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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)

CONNECTED TRANSACTION

During the Relevant Period, the Group has paid approximately HK\$28.6 million to CineChina and approximately HK\$12.5 million to Mr. Yin for the development of Cinema Projects.

As Mr. Yin is a director of BCIC, a 70% owned subsidiary of the Company and CineChina is a substantial shareholder of BCIC, both Mr. Yin and CineChina are considered to be connected persons of the Company. The Transactions, which technically fall outside the scope of the JV Agreement, would therefore constitute non-exempted connected transactions on the part of the Company under the GEM Listing Rules and are subject to the requirements under Chapter 20 of the GEM Listing Rules.

The management was not aware of the implications of the Transactions under the GEM Listing Rules until late June 2012 when the management accounts of the Group for the year ended 31 March 2012 were finalized for auditing purposes. As such, the management did not draw the attention of the Directors to the Transactions because the management believes that the Transactions were part of the JV Agreement. The Directors were therefore not aware that the Company had to issue a separate announcement at that time pursuant to the requirements under Chapter 20 of the GEM Listing Rules.

In order to prevent occurrence of similar incidents, the management has immediately taken steps to strengthen the internal controls over the procurement, accounting and payment procedures of all transactions with connected persons; and to conduct training sessions for the management so as to reinforce their knowledge regarding the rules and regulations in respect of connected transactions.

The Directors have requested the management to implement all necessary steps to identify all connected transactions for the Company and ensure that they are in full compliance with the GEM Listing Rules. The management has also reviewed the relevant records of the Group and confirmed that no other connected transactions for the Company are not in full compliance with the GEM Listing Rules.

THE TRANSACTIONS

Background of the Transactions

Reference is made to the announcement (“**Acquisition Announcement**”) of the Company dated 17 May 2011 in which the Board announced that on 17 May 2011, Bingo Cinema Investment Company Limited (“**BCIC**”) (formerly known as “Shine Wisdom Limited”), the then wholly-owned subsidiary of the Company, entered into the Acquisition Agreement A with the First Vendor, the Acquisition Agreement B with the Second Vendor and the Acquisition Agreement C with Mr. Yin Gang (“**Mr. Yin**”) as the Third Vendor in relation to the Acquisitions.

Reference is also made to the announcement (“**JV Announcement**”) of the Company dated 9 June 2011 in which on 9 June 2011, Lofty Shine, a wholly-owned subsidiary of the Company, entered into the JV Agreement with CineChina in connection with the cooperation of the Group and CineChina pursuant to the MOU.

Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Acquisition Announcement and the JV Announcement.

The Transactions

During the Relevant Period, BCIC has paid approximately HK\$28.6 million to CineChina and approximately HK\$12.5 million to Mr. Yin for the development of the Linan Cinema Project and the Hangzhou Cinema Project. To the best of the Directors’ knowledge, information and belief, the payments to CineChina and Mr. Yin were utilized for the development of both the Linan and Hangzhou Cinema Projects.

Mr. Yin is a director of BCIC, a 70% owned subsidiary of the Group formed pursuant to the terms of the JV Agreement. CineChina is the 30% shareholder of BCIC. Both of them are acting as the project manager of the Linan Cinema Project and the Hangzhou Cinema Project. Accordingly, each of Mr. Yin and CineChina is deemed as a connected person under Chapter 20 of the GEM Listing Rules. The making of payments to CineChina and Mr. Yin for the development of both the Linan and Hangzhou Cinema Projects would constitute connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

The Directors are of the view that each of Mr. Yin and CineChina merely acted as a conduit for such payments. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Yin and CineChina did not obtain any personal benefits from the Transactions.

IMPLICATION UNDER THE GEM LISTING RULES

As Mr. Yin is a director of BCIC, a 70% owned subsidiary of the Company and CineChina is a substantial shareholder of BCIC, both Mr. Yin and CineChina are considered to be connected persons of the Company. The Transactions, which involve payments to Mr. Yin and CineChina, would therefore constitute non-exempted connected transactions on the part of the Company under the GEM Listing Rules and are subject to the requirements under Chapter 20 of the GEM Listing Rules.

As the percentage ratios for relevant advance under the Transactions exceed 8% of the total assets ratio, the Company would also have to publish an announcement in accordance with Rule 17.15 of the GEM Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

As disclosed in the JV Announcement, under the JV Agreement, BCIC shall be responsible for the development and funding of the Cinema Projects, including but not limited to, cinema design and construction costs, licensing fees, training costs and operating expenses during trial run period. The Group made the funding to CineChina and Mr. Yin for procurement of the investment in the Linan Cinema Project and the Hangzhou Cinema Project (the "**Cinema Projects**"). As BCIC is a company incorporated in Hong Kong, therefore if the funding were provided to BCIC directly for the Cinema Projects, BCIC would be subject to the PRC regulatory requirements on foreign exchange restrictions and that might cause delays in the development of the Cinema Projects. CineChina and Mr. Yin would settle the cost incurred in procurement of these investments on behalf of the Group after the fund transfer during the Relevant Period. Furthermore, Mr. Yin and CineChina in principle agreed to act as a conduit of payment on behalf of BCIC for the development of the Cinema Projects.

CineChina and Mr. Yin have been in the PRC cinema industry more than 12 years. CineChina has participated in the design or development of more than 60 multiplex with approximately 466 screens and 95,876 theater seats in aggregate since its inception in various cities of the PRC. In comparison with the skills of the Group and its Directors believe CineChina and Mr. Yin shall handle all the practical works of development of the Cinema Projects while the Group will be involved in the strategy, marketing and financial monitoring in relation to the Cinema Projects.

All the funds provided by the Group to Mr. Yin and CineChina have been utilized to the Cinema Projects. Whilst the Linan and Hangzhou Cinema Projects are legally owned by 比高電影院(上海)有限公司 ("**Shanghai Bingo**"), a non-wholly owned subsidiary of the Group, there are certain PRC issues to be resolved. As at the date of this announcement, Shanghai Bingo has a registered capital of RMB500,000 and is owned as to 75% by a WOFE (the "**Bingo WOFE**"), which is a wholly owned subsidiary of the Group established in the PRC, and as to 25% by Mr. Yin.

Pursuant to the relevant PRC regulatory requirements, the Company understands that for cinema operations under Sino-foreign equity joint venture in the PRC, the registered capital shall be at least RMB6,000,000. Furthermore, the current business scope of the Bingo WOFE does not provide that it may invest into cinema companies.

As such, the Group is currently conducting an internal group reorganisation involving, among others, (i) the increase of the registered capital of Shanghai Bingo from RMB500,000 to RMB6,000,000; and (ii) another wholly owned subsidiary of the Group in Hong Kong will replace the Bingo WOFE to act as the 75% shareholder of Shanghai Bingo (the “**PRC Cinema Restructuring**”).

As a result of such PRC issues, the results of the Projects are not consolidated with that of the Group. Upon completion of the PRC Cinema Restructuring, the results of the Projects will be consolidated with that of the Group.

It is contemplated that the results of the Cinema Projects will be consolidated into of that of the Group upon completion of such PRC Cinema Restructuring. The Group will directly make payments for the development of the Cinema Projects after completion of the PRC Cinema Restructuring. It is also contemplated that the outstanding balances owed by Mr. Yin and CineChina to the Group will deem to be settled upon completion of the PRC Cinema Restructuring.

On 6 December 2012, each of Mr. Yin and CineChina entered into of an agreement (the “**Agreement**”) with the Group to confirm the obligations and duties of the parties in respect of the Transactions.

Parties:

The Company

Mr. Yin

CineChina

Principal Terms

The Agreement confirm and ratify that during the Relevant Period, BCIC has paid approximately HK\$28.6 million to CineChina and approximately HK\$12.5 million to Mr. Yin for the development of the Linan Cinema Project and Hangzhou Cinema Project. It is further confirmed that all the funds provided by the Group to Mr. Yin and CineChina have been utilized to the Cinema Projects.

Each of Mr. Yin and CineChina will exercise their best endeavours to assist the Group to complete the PRC Cinema Restructuring. Upon completion of the PRC Cinema Restructuring, the outstanding balances owed by Mr. Yin and CineChina to the Group will deem to be settled upon completion of the PRC Cinema Restructuring.

REASONS FOR NON-COMPLIANCE WITH THE GEM LISTING RULES

The JV Agreement was entered into pursuant to which CineChina agreed to identify potential cinema projects in the PRC to BCIC. The management believes that the Transactions were part of the JV Agreement. This was largely due to the fact that under the JV Agreement, BCIC shall be responsible for the development and funding of the cinema projects, including but not limited to, cinema design and construction costs, licensing fees, training costs and operating expenses during trial run period. However, the transfer of the relevant Cinema Projects to the Group did not complete within the expected timeframe and accordingly, Mr. Yin and CineChina agreed to act as a conduit for payments towards such Cinema Projects. The ownership of the Cinema Projects will be owned by BCIC ultimately subject to the completion of the development of each Cinema Project.

The management was not aware of the implications of the Transactions under the GEM Listing Rules as the management was of the view that Mr. Yin and CineChina only acted as a conduit of payments and the payments have been utilized for the Cinema Projects (which will be subsequently owned by BCIC subject to the completion of the development of each Cinema Project) and each of Mr. Yin and CineChina did not have any personal benefits from such Transactions.

The management only became aware of the implications of the Transactions under the GEM Listing Rules until late June 2012 when the management accounts of the Group for the year ended 31 March 2012 were finalized for auditing purposes. As such, the management did not draw the attention of the Directors to the Transactions because they consider that the Transactions were part of the JV Agreement and no formal written agreement was entered into with respect to the Transactions. The Directors were therefore not aware that the Company had to issue a separate announcement at that time pursuant to the requirements under Rule 17.15 and Chapter 20 of the GEM Listing Rules. The Company will enter into formal written agreement with CineChina and/or Mr. Yin and will comply with the relevant requirements of the GEM Listing Rules should any further payments would be made through CineChina and/or Mr. Yin.

REMEDIAL STEPS TAKEN

In order to prevent occurrence of similar incidents, the management has immediately taken steps to strengthen the internal controls over the procurement, accounting and payment procedures of all transactions with connected persons; and to conduct training sessions for the management so as to reinforce their knowledge regarding the rules and regulations in respect of connected transactions.

The Directors have requested the management to implement all necessary steps to identify all connected transactions for the Company and ensure that they are in full compliance with the GEM Listing Rules. The management has also reviewed the relevant records of the Group and confirmed that no other connected transactions for the Company are not in full compliance with the GEM Listing Rules.

Having reviewed the available information (which included, but were not limited to the payment records), the Directors confirm that the Transactions were entered into on terms not less favourable to the Group than terms available to or from independent third parties. On this basis, the Directors (including the independent non-executive Directors) consider that the terms of the Transactions are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Directors consider that the non-compliance is a singleton event and undertake to avoid the occurrence of similar events in future.

INFORMATION OF THE GROUP

The Group is principally engaged in sales and trading of coal and palm oil, film production, licensing and derivatives, crossover marketing, provision of interactive contents and cinema investment and management.

INFORMATION OF CINECHINA

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, equipments collocation and installation commission. CineChina facilitated the cooperation between Warner Brothers with Shanghai Film Group and Dalian Wanda Group respectively in 2002. Most of the CineChina staff were even employed by Warner Brothers for the development and construction of Warner Brothers' cinemas in China from 2003 to late 2005. CineChina has participated in the design or development of more than 60 multiplex with approximately 466 screens and 95,876 theater seats in aggregate since its inception in various cities of the PRC, such as Beijing, Shanghai, Guangzhou, Shenzhen, Zhongshan, Tianjin, Qingdao, Dalian, Shenyang, Haerbin, Changchun, Chongqing, Chengdu, Wuhan, Changsha, Wuxi, Ningbo, Nanchang, Yinchuan, Xian, 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.

INFORMATION OF MR. YIN

Mr. Yin is a director and shareholder of CineChina and he is also the sole beneficial owner of Cinema Project C and Cinema Project C will be wholly operated by Bingo Cinema (Shanghai) Company Limited.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Bingo Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issue Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hangzhou Cinema Project”	cinema project in Hangzhou known as 浙江杭州比高電影城
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Linan Cinema Project”	cinema project in Linan known as 浙江臨安比高電影城
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relevant Period”	the period from July 2011 to September 2012
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Transactions”	payment of approximately HK\$28.6 million to CineChina and approximately HK\$12.5 million to Mr. Yin for the development of the Linan Cinema Project and the Hangzhou Cinema Project

“WFOE”	上海輝馳管理諮詢有限公司 (transliterated as Shanghai Hui Chi Management Consulting Co., Ltd.), a wholly foreign owned enterprise established in the PRC on 21 December 2011 and owned by the Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 6 December 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 Ms. Zhang Yibo, 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 collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on 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.