

Third Quarterly Report 2010



BINGO GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8220

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

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This report, 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 report 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 report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Chiau Sing Chi
Chan Cheong Yee
Yik Chok Man

Non-Executive Directors

Chong Lee Chang
Chin Chow Chung Hang Roberta

Independent Non-Executive Directors

Chen Chou Mei Mei Vivien
Wong Chak Keung
(appointed on 9 August 2010)
Chum Kwan Yue Desmond
(appointed on 9 August 2010)
Tsang Fung Chu
(resigned on 6 August 2010)
Wong Chi Keung Patrick
(resigned on 6 August 2010)
Leung Ka Kui Johnny
(resigned on 30 September 2010)

COMPANY SECRETARY

Yik Chok Man

COMPLIANCE OFFICER

Chan Cheong Yee

AUDIT COMMITTEE

Wong Chak Keung
(appointed as Chairman on
9 August 2010)
Chen Chou Mei Mei Vivien
Chum Kwan Yue Desmond
(appointed on 9 August 2010)
Tsang Fung Chu
(resigned as Chairman on
6 August 2010)
Wong Chi Keung Patrick
(resigned on 6 August 2010)
Leung Ka Kui Johnny
(resigned on 30 September 2010)

REMUNERATION COMMITTEE

Wong Chak Keung
(appointed as Chairman on
9 August 2010)
Chen Chou Mei Mei Vivien
Chum Kwan Yue Desmond
(appointed on 9 August 2010)
Tsang Fung Chu
(resigned as Chairman on
6 August 2010)
Wong Chi Keung Patrick
(resigned on 6 August 2010)
Leung Ka Kui Johnny
(resigned on 30 September 2010)

AUTHORIZED REPRESENTATIVES

Chan Cheong Yee
Yik Chok Man

AUDITORS

Graham H. Y. Chan & Co.
Certified Public Accountants

PRINCIPAL BANKERS

Fubon Bank Limited
The Hong Kong and Shanghai Banking
Corporation Limited

COMPLIANCE ADVISER

China Everbright Capital Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

**HEAD OFFICE AND PRINCIPAL
PLACE OF BUSINESS**

Room 1201-1204, 12/F,
Sea Bird House, 22-28 Wyndham Street,
Central, Hong Kong.

**SHARE REGISTRARS AND
TRANSFER OFFICES**

Principal Registrar

HSBC Trustee (Cayman) Limited
P.O. Box 513 G.T. Strathvale House,
North Church Street, George Town
Grand Cayman, Cayman Islands
British West Indies

Branch Registrar

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

8220

WEBSITE

www.bingogroup.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

During the nine months ended 31 December 2010 (the "Period"), Bingo Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") was principally engaged in provision of property holding and provision of property management services ("Property Holding and Management"), sales and trading of coal and palm oil ("Trading") and movie production, licensing and derivatives, crossover marketing, provision of interactive contents, artist development and last miles engagement ("Filmed Entertainment, Online Games and Licensing Businesses").

FINANCIAL REVIEW

During the Period, the Group recorded a total turnover of approximately HK\$486,919,000, representing an increase of approximately 4% as compared with HK\$468,240,000 for the period ended 31 December 2009.

However, for the three months ended 31 December 2010 (the "Quarter"), the Group recorded a substantial decrease of turnover to HK\$47,430,000, representing a decrease of approximately 73% as compared with HK\$173,521,000 for the quarter ended 31 December 2009. During the Quarter, the Group is shifting business strategy more focus onto the newly developing Filmed Entertainment, Online Games and Licensing Business, so the Group put less focus on trading business, which generated 98% of turnover for the quarter ended 31 December 2009.

Loss attributable to shareholders for the Period was approximately HK\$127,105,000 compared with a profit of HK\$241,000 for the period ended 31 December 2009.

The negative effect on the results of the Group for the period ended 31 December 2010 is mainly attributable to (i) recognition of convertible bonds and shares options at fair values under shared-based payments by HK\$105,985,000 during the period and (ii) an increase in selling and marketing expenses and administrative and operating expenses incurred for the establishment of Filmed Entertainment, Online Games and Licensing Businesses. 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.

OPERATION REVIEW AND PROSPECTS

During the Period under review, the Group has generated its income mainly by Trading and Property Holding and Management businesses. Also, the Group disposed of the Property located in Kowloon at consideration of HK\$320,000,000, which provided a sufficient cash inflow to the Group for operations and future expansion.

Meanwhile, according from the new business strategy of the Group, the Group put more focus on its Filmed Entertainment, Online Games and Licensing Business. In July 2010, the Group had released CJ7: The Cartoon (長江7號愛地球) (the “Cartoon Movie”) in mainland China. Alongside the release of the Cartoon Movie, CJ7 products were also launched. As a master licensor of all CJ7-related intellectual property rights, the Group believes “CJ7” will continue to contribute a long-term income to the Group in future.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The board of Directors (the "Board") of the Company presents the unaudited consolidated result of the Group for the three and nine months ended 31 December 2010, together with the unaudited comparative figures for the corresponding period in 2009 were as follows :

Continuing operations

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Turnover	2	47,430	173,521	486,919	468,240
Cost of sales		(45,738)	(171,255)	(483,454)	(463,694)
Gross profit		1,692	2,266	3,465	4,546
Reimbursement from licensor		271	2,051	4,099	5,054
Other income	2	72	11	111	32
Gain on disposal of subsidiary	3	12,717	-	16,252	19,073
Selling and marketing expenses		(3,645)	(4)	(3,667)	(32)
Administrative and operating expenses		(10,461)	(10,233)	(46,013)	(26,412)
Share-based payments	4	(15,812)	-	(105,985)	-
Share of results of associates		-	(21)	(13)	(76)
Finance cost	5	(613)	(1,090)	(4,415)	(1,278)
(Loss)/profit before taxation		(15,779)	(7,020)	(136,166)	907
Income tax		-	(99)	-	(416)
Taxation credit		-	-	9,061	-
(Loss)/profit for the period from continuing operation		(15,779)	(7,119)	(127,105)	491
Discontinued operations					
Loss for the period from discontinued operations		-	(64)	-	(250)
(Loss)/profit for the period		(15,779)	(7,183)	(127,105)	241

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2010	2009	2010	2009
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
(Loss)/profit attributable to:					
Equity holders of the Company		(15,779)	(7,176)	(127,105)	362
Non-controlling interests		-	(7)	-	(121)
(Loss)/profit for the period		(15,779)	(7,183)	(127,105)	241
Dividend	6	-	-	-	-
(Loss)/profit for the period (cents per share):					
From continuing and discontinued operations					
Basic	7	(0.51)	(0.29)	(4.14)	0.02
Diluted	7	N/A	N/A	N/A	0.01
From continuing operations					
Basic	7	(0.51)	(0.29)	(4.14)	0.03
Diluted	7	N/A	N/A	N/A	0.02
Other comprehensive profit/(loss):					
Exchange differences on translating foreign operations					
- Exchange difference arising during the period		10	(232)	(22)	(366)
- Adjustment relating to foreign operations disposed during the period		-	-	(58)	-
Other comprehensive profit/(loss) for the period, net of tax		10	(232)	(80)	(366)
(Loss)/profit for the period		(15,779)	(7,183)	(127,105)	241
Total comprehensive loss for the period		(15,769)	(7,415)	(127,185)	(125)

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 2010.

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 January 2010. The adoption of these new and revised HKFRSs had no material effect on the results of 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 third quarterly results are unaudited but have been reviewed by the audit committee of the Company.

2. TURNOVER AND OTHER REVENUE INCOME

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover				
Trading	45,617	172,051	478,195	465,834
Property management	1,501	1,470	6,965	2,406
Filmed entertainment, online games and licensing business	312	-	1,759	-
	47,430	173,521	486,919	468,240
Other income				
Interest income	39	-	52	1
Sundry income	33	11	59	31
	72	11	111	32

3. GAIN ON DISPOSAL OF SUBSIDIARY

During the period, the Board of Director agreed to dispose the entire 100% shareholding interest in (i) GI Space (Hungham) Limited, GI Space (Canton) Limited and ISpace Investment Limited, which engaged in provision of property management services, at a gain of HK\$12,716,990 in total; (ii) Sparkle Success Investment Limited, Sinoeye Limited and Emcom International (China) Investment Ltd at a gain of HK\$3,535,658 in total.

4. SHARE-BASED PAYMENTS

The Company has the convertible bonds and share options 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 Options

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%

In the current period, HK\$25 million convertible bonds and 250,000,000 share options were granted/issued and the Group recognized the total expense of HK\$105,985,008 as share-based payments for the nine months ended 31 December 2010 (nine months ended 31 December 2009: Nil).

5. FINANCE COST

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Finance cost				
Interest on bank loan	-	636	1,996	824
Finance lease charge	-	-	4	-
Interest on convertible notes	613	454	2,415	454
	613	1,090	4,415	1,278

6. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2010 (2009: Nil)

7. LOSS PER SHARE

(a) Basic

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

Basic (loss)/profit per share is calculated as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK Cent (Unaudited)	2009 HK Cent (Unaudited)	2010 HK Cent (Unaudited)	2009 HK Cent (Unaudited)
Basic (loss)/profit per share				
From continuing operations	(0.51)	(0.29)	(4.14)	0.03
From discontinuing operations	-	-	-	(0.01)
Total basic (loss)/profit per share	(0.51)	(0.29)	(4.14)	0.02

The weighted average number of ordinary shares used in the calculation of basic (loss)/profit per share are as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Loss/(profit) for the period from continuing operations used in the calculation of basic profit/(loss) per share	(15,779)	(7,112)	(127,105)	612
Loss for the period from discontinued operations used in the calculation of basic loss per share	-	(64)	-	(250)
(Loss)/profit for the period attributable to equity Holders of the Company	(15,779)	(7,176)	(127,105)	362
	2010	2009	2010	2009
Weighted average number of ordinary shares for the purpose of basic (loss)/profit per share	3,070,559,126	2,420,460,866	3,070,559,126	2,025,448,988

(b) Diluted

Diluted (loss)/profit per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Diluted (loss)/profit per share is calculated as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK Cent (Unaudited)	2009 HK Cent (Unaudited)	2010 HK Cent (Unaudited)	2009 HK Cent (Unaudited)
Basic (loss)/profit per share				
From continuing operations	N/A	N/A	N/A	0.04
From discontinuing operations	N/A	N/A	N/A	(0.02)
Total basic (loss)/profit per share	N/A	N/A	N/A	0.02

The weighted average number of ordinary shares used in the calculation of basic (loss)/profit per share are as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
(Loss)/profit for the period from continuing operations used in the calculation of basic loss/(profit) per share	N/A	(7,112)	N/A	612
Loss for the period from discontinued operations used in the calculation of basic loss per share	N/A	(64)	N/A	(250)
(Loss)/profit for the period attributable to equity holders of the Company	N/A	(7,176)	N/A	362
	2010	2009	2010	2009
Weighted average number of ordinary shares for the purpose of basic loss per share	3,070,559,126	2,420,460,866	3,070,559,126	2,025,448,988
Effect of dilutive potential ordinary shares in respect of the share options	-	784,338,188	-	790,319,044
Weighted average number of ordinary shares for the purpose of diluted loss per share	3,070,559,126	3,204,799,054	3,070,559,126	2,815,768,032

8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the equity holders of the Company

	Equity component capital of									Total
	Share capital	Share premium	Contributed surplus	convertible bonds	Share option reserve	Exchange reserve	Accumulated loss before MI	Non Controlling interests	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2009	32,590	132,897	3,930	-	2,644	3,714	(172,730)	3,045	232	3,277
Share issued of HK\$0.02 each under share option scheme	2,456	7,595	-	-	(1,933)	-	-	8,118	-	8,118
Share consideration of HK\$0.02 each being the deposit for acquisition of subsidiary on 7 August 2009	6,000	24,000	-	-	-	-	-	30,000	-	30,000
Share consideration of HK\$0.02 each for acquisition of subsidiary on 7 October 2009	9,000	36,000	-	-	-	-	-	45,000	-	45,000
Issue of new shares of HK\$0.02 each completed on 14 October 2009	3,000	12,000	-	-	-	-	-	15,000	-	15,000
Issue of convertible bonds on 7 October 2009	-	-	-	7,000	-	-	-	7,000	-	7,000
Issuing expenses	-	(279)	-	-	-	-	-	(279)	-	(279)
Exchange difference arising from translation of financial statements	-	-	-	-	-	(366)	-	(366)	122	(244)
Profit/(loss) of the period	-	-	-	-	-	-	362	362	(121)	241
At 31 December 2009	53,046	212,213	3,930	7,000	711	3,348	(172,368)	107,880	233	108,113
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 share of HK\$0.02 under share option scheme	680	4,401	-	-	(1,728)	-	-	3,353	-	3,353
Share-based payments	-	-	-	79,267	20,102	-	-	99,369	-	99,369
Disposal of foreign operations	-	-	-	-	-	(58)	-	(58)	242	184
Exchange difference arising under from translation of under financial statement	-	-	-	-	-	(22)	-	(22)	-	(22)
Loss for the year	-	-	-	-	-	-	(127,105)	(127,105)	-	(127,105)
At 31 December 2010	61,411	249,730	3,930	84,393	23,299	(22)	(332,751)	(89,990)	-	(89,990)

OTHER INFORMATION

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

As at 31 December 2010, 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	2.95%
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 31 December 2010 was 3,070,559,126.

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.

On 1 June 2010, the Company granted 250,000,000 share options to Mr. Chiau Sing Chi as his remuneration package to the service provided by him.

Details of share options granted to the Directors as at 31 December 2010 were as follows:

Name of Director	Date of grant	Number of options held as at 1 April 2010	Number of options granted during the period	Number of options exercised during the period	Number of options held as at 31 December 2010	Exercise price HK\$	Exercise period
Mr. Chan Cheong Yee	26 Aug 2009	10,000,000	-	-	10,000,000	0.1012	26 Aug 2009 - 25 Aug 2012
Mr. Keung Kwok Hung (Note 1)	26 Aug 2009	5,000,000	-	(5,000,000)	-	0.1012	26 Aug 2009 - 25 Aug 2012
Mr. Chiau Sing Chi	1 Jun 2010	-	250,000,000	-	250,000,000	0.1000	1 Dec 2011 - 30 Sep 2013

Note 1: Mr. Keung resigned on 23 July 2010.

Convertible Bonds

The company issued a zero coupon convertible bonds HK\$45 million to Mr. Chiau and the convertible bond in the amount HK\$25 million shall be issued on the 1 Jun 2010 and remaining four tranches (each worth HK\$5 million, and HK\$20 million in aggregate) of the convertible bonds will be issued on the date being the first, second, third and fourth anniversary of the date of 1 Jun. 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 31 December 2010, 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 31 December 2010, 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>	715,000,000	Long	23.29%
Mega Charming Limited <i>(Note 2)</i>	190,000,000	Long	6.19%
Emcom Limited <i>(Note 3)</i>	174,706,000	Long	5.69%
Jolly King Limited <i>(Note 4)</i>	174,706,000	Long	5.69%
Mr. Phang Wah <i>(Note 4)</i>	174,706,000	Long	5.69%
Modern China Holdings Limited <i>(Note 5)</i>	174,706,000	Long	5.69%
Mr. Chen Jijin <i>(Note 5)</i>	174,706,000	Long	5.69%

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. Immediately before entering into the Agreements, Beglobal holds convertible bonds issued by the Company in the principal amount of HK\$71,500,000 which can be converted into up to an aggregate of 715,000,000 Shares at the conversion price of HK\$0.10 per Share. (subject to adjustments).
2. Mega Charming Limited is wholly and beneficially owned by Designcase Limited, which is 99% beneficially owned by a discretionary trust founded by Mr. F.K. Hu. The remaining 1% interest in Designcase Limited is owned by Mr. and Mrs. F.K. Hu. Immediately before entering into the Agreements, Ryoden Property Development Company Limited, the holding company of Mega Charming holds convertible bonds issued by the Company in the principal amount of HK\$39,000,000 which can be converted into up to an aggregate of 390,000,000 Shares at the conversion price of HK\$0.10 per Share (subject to adjustments).

3. The issued share capital of Emcom Limited is beneficially owned as to 75% by Mr. Phang Wah, 15% by Mr. Yong Wai Hong and 10% by Mr. Lee Pin Yeow. Mr. Yong Wai Hong was the former Chairman, Chief Executive Officer and Executive Director of the Company and resigned on 18 April 2009. Emcom Limited is a party acting in concert with Modern China Holdings Limited under section 317(1)(a) of the SFO. Therefore, Emcom Limited is deemed to be interested in 174,706,000 Shares. Emcom Limited is beneficially interested in 98,864,000 Shares or approximately 3.22% of the issued share capital of the Company.
4. Jolly King Limited holds 75% interest in Emcom Limited and is therefore entitled to exercise or control the exercise of one-third or more of the voting power of Emcom Limited. The entire issued share capital of Jolly King Limited is held by Mr. Phang Wah. By virtue of SFO, Jolly King Limited and Mr. Phang Wah are deemed to be interested in 174,706,000 Shares.
5. Modern China Holdings Limited is wholly and beneficially owned by Mr. Chen Jijin who was formerly the chairman and an executive Director. Modern China Holdings Limited is a party acting in concert with Emcom Limited under section 317(1)(a) SFO. Therefore, Modern China Holdings Limited is deemed to be interested in 174,706,000 Shares. Modern China Holdings Limited is beneficially interested in 75,842,000 Shares or 2.47% of the issued share capital of the Company.

Save as disclosed above, as at 31 December 2010, 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 2010 '000	Number of options granted during the period '000	Number of options exercised/lapsed during the period '000	Number of options held as at 31 December 2010 '000	Exercise price HK\$	Exercise period
Directors	26 Aug 2009	15,000	-	(5,000)	10,000	0.1012	26 Aug 2009 - 25 Aug 2012
	1 Jun 2010	-	250,000	-	250,000	0.1000	1 Dec 2011 - 30 Sep 2013
Employees	30 Dec 2008	1	-	-	1	0.054	30 Dec 2008 - 29 Dec 2011
	26 Aug 2009	1,500	-	(1,000)	500	0.1012	26 Aug 2009 - 25 Aug 2012
	20 Aug 2010	-	24,000	-	24,000	0.246	20 Aug 2010 - 19 Aug 2016
Advisor	24 Feb 2009	18,000	-	(3,000)	15,000	0.072	24 Feb 2009 - 23 Feb 2012
	26 Aug 2009	65,000	-	(25,000)	40,000	0.1012	26 Aug 2009 - 25 Aug 2012
	20 Aug 2010	-	18,000	-	18,000	0.246	20 Aug 2010 - 19 Aug 2016
Total		99,501	292,000	(34,000)	357,501		

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "DIRECTORS" and CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES" and "SHARE OPTIONS SCHEME" above, none of the Directors or employees of the Group or their associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 31 December 2010.

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 nine months ended 31 December 2010, the Group had no material transactions entered into with related parties (nine months ended 31 December 2009: Nil)

PURCHASE, SALE OR REDEMPTION OF SHARES

For the nine months ended 31 December 2010, 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 nine months ended 31 December 2010 have been reviewed by the Committee who was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements and that adequate disclosures have been made.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the nine months ended 31 December 2010.

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

Hong Kong, 11 February 2011

As at the date of this report, the executive Directors are Mr. Chiau Sing Chi, Mr. Chan Cheong Yee and Mr. Yik Chok Man, 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.