011, pursuant to the MOU dated 13 April 2011, Bingo Cinema Investment Company Limited (“BCIC”), the wholly owned subsidiary of the Company, entered into the Acquisition Agreements with the vendors to acquire 4 cinemas in the Chongqing, Chengdu and Shanghai respectively.

On 9 June 2011, BCIC and 上海龍影投資諮詢服務有限公司 (“Shanghai Longying”) entered into the Transfer Agreement for the transfer of the Leasing Agreements at nil consideration in relation to the leasing of premises for development into 4 cinemas with an initial planning of 29 screens with 4,719 seats in total in Linan, Hangzhou, Zhongshan and Tianjin respectively in the PRC.

On 12 July 2011, BCIC entered into two MOUs with Shanghai Longying, pursuant to which, Shanghai Longying has agreed in principle to transfer the Dongguan and Tieling Leases to the Group at nil consideration. The leased premises under the Dongguan and Tieling Leases are intended to develop cinemas with an initial planning of 21 screens with 4,154 seats in total.

To summarize, the Group is currently operating 3 cinemas in Chengdu, Chongqing and Nanxiang with a total of 18 screens and 2,872 seats and is expected to open another 6 cinemas in Linan, Hangzhou, Beichen, Zhongshan, Dongguan and Xian with a total of 52 screens and 9,632 seats by the end of 2011. The below table summarizes the cinemas/cinema projects to be owned/developed, operated and managed by the Group:

No	Provisional Name of Cinema	Location	Number of Screens	Number of Seats	Latest Status
1	Jiayu Bingo Cinema (Pixian Branch)	Chengdu	6	989	Operating
2	Jiayu Bingo Cinema (Yongchuan Branch)	Chongqing	6	999	Operating
3	Nanxiang Bingo Cinema	Nanxiang	6	884	Operating
4	Linan Bingo Cinema	Linan	6	1,293	Expect to be opened in November 2011
5	Hangzhou Dahe Bingo Cinema	Hangzhou	10	1,313	Expect to be opened in November 2011
6	Tianjin Bingo Cinema	Beichen	7	1,374	Expect to be opened in December 2011
7	Zhongshan Huangjue Bingo Cinema	Zhongshan	6	774	Expect to be opened in December 2011
8	Dongguan Everbright Cinema	Dongguan	15	2,968	Expect to be opened in December 2011
9	Xian Bingo Cinema	Xian	8	1,910	Expect to be opened in December 2011
Total			70	12,504	

During the Period, in active pursuit of the movie business, one of the Group's core businesses, the Company has commenced the principal photography of a full length feature movie, working title as "Journey to the West – 除魔傳奇" formerly known as "Journey to the West – 西遊記". This is a fantasy movie involving magic, supernatural events, make-believe creatures with arresting visual effect and mind-blowing story in typical style of "Stephen Chow" (the "Movie Project"). Also, the Company has been acting as the project manager of the Movie Project. The required funding of the Movie Project will be cash-flowed by internal resources of the Group. The Company intends to cooperate and has been in active negotiation with a number of well-known movie companies to complete the production and distribution of the Movie Project.

Outlook

Looking ahead, the Group continues to put more focus onto the newly developed its filmed entertainment and cinema business in sustaining its core competitiveness through intensive execution of the following strategies:

- The Group believes that the setting up of joint venture with various expertise in filmed entertainment and cinema operation and development creates a synergy effect to the Group which allows the Group to expand its operation and businesses in the areas of operating cinemas and cinemas related businesses in the PRC.
- The Group will further explore new opportunities to stretch its reach into the cinema operation and development in various cities in the PRC.

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2011, the following Directors of the Company had or were deemed to have 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 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. Chan Cheong Yee	Beneficial owner	10,000	0.00%
Mr. Yik Chok Man	Beneficial owner	564,000	0.02%
Mr. Chong Lee Chang (<i>Note 1</i>)	Beneficial owner and corporate interests	90,631,999	2.94%
Ms. Chen Chou Mei Mei Vivien	Beneficial owner	5,500,000	0.18%

Note:

1. Mr. Chong Lee Chang, a Non-Executive Director of the Company, had personally owned 16,131,952 Shares and had been deemed to be interested in 74,500,047 shares through his beneficial interest in 100% of the entire issued share capital of Shieldman Limited.
2. The total number of the issued share capital of the Company as at 30 September 2011 was 3,087,559,126.

Long positions in the underlying shares of the Company

The Company adopted a share options scheme on 19 October 2002 which the Board may, at their discretion, offer employees, non-executive Directors, independent non-executive Directors or any other persons who have contributed to the Group to take up share options to subscribe for shares subject to the terms and conditions stipulated in the share option scheme. Details of share options granted to the Directors as at 30 September 2011 were as follows:

Name of Director	Date of grant	Number of options held as at 1 April 2011	Number of options granted during the period	Number of options exercised during the period	Number of options held as at 30 September 2011	Exercise price HK\$	Exercise period
Mr. Chan Cheong Yee	26-8-2009	10,000,000	–	–	10,000,000	0.1012	26-8-2009 – 25-8-2012
Mr. Chiau Sing Chi	1-6-2010	250,000,000	–	–	250,000,000	0.100	01-12-2011– 30-9-2013

Convertible Bonds

Pursuant to the service agreement dated 1 June 2010, the company shall issue zero coupon convertible bonds of HK\$45 million in total to Mr. Chiau. Convertible bonds in the amount of HK\$25 million and HK\$5 million had been issued on the 1 June 2010 and 1 June 2011 representatively and remaining three tranches (each worth HK\$5 million, and HK15 million in aggregate) of the convertible bonds will be issued on the dates being the second, third and fourth anniversary of the date of 1 June 2010. For the detail of convertible bond, please refer to the service agreement mentioned in the circular dated on 3 May 2010.

Save as disclosed above, as at 30 September 2011, 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 of 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); 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 30 September 2011, 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 position in the shares and underlying shares of the Company

Name of Shareholder	Number of Shares held	Position	Approximate percentage of issued share capital of the company
Beglobal Investments Limited (<i>Note 1</i>)	905,000,000	Long	29.31%

Notes:

1. Beglobal is ultimately owned by GZ Trust Corporation, being the trustee of a discretionary trust, The Sino Star Trust. The discretionary objects of The Sino Star Trust include Mr. Chiau and his family. Beglobal holds convertible bonds issued by the Company in the principal amount of HK28,913,426 which can be converted into up to an aggregate of 321,260,289 Shares at the conversion price of HK\$0.09 per Share. (subject to adjustments).

Save as disclosed above, as at 30 September 2011, the Directors are not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), 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 who was directly or 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.

Share Options Scheme

The Company's share option scheme was adopted pursuant to written resolutions passed on 19 October 2002 (the "Scheme") for the primary purpose of providing incentives to directors, eligible employees and participants who have contributed to the Group, and will expire in 12 November 2012. 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.

The following share options were outstanding under the Scheme during the period:

Category	Date of grant	Number of options held as at 1 April 2011	Number of options granted during the period	Number of options exercised/ lapsed during the period	Number of options held as at 30 September 2011	Exercise price HK\$	Exercise period
Directors	26 Aug 2009	10,000	–	–	10,000	0.1012	26 Aug 2009 – 25 Aug 2012
	1 Jun 2010	250,000	–	–	250,000	0.1000	1 Dec 2011 – 30 Sep 2012
Employees	30 Dec 2008	1	–	–	1	0.054	30 Dec 2008 – 29 Dec 2011
	20 Aug 2010	24,000	–	(24,000)	–	0.246	20 Aug 2010 – 19 Aug 2016
	14 Apr 2011	–	7,500	–	7,500	0.246	12 Oct 2011 – 19 Aug 2016
Advisor	24 Feb 2009	14,000	–	(11,000)	3,000	0.072	24 Feb 2009 – 23 Feb 2012
	26 Aug 2009	40,500	–	(5,000)	35,500	0.1012	26 Aug 2009 – 25 Aug 2012
	20 Aug 2010	18,000	–	–	18,000	0.246	20 Aug 2010 – 19 Aug 2016
Total		<u>356,501</u>	<u>7,500</u>	<u>(40,000)</u>	<u>324,001</u>		

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 30 September 2011.

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.

Related Party Transaction

For the six months ended 30 September 2011, the Group had no material transactions entered into with related parties (six months ended 30 September 2010: Nil)

Purchase, Sale or Redemption of Shares

For the six months ended 30 September 2011, 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") on 19 October 2002 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Committee are to review and supervise the financial reporting process and internal control system of the Group. The Committee comprises three independent non-executive Directors, namely Mr. Wong Chak Keung (Chairman), Mrs. Chen Chou Mei Mei Vivien and Mr. Chum Kwan Yue Desmond. The Group's unaudited results for the six months ended 30 September 2011 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 six months ended 30 September 2011.

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

Hong Kong, 3 November 2011

As at the date of this announcement, the executive Directors are Mr. Chiau Sing Chi, Mr. Chan Cheong Yee, Mr. Yik Chok Man and Mr. Fok Wai Ming Jackie, the non-executive Directors are Mr. Chong Lee Chang, Mrs. Chin Chow Chung Hang, Roberta and the independent non-executive Directors are Mrs. Chen Chou Mei Mei, Vivien, Mr. Wong Chak Keung and Mr. Chum Kwan Yue Desmond.

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