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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)

CONTINUING CONNECTED TRANSACTION: THE RENEWAL OF THE LICENCE AGREEMENT

On 22 July 2013, High Amuse and Entrance Gate Limited entered into of the Renewal Letter to renew the term of the Licence Agreement for an additional three year after the expiry of the initial term.

As Entrance Gate Limited is a related entity of Mr. Chiau, who in turn is an Executive Director and the controlling Shareholder of the Company, Entrance Gate Limited is considered as a connected person of the Company.

As the percentage ratios for the relevant aggregated annual cap amounts for the continuing connected transaction under the Licence Agreement are less than 25% and below HK\$10 million, the renewal of the Licence Agreement under the Renewal Letter will be subject to announcement, reporting and annual review requirements under Chapter 20 of the GEM Listing Rules but exempt from the independent shareholders' approval requirements.

BACKGROUND OF THE RENEWAL

Reference is made to the circular (the “**Circular**”) of the Company dated 3 May 2010 in relation to, among others, the continuing connected transaction on the part of the Company involving the entering into of the Licence Agreement between Entrance Gate Limited as licensor and High Amuse, a wholly owned subsidiary of the Group, as exclusive licensee to use, apply or exploit the Intellectual Property Rights in respect of the Peripheral Products. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Circular.

As disclosed in the Circular, the term of the Licence Agreement shall be for an initial term of three year commencing from the Commencement Date, i.e. 1 June 2010 and automatically renewable thereafter subject to compliance with the applicable laws and regulations provided

that the period shall be ending on not later than (i) the date of termination or expiry of the Head Licence Agreement or otherwise ceases to have effect such that the Head Licence Agreement and the Licence Agreement would cease to have effect on the same date, or (ii) the date falling the tenth anniversary from the Commencement Date.

In return, High Amuse shall pay royalty equivalent to 10% of the sales revenue to be received by the Licensee in cash on the use, application or exploitation of the Intellectual Property Rights licensed to High Amuse as the Licensee under the License Agreement.

The Licence Agreement had been fulfilled and the Connected Transactions have been completed on 1 June 2010. Please refer to the announcement of the Company dated 1 June 2010 for further details.

After further arm's length negotiations, the Company is pleased to announce that High Amuse and the Licensor have agreed to renew the Licence Agreement for further three years by a renewal letter entered into between High Amuse and the Licensor dated 22 July 2013 (the "**Renewal Letter**"). Details of the principal terms of the Renewal Letter are set out below.

THE RENEWAL LETTER

Principal terms

Date: 22 July 2013

Parties:

Licensor: Entrance Gate Limited, a company incorporated in the British Virgin Islands with limited liabilities and is principally engaged in investment holdings

Licensee: High Amuse, a wholly owned subsidiary of the Company

The Licensor is the exclusive licensee under the Head Licence Agreement dated 22 February 2010 between Estrella Limited as master licensor and Entrance Gate Limited as exclusive licensee. Estrella Limited is a related entity with Mr. Chiau, an Executive Director and the controlling shareholder of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner(s) of Entrance Gate Limited is a connected person of Mr. Chiau and Entrance Gate Limited is deemed as a connected person of the Company under the GEM Listing Rules.

As such, the renewal of the Licence Agreement will be deemed as a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

Renewal of the term of the Licence Agreement

Pursuant to the Renewal Letter, the parties agree that subject to the compliance with the applicable laws and regulations, the term of the Licence Agreement shall be extended for a period of three additional years after the initial term of three years provided that the period shall be ending on not later than (i) the date of termination or expiry of the Head Licence

Agreement or otherwise ceases to have effect such that the Head Licence Agreement and the Licence Agreement would cease to have effect on the same date, or (ii) the date falling the tenth anniversary from the Commencement Date.

All other terms and conditions of the Licence Agreement, including the rate of royalty payable to Entrance Gate Limited by the Group, remain unchanged.

Annual Caps

The Company proposes that the annual maximum royalties to be paid by the Licensee to the Licensor under the Licence Agreement for the three year ending 31 March 2014, 2015 and 2016 shall not exceed the annual caps of HK\$5 million, HK\$8 million and HK\$9 million respectively.

The above annual caps are determined with reference to the historical figures and also the assumption that Mr. Chiau will continue to act as the Executive Director of the Company and would continue to assist in the Peripheral Products' production and distribution of the Group for the three years. Other factors considered by the Board including (a) the gross sales revenue of the Peripheral Products in comparison with the prevailing market rate and practices; (b) the production and marketing plan of the Peripheral Products; (c) the estimated annual demand of the Peripheral Products in the coming years; and (d) the potential global inflation in the coming years.

The Directors (including the independent non-executive Directors) consider that the annual caps of the Licence Agreement and the renewal of the Licence Agreement under the Renewal Letter are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As Estrella Limited is a related entity of Mr. Chiau, who in turn is an Executive Director and the controlling Shareholder of the Company, Estrella Limited is considered as a connected person of the Company. Further, Entrance Gate Limited is also a related entity of Mr. Chiau. As such, the renewal of the Licence Agreement will be deemed as a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the percentage ratios for the relevant aggregated annual cap amounts for the continuing connected transaction under the Licence Agreement are less than 25% and below HK\$10 million, the renewal of the Licence Agreement under the Renewal Letter will be subject to announcement, reporting and annual review requirements under Chapter 20 of the GEM Listing Rules but exempt from the independent shareholders' approval requirements.

REASONS FOR THE TRANSACTIONS

Pursuant to the Licence Agreement, High Amuse (the Licensee) is granted the exclusive licence and also has the right to sub-license the exclusive licence.

As disclosed in the Circular, the Licence Agreement were fair and reasonable and in the interests of the Company and the Shareholders as a whole. With the exclusive licence, the Group can engage in the use, apply or exploit the Intellectual Property Rights in respect of the Peripheral Products globally. In return, royalty payments are to be made to the Licensor, calculated based on a fixed percentage of 10% of the sales revenue to be received by the Licensee in cash on the use, application or exploitation of the Intellectual Property Rights licensed to the Licensee under the Licence Agreement. In other words, the Group will only need to pay royalties when there will be sales revenue from the Peripheral Products.

Given that the Group is in the course of developing the market of the Peripheral Products of the Movie, the Board considers that it is in the interests of the Group to further renew the Licence Agreement for an additional three year. The renewal will allow the Group to have additional time to further develop the market of the Peripheral Products and to generate additional revenues for the Group.

In light of the above, the Directors, including the independent non-executive Directors, consider that the transactions contemplated under the Licence Agreement and the Renewal Letter are in the ordinary and usual course of business of the Group and the terms of the Licence Agreement and the Renewal Letter are based on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders as a whole.

To the best of the Directors' knowledge, information and belief, save for Mr. Chiau and his associates, no Shareholders or Directors have a material interest in the renewal of the Licence Agreement. Mr. Chiau has abstained from voting in the relevant resolutions of the Board approving the Renewal Letter.

INFORMATION OF THE GROUP

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

By order of the Board
Bingo Group Holdings Limited
Chong Lee Chang
Executive Director

Hong Kong, 22 July 2013

As at the date of this announcement, the Company's executive Directors are Mr. Chiau Sing Chi, Mr. Chan Cheong Yee and Mr. Chong Lee Chang, the Company's non-executive Director is 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.