



## **BINGO GROUP HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8220

FIRST QUARTERLY REPORT 2011

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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.*

## **CONTENTS**

	<i>Pages</i>
Corporate Information	3
Management Discussion and Analysis	4-5
Condensed Consolidated Statement of Comprehensive Income	6-7
Notes to Financial Statement	8-14
Other Information	15-22

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### *Executive Directors*

Chiau Sing Chi  
Chan Cheong Yee  
Yik Chok Man  
Fok Wai Ming Jackie  
(appointed on 9 May 2011)

#### *Non-Executive Directors*

Chong Lee Chang  
Chin Chow Chung Hang Roberta

#### *Independent Non-Executive Directors*

Chen Chou Mei Mei Vivien  
Wong Chak Keung  
Chum Kwan Yue Desmond

### **COMPANY SECRETARY**

Yik Chok Man

### **COMPLIANCE OFFICER**

Chan Cheong Yee

### **AUDIT COMMITTEE**

Wong Chak Keung  
Chen Chou Mei Mei Vivien  
Chum Kwan Yue Desmond

### **REMUNERATION COMMITTEE**

Wong Chak Keung  
Chen Chou Mei Mei Vivian  
Chum Kwan Yue Desmond

### **AUTHORIZED REPRESENTATIVES**

Chan Cheong Yee  
Yik Chok Man

### **AUDITORS**

Graham H. Y. Chan & Co.  
Certified Public Accountants (Practising)

### **PRINCIPAL BANKERS**

Fubon Bank Limited  
The Hong Kong and Shanghai Banking  
Corporation Limited  
Dah Sing Bank

### **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](http://www.bingogroup.com.hk)

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **GENERAL**

During the three months ended 30 June 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”) 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 drastic decrease of turnover to HK\$76,344,000, representing a decrease of approximately 64% as compared with HK\$211,727,000 for the period ended 30 June 2010. In 2011, the Group is shifting business strategy more focus onto the newly developing Filmed Entertainment, Online Games and Licensing Business and cinema investment and operations (“Cinema Business”), so the Group started to put less focus on trading business, which generated 99% of turnover for the period ended 30 June 2010.

Loss attributable to shareholders for the Period was approximately HK\$19,232,000 compared with a loss of HK\$8,829,000 for the period ended 30 June 2010.

The negative effect on the results of the Group for the period ended 30 June 2011 is mainly attributable to the recognition of convertible bonds and shares options at fair values under shared-based payments by HK\$14,800,000 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.

### **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 the MOU with Shanghai Longying, pursuant to which, Shanghai Longying has agreed in principle to transfer the Tieling Lease to the Group at nil consideration. The leased premises under the Tieling Lease is intended to be developed into a cinema project with an initial planning of 6 screens with 1,160 seats in total in Tieling in the PRC.

BCIC also entered into another MOU with Shanghai Longying, pursuant to which, the parties have agreed in principle to jointly develop the leased premises under the Dongguan Lease into a cinema project with an initial planning of 15 screens with 2,994 seats in total in Dongguan in the PRC.

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 – 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 Chiau” (the “Movie Project”). The Company has been acting as the project manager. 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.

## 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 months ended 30 June 2011, together with the unaudited comparative figures for the corresponding period in 2010 were as follows -:

### Continuing operations

	Notes	Three months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Turnover	2	<b>76,344</b>	211,727
Cost of sales		<b>(71,312)</b>	(210,215)
Gross profit		<b>5,032</b>	1,512
Reimbursement from licensor		-	1,607
Other income	2	<b>77</b>	8
Selling and marketing expenses		<b>(842)</b>	(22)
Administrative and operating expenses		<b>(8,091)</b>	(11,051)
Share-based payments	3	<b>(14,800)</b>	(8)
Finance cost	4	<b>(608)</b>	(714)
Loss before taxation		<b>(19,232)</b>	(8,668)
Income tax		-	(161)
Loss for the period		<b>(19,232)</b>	(8,829)
Loss per share (cents per share)			
From continuing operations			
Basic & diluted	6	<b>(0.62 cents)</b>	(0.32 cents)

	<b>Three months ended 30 June</b>		
	<i>Notes</i>	<b>2011</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2010 HK\$'000 (Unaudited)
Other comprehensive loss:			
Exchange difference arising during the period		<b>(37)</b>	-
Other comprehensive loss for the period, net of tax		<b>(37)</b>	-
Loss for the period		<b>(19,232)</b>	(8,829)
<b>Total comprehensive loss for the period</b>		<b>(19,269)</b>	(8,829)

## **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 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 first 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.

	<b>Three months ended 30 June</b>	
	<b>2011</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2010 HK\$'000 (Unaudited)
<b>Turnover</b>		
Trading	<b>67,534</b>	209,722
Property management	-	2,005
Filmed entertainment, online games and licensing business	<b>8,810</b>	-
	<b>76,344</b>	211,727
<b>Other income</b>		
Interest income	<b>77</b>	-
Sundry income	-	8
	<b>77</b>	8

### 3. 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 cancelled and the outstanding balance is 18,000,000 share options.

In the current period, HK\$30 million convertible bonds, 250,000,000, 18,000,000 and 7,500,000 share options were granted/issued and the Company recognised the total expenses of HK\$ 14,800,000.

#### 4. FINANCE COST

	Three months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
<b>Finance cost</b>		
Interest on bank loan	-	712
Finance lease charge	-	2
Interest on convertible bonds	<b>608</b>	-
	<b>608</b>	714

#### 5. DIVIDEND

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

## 6. 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:

	<b>Three months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK Cent</b>	HK Cent
	<b>(Unaudited)</b>	(Unaudited)
Basic loss per share		
From operations	<b>(0.62)</b>	(0.32)
Total basic loss per share	<b>(0.62)</b>	(0.32)

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

	<b>Three months ended 30 June</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period from operations used in the calculation of basic loss per share	<b>(19,232)</b>	(8,829)
Loss for the period attributable to equity Holders of the Company	<b>(19,232)</b>	(8,829)
	<b>2011</b>	2010
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>3,077,559,126</b>	2,741,559,126

## (b) Diluted

Diluted loss per share for the period ended 30 June 2011 and 2010 are not presented as the effect of share option and convertible notes are anti-dilutive and are not included in the calculation of diluted loss per share for the periods ended 30 June 2011 and 2010.

## 7. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company									
	Share capital	Share premium	Contributed surplus	Equity component capital of convertible bonds	Share option reserve	Exchange reserve	Accumulated loss before MI	Total	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 2010	54,231	221,512	3,930	8,202	4,925	58	(205,646)	87,212	(242)	86,970
Issue of ordinary shares under share option scheme	600	4,068	-	-	(1,632)	-	-	3,036	-	3,036
Loss for the period	-	-	-	-	-	-	(8,829)	(8,829)	-	(8,829)
<b>At 30 June 2010</b>	<b>54,831</b>	<b>225,580</b>	<b>3,930</b>	<b>8,202</b>	<b>3,293</b>	<b>58</b>	<b>(214,475)</b>	<b>81,419</b>	<b>(242)</b>	<b>81,177</b>
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 share option scheme	120	743	-	-	(286)	-	-	577	-	577
Issue of convertible bonds on June 2011	-	-	-	6,187	-	-	-	6,187	-	6,187
Equity settled share option arrangement	-	-	-	-	8,615	-	-	8,615	-	8,615
Loss for the period	-	-	-	-	-	(37)	(19,232)	(19,269)	-	(19,269)
<b>At 30 June 2011</b>	<b>61,551</b>	<b>251,384</b>	<b>3,930</b>	<b>97,223</b>	<b>42,636</b>	<b>(90)</b>	<b>(381,799)</b>	<b>(74,835)</b>	<b>-</b>	<b>(74,835)</b>

## OTHER INFORMATION

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

As at 30 June 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

<b>Name of Directors</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of issued share capital of the company</b>
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%
Mrs. 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 June 2011 was 3,077,559,126.

### 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 June 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 June 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	0.1000	1-12-2011 - 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 Jun 2010 and 1 June 2011 representatively and remaining three tranches (each worth HK\$5 million, and HK\$15 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 June 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 June 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

<b>Name of Shareholder</b>	<b>Number of Shares held</b>	<b>Position</b>	<b>Approximate percentage of issued share capital of the company</b>
Beglobal Investments Limited <i>(Note 1)</i>	905,000,000	Long	29.41%
Emcom Limited <i>(Note 2)</i>	174,706,000	Long	5.68%
Jolly King Limited <i>(Note 3)</i>	174,706,000	Long	5.68%
Mr. Phang Wah <i>(Note 3)</i>	174,706,000	Long	5.68%
Modern China Holdings Limited <i>(Note 4)</i>	174,706,000	Long	5.68%
Mr. Chen Jijin <i>(Note 4)</i>	174,706,000	Long	5.68%

### 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).
2. 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 3.21% of the issued share capital of the Company.

3. 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.
4. 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 2.46% of the issued share capital of the Company.

Save as disclosed above, as at 30 June 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. 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/ cancelled during the period	Number of options held as at 30 June 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	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	-	(1,000)	13,000	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		356,501	7,500	(30,000)	334,001		

## **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 June 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 three months ended 30 June 2011, the Group had no material transactions entered into with related parties (three months ended 30 June 2010: Nil)

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

For the three months ended 30 June 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 three months ended 30 June 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 three months ended 30 June 2011.

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

Hong Kong, 12 August 2011

*As at the date of this report, 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.*