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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:
PROPOSED COLLABORATION WITH PFL
FOR FEASIBILITY STUDY ON A FILM PROJECT**

On 12 March 2014 (after trading hours), Bingo Movie, a wholly owned subsidiary of the Company, and PFL entered into the Agreement to participate in the Development of the feasibility study for the preparation of production the Film based on the Original Story.

Mr. Chiau has granted PFL a restrictive one-picture license to participate in the development of the Original Story for the purpose of producing and distributing the Film based on the Original Story.

The initial capital commitment and development fees to be borne by Bingo Movie under the Agreement shall be HK\$2,500,000. In the event that the Group determines to produce, market and distribute the Film based on the Original Story after such feasibility studies, Bingo Movie shall enter into the Long Form Agreement(s) with PFL, Mr. Chiau and/or other third parties, which shall set out in details of the terms and conditions of the collaboration, including but not limited to any further co-investment and development of the Film. The Company will comply with the relevant requirements of the GEM Listing Rules upon the entering into of such Long Form Agreement(s).

In the event that the Group determines not to produce, market and distribute the Film based on the Original Story after such feasibility studies and not to enter into the Long Form Agreement(s), Bingo Movie shall have the Put Option to request PFL to purchase all the interests of the Group in the Development at the Option Exercise Price of not more than HK\$2,750,000.

Since Mr. Chiau is an executive Director of the Company and together with his associates is also a substantial Shareholder of the Company and PFL is an associate of Mr. Chiau, the Agreement and the transactions contemplated thereunder constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios are less than 25% and the consideration is less than HK\$10,000,000 and the Agreement and the transactions contemplated thereunder is subject to reporting and announcement but exempt from independent shareholders' approval requirements under the GEM Listing Rules.

BACKGROUND

As at the date of this announcement, Mr. Chiau owns one (1) protected motion picture story (the "Original Story"). Mr. Chiau has granted a restrictive one-picture license to PFL for the development of the Original Story for the sole purpose of producing the Film and the distribution of the cinematic rights of such afterward.

Bingo Movie is a wholly owned subsidiary of the Company specializing in film investment and intends to explore the possibility to collaborate with PFL in producing and/or distributing the Film based on the Original Story.

On 12 March 2014 (after trading hours), Bingo Movie, a wholly owned subsidiary of the Company, and PFL entered into the Agreement pursuant to which, PFL will grant Bingo Movie a right to participate in the development of the feasibility study for the preparation of production of the Film under the Project.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date: 12 March 2014 (after trading hours)

Parties: Bingo Movie
PFL

Mr. Chiau is an executive Director of the Company and together with his associates is also a substantial Shareholder of the Company. PFL is an associate of Mr. Chiau. As such PFL is a connected person of the Company as defined under Chapter 20 of the GEM Listing Rules.

Bingo Movie is a wholly owned subsidiary of the Company incorporated in Hong Kong with limited liability and is specializing in film investment.

Condition

The Agreement shall be subject to and conditional upon the obtaining of all necessary consents and approvals on the part of the Company.

Proposed Collaboration with PFL

Pursuant to the Agreement, PFL shall grant the right to Bingo Movie to participate in the Development of the Original Story for the purpose of producing and distributing the Film based on the Original Story and Bingo Movie shall conduct feasibility study on the proposed Film. Bingo Movie shall pay directly the development fees to the development team to be designated by PFL after reasonable consultation with Bingo Movie for the Development.

The package of the Film, including but not limited to the production plan and all essential elements such as budget, cast, director and financing, shall be determined by PFL during the feasibility study. The package shall be submitted by PFL to Bingo Movie for its consideration and determination whether to further invest to the Project.

Bingo Movie acknowledges that any and all creative materials, including without limitation designs of all kinds, synopsis and screenplays created during the development of the Project are sole and exclusive property of Mr. Chiau and Mr. Chiau shall be deemed the sole and exclusive author and owner of such proprietary materials. For the avoidance of doubts, PFL shall have the right in development, marketing, producing and/or distributing of the Film based on and subject to the restrictive one-picture license.

Initial capital commitment and development fees

The initial capital commitment and development fees to be borne by Bingo Movie under the Agreement shall be HK\$2,500,000, which shall be settled in cash by Bingo Movie by way of cash within 10 working days from the date of the Agreement.

Long Form Agreement(s), Put Option and Call Option

It is intended that the feasibility study shall be completed on or before 1 October 2014 (or such other date as the parties to the Agreement may agree).

Within thirty (30) days from the confirmation of the package of the Film, Bingo Movie shall have the option to serve upon Mr. Chiau and PFL written offer notice confirming its intention of further investment to the Film.

If Bingo Movie fails to serve such written offer notice to Mr. Chiau and PFL within the stipulated period, the Group will be deemed to abandon the collaboration. Bingo Movie shall be entitled to exercise the Put Option or PFL shall be entitled to exercise the Call Option within thirty (30) days thereafter to acquire all the interests of the Group in the Development at the Option Exercise Price of not more than HK\$2,750,000 after Bingo Movie confirming in writing that it will not develop the Project after such feasibility studies.

In the event that the Group determines to continue to invest, produce, market and distribute the Film based on the Original Story after such feasibility studies, Bingo Movie shall enter into the Long Form Agreement(s) with PFL, Mr. Chiau and/or other third parties, which shall set out in details of the terms and conditions of the collaboration, including but not limited to any further co-investment and development of the Film. The Company will comply with the relevant requirements of the GEM Listing Rules upon the entering into of

such Long Form Agreement(s) and will make further announcement(s) in accordance with the GEM Listing Rules upon the entering into of any of such Long Form Agreement(s) by the Group.

In the event that the Group determines not to produce, market and distribute the Film based on the Original Story after such feasibility studies and not to enter into the Long Form Agreement(s), Bingo Movie shall have the Put Option to request PFL and PFL shall have the Call Option to purchase and acquire all the interests of the Group in the Development at the Option Exercise Price.

On or before 31 December 2014 (or such other date as the parties to the Agreement may agree), if the Group does not express any intention in writing to PFL to produce, market and distribute the Film based on the Original Story after such feasibility studies and not to enter into the Long Form Agreement(s), Bingo Movie shall be obliged to mandatorily exercise the Put Option on 31 December 2014 (or such later date as the parties to the Agreement may agree) to dispose of all the interests of the Group in the Development at the Option Exercise Price to PFL.

The exercise of the Call Option and the Put Option are mutually exclusive, i.e. once the Put Option would have been exercised, the Call Option shall no longer be exercisable and vice versa.

REASONS FOR THE ENTERING INTO OF THE AGREEMENT

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

In light of the previous success of the Group in the movie titled “Journey to the West: Conquering the Demons”, the Group is actively seeking appropriate business opportunities to further engage in movie production and distribution.

Upon learning the Original Story, the Company considers that it represents an opportunity to collaborate with PFL in producing and/or distributing the Film based on the Original Story. Given the past track records of Mr. Chiau’s films, the Company considers that the entering into of the Agreement will allow the Group to participate in the Project.

Film production and distribution involve substantial investments. The entering into of the Agreement will on one hand allow the Group to have an in-depth feasibility study on the Project and to conduct certain pre-production works for the Film upon PFL’s invitation, if any, before entering into of any Long Form Agreement(s) with substantial investments and capital commitments. On the other hand, the Put Option together with the relatively small initial capital commitment fee to be incurred by the Group as contemplated under the Agreement will safeguard the interests of the Group in the event that the Board considers it may not be in the interests for the Group to further pursue in the Project after the feasibility study and pre-production stage.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Ms. Chow Man Ki Kelly is a sister of Mr. Chiau and therefore is deemed to have a material interest in the Agreement. Other than Ms. Chow Man Ki Kelly and Mr. Chiau, to the best of the Directors' knowledge and information, no other Directors have a material interest in the Agreement and the transactions contemplated thereunder. Mr. Chiau and Ms. Chow Man Ki Kelly have abstained from voting at the relevant board meeting approving the entering into of the Agreement in accordance with the requirements of the GEM Listing Rules.

IMPLICATION UNDER THE GEM LISTING RULES

Since Mr. Chiau is an executive Director of the Company and together with his associates is also a substantial Shareholder of the Company and PFL is an associate of Mr. Chiau, the Agreement and the transactions contemplated thereunder constitute a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios are less than 25% and the consideration is less than HK\$10,000,000 and the Agreement and the transactions contemplated thereunder is subject to reporting and announcement but exempt from independent shareholders' approval requirements under the GEM Listing Rules.

DEFINITIONS

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

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| “Agreement” | the agreement dated 12 March 2014 and entered into between Bingo Movie and PFL in relation to the Project |
| “Bingo Movie” | Bingo Movie Development Limited, a company incorporated in Hong Kong with limited liabilities and a wholly owned subsidiary of the Company |
| “Board” | the board of Directors |
| “Call Option” | the call option to entitle PFL to purchase and acquire all the interests of the Group in the Development at the Option Exercise Price |
| “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 |
| “Development” | the development of the feasibility study for the preparation of production of the Film under the Project |
| “Directors” | directors of the Company |
| “Film” | the film to be developed and produced based on the Original Story |

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| “GEM” | the Growth Enterprise Market |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Long Form Agreement(s)” | the formal legal binding agreement(s) to be entered by Bingo Movie with Mr. Chiau, PFL and/or other third parties, which shall set out in details of the terms and conditions of the collaboration, including but not limited to any further co-investment and development of the Film |
| “Mr. Chiau” | Mr. Chiau Sing Chi, a substantial shareholder and an executive Director of the Company |
| “Option Exercise Price” | the aggregate of HK\$2,500,000 plus an annualised return of 15% (subject to the maximum consideration shall be capped at HK\$2,750,000) |
| “Original Story” | one (1) protected motion story owned by Mr. Chiau |
| “PFL” | Pacific Finder Limited, a company incorporated in Hong Kong with limited liability and is an associate of Mr. Chiau |
| “PRC” | the People’s Republic of China |
| “Project” | the project contemplated under the Agreement involving the producing and/or distributing the Film |
| “Put Option” | the put option granted to Bingo Movie under the Agreement to request PFL to purchase and acquire all the interests of the Group in the Development at the Option Exercise Price |
| “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 |

“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, 12 March 2014

As at the date of this announcement, the Board comprises Mr. Chiau Sing Chi, Ms. Chow Man Ki, Kelly, Mr. Chan Cheong Yee, Mr. Chong Lee Chang and Mr. Lau Man Kit as executive Directors, Mrs. Chin Chow Chung Hang, Roberta as non-executive Director, and Mrs. Chen Chou Mei Mei, Vivien, Mr. Chum Kwan Yue, Desmond and Mr. Wong Chak Keung as independent non-executive Directors.

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’s website at www.bingogroup.com.hk.