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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)

CLARIFICATION ANNOUNCEMENT

The board of directors (the “Board”) of Bingo Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) refers to an article appeared in the Next Magazine issued on 30 August 2012. This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

CLARIFICATION

To avoid any possible misleading information from the Next Magazine, the Board wishes to clarify the latest development of the Group’s operations as below:–

1. Movie Business

The investment of a movie with a working title as “Journey to the West – 除魔傳奇” headed by the Company as a project manager, is under the post-production stage. With Stephen Chow’s special brand of comedy and signature humor, this is a masterpiece of fantasy involving magic and supernatural events for family entertainment, boasting numerous spectacular high-tech CG visual effects. The movie was directed, written and produced by Mr. Stephen Chow, starring well-known actors and actresses in the Greater China region, such as Shu Qi, Wen Zhang, Huang Bo and Lo Chih Hsiang. Huayi Brothers Media Corporation (“Huayi Brothers”) will be responsible for the distribution in Mainland China. Other major investors and distributors of the movie include Village Roadshow Pictures Asia Limited (“Village Asia”) and Edko Film Limited (“Edko Films”). The movie will be released in Australia, New Zealand, Singapore, Hong Kong and Macau. Although the exact release date of the movie is yet to be determined, the Board expects that the movie and its derivative business will bring considerable investment returns to the Group.

Huayi Brothers is one of the largest private film and television producers and distributors in the PRC. In 1998, Huayi Brothers officially entered into the filmmaking industry through investments in 「沒完沒了」 (Sorry Baby) and 「鬼子來了」 (Devils on the Doorstep), two movies respectively directed by the famous directors Mr. Feng Xiaogang and Mr. Jiang Wen. Since then Huayi Brothers has set its footprints in the media sector with investments and operations in movies, television dramas, artist brokerage, music records and entertainment marketing, making remarkable achievements in these areas. It was listed on the GEM Board of the Shenzhen Stock Exchange in 2009 (stock name: Huayi Brothers, stock code: 300027).

Village Roadshow Entertainment Group (“VREG”) is one of the world’s leading independent global entertainment companies operating in the film and music industries. VREG consists principally of Village Roadshow Pictures Group, Concord Music Group and Village Roadshow Entertainment Group Asia. Through its film business arm, Village Roadshow Pictures Group, VREG co-produces and co-finances major Hollywood motion pictures that reach a broad worldwide audience. VREG takes great pride in the fact that it has the international exploitation rights to 72 major Hollywood studio films, many of which were international blockbusters. The Asia-Pacific region has become an increasingly important market for VREG over recent years. VREG is taking the initiative to expand its film and music business into local production in China through the recent establishment of Village Asia in Hong Kong in 2011.

Established in 1959 in Hong Kong, Edko Films always strives to bring entertainment and fun to the public. Besides producing and distributing films, Edko Films operates cinema circuits and TV movie channels and carry out movie promotion, including print and outdoor advertisements, TV commercials and promotional activities. Edko Films has distributed for Hong Kong and China nearly 300 movie titles, counting box office successes such as 3 Idiots, Sanctum, Resident Evil series, Ong Bak, My Sassy Girl and Brokeback Mountain; as well as celebrated art house movies like The Artist, The Secret in Their Eyes, Uncle Boonmee who can Recall his Past Lives, Poetry, Incendies, Slumdog Millionaire, Pan's Labyrinth and Crash. Edko Films has produced many internationally acclaimed movies and handled their local and overseas distribution. These include Crouching Tiger, Hidden Dragon, Hero, House of the Flying Daggers, Fearless, Curse of the Golden Flower, Secret, “Lust, Caution”, Claustrophobia, Crossing Hennessy, Under the Hawthorn Tree, Lovers’ Discourse, Love for Life, and, The Flowers of War.

2. Cinema Investment and Management

Following the entering into a memorandum of understanding on establishment of a joint venture for investment in domestic cinemas with CineChina Limited (“CineChina”) in April 2011, the Company has incorporated Bingo Cinema Investment Company Limited and Bingo Cinema Management Company Limited respectively in Hong Kong. It also took

joint and continuous efforts in establishment of necessary branches for Bingo cinemas (“Bingo Cinemas”) across the PRC as well as improvements in relevant organizational structure to cater for the needs of the Group for business expansion in Mainland China.

On 17 May 2011, the Group entered into relevant acquisition agreements in relation to the acquisition of Beibei Cinema and Yongchuan Cinema from Chongqing Yuejie Media Investment Company Limited and the acquisition of Pixian Cinema from Chongqing Jiayu Cinema Management Company Limited, pursuant to which the relevant acquisition formalities and procedures are expected to be completed by the end of September 2012. In addition, three cinemas invested by the Group in Shanghai, Hangzhou and Lin’an commenced business operation in September 2011, December 2011 and January 2012 respectively. Currently, all the Bingo Cinemas operated by the Group, under direct management by Mr. Yin Gang, has more than 200 employees in total with sound improvements in business performance. Hangzhou Cinema, one of Bingo Cinemas, has ranked ahead among all newly operated cinemas in Mainland China in 2012 in terms of box office and number of audience. According to audience feedbacks on the review websites for major cinemas in Mainland China, most of the Bingo Cinemas in operation received extensive positive comments both in terms of quality and service making Bingo Cinemas a valuable brand of the Group.

The Group’s existing new cinema projects undertaken by CineChina are also in smooth progress and in its preliminary development stage and thus provide a reserve for steady expansion of the Group’s cinema business in the future.

Mr. Yin Gang, a director of CineChina and the former head in China of Warner Bros. Pictures, is a famous expert on cinema construction and management. Since starting his career in motion picture projection in early 1990s, he has designed and built more than 100 cinemas with over 1,000 screens in Mainland China and a dozen of counties and regions covering Asia, Africa, Latin America, the United States, Europe and Oceania. He has extensive experience in all aspects of the film distribution and projection industries as well as investment, construction, operation and management of cinemas.

The Board is satisfied with the Group’s progress and scale of construction and operation of the existing Bingo Cinemas within a short period of time, and believes that Bingo Cinemas will become another business contribution to the Group. To line up with the need of a faster and better development of Bingo Cinemas, the Group will also actively consider introducing strategic partners to build up synergy to consolidate the growth of Bingo Cinemas.

CineChina is a company established in Hong Kong with limited liability in 2000. Based on the information provided by CineChina, CineChina offers consulting service for the investment, development, design, construction and management of cinema projects in the PRC. The scope of the technical services includes cinema construction design, inner-decoration design, project tendering, construction administration, equipment collocation

and installation commission. CineChina facilitated the cooperation between Warner Bros. International Cinemas Inc. with Shanghai Film Group and Dalian Wanda Group respectively in 2002. Most of the staff of CineChina were even employed by Warner Bros. International Cinemas Inc. for development and construction of Warner Brothers' cinemas in China in 2003 until late 2005. CineChina has participated in the design or development of more than 60 multiplex with approximately 466 screens and 95,800 theater seats in aggregate since its inception in various cities of the PRC, such as Beijing, Shanghai, Guangzhou, Shenzhen, Zhongshan, Tianjin, Qingdao, Dalian, Shenyang, Harbin, Changchun, Chongqing, Chengdu, Wuhan, Changsha, Wuxi, Ningbo, Nanchang, Yinchuan, Xi'an, Xiamen, Fuzhou and Zhanjiang. According to the "China Movie Yearbook 2009", CineChina participated in the construction of more than 57 movie theaters that contributed more than 20% of the aggregate box-office in the PRC in 2009.

3. Derivative Business from the Intellectual Property Rights of CJ7 (長江七號)

The Group has commenced formal cooperation with Qingdao Broadcast Animation Co., Ltd (青島廣電動畫有限公司), a subsidiary of Qingdao Broadcast and Wireless Media Group (青島廣電無線傳媒集團), for the purpose of making 3 animation movies of CJ7 (長江七號) and approximately 156 episodes (12 minutes per episode) of animation series of CJ7 (長江七號) in the coming three years. At the initial stage, the Group expected that there would be around 50-100 episodes of animation series to broadcast on children's channels of major TV stations nationwide during prime time starting from May 2013. The first animation movie is also expected to debut nationwide during the summer holidays in July 2013.

The children's stage play "CJ7 (長江七號)", a derivative production of the CJ7 (長江七號) movie jointly invested by the Group and China Youth Cinema (a theatre alliance of youth and children, which is the first of its kind nationwide), is expected to debut a tour commencing from September 2012 in Children's Theatres of China Youth Cinema in major cities across China.

The Board expects that the derivative business of movies, series and stage plays of "CJ7 (長江七號)" will further consolidate the animation image brand of "CJ7 (長江七號)", thus boosting sales, box-office, advertisement and other revenue of derivative business.

4. Financial Position

The Group incurred an audited loss of approximately HK\$156,921,000 and HK\$125,384,000 for the years ended 31 March 2011 and 31 March 2012, respectively. The loss was mainly attributable to the non-cash expenses recognized under the share-based payment and the loss on capitalization on convertible bonds in accordance with the Accounting Standards representing approximately 79.15% and 70.52% of the loss for the years ended 31 March 2011 and 31 March 2012 respectively.

The Board believes that shifting the business focus onto Film Entertainment, Investment and Management of Cinema Business, New Media Exploitations and Licensing Business is in the interests of the Company and the shareholders as a whole. Under the leadership of the current management and Mr. Stephen Chow, the Group managed to improve its net assets from approximately HK\$86,970,000 as at 31 March 2010 to approximately HK\$131,759,000 as at 31 March 2012.

The Board regrets to find that the contents of the said article on the Next Magazine was exaggerated and biased without being verified by the management of the Company. The article completely denied the contributions made by the management of the Company and the core staff members and business partners of the Group in Hong Kong and the Mainland in Film Production as well as Investment and Management of Cinema Business in a way that shattered the faith of the shareholders and potential investors in the Company. Regarding Film Production, Mr. Stephen Chow and the production team of “Journey to the West – 除魔傳奇” are working round the clock for the post-production of the movie. In addition, while vigorously preparing for the filming of additional movies for the Group, Mr. Chow is also overseeing the operation and development of the Company with the Company’s management team. As for Investment and Management of Cinema Business, core staff members in the Mainland, under the leadership of Mr. Yin Gang, are striving to improve the scale, structure and operation of Bingo Cinemas within the Group. In light of the above, the Company reserves the right to take legal actions against any inaccurate coverage regarding the Company, the Group and its operation.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
BINGO GROUP HOLDINGS LIMITED
Chan Cheong Yee
Executive Director

Hong Kong, 3 September 2012

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the

information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company at www.bingogroup.com.hk.