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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)

SUPPLEMENTAL AND CLARIFICATION ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION LICENSING AGREEMENT IN RELATION TO INTELLECTUAL PROPERTY RIGHTS

Reference is made to the announcement of Bingo Group Holdings Limited (the “**Company**”) dated 29 February 2024 (the “**Announcement**”) in relation to, among others, the continuing connected transaction contemplated under the Licensing Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meaning as in the Announcement.

THE LICENSING AGREEMENT

Royalty of the Licensing Agreement

The Company would like to clarify that, Huge Art shall pay the Licensor commencing from the first anniversary of the Commencement Date until the end of the License Period a royalty equivalent to 50% of the Sales Revenue as Royalty. Also, in accordance with the terms of the Licensing Agreement, in the event that the Royalty exceeds the annual cap for the aggregate fees payable by the Licensee to the Licensor (i.e. HK\$1.3 million), there will be a downward adjustment mechanism for the Royalty, such that the maximum Royalty payable by the Licensee to the Licensor is capped at HK\$1.3 million.

Basis of the Royalty

As disclosed in the Announcement, Huge Art shall pay the Licensor commencing from the first anniversary of the Commencement Date until the end of the Licence Period a royalty equivalent to 50% of the Sales Revenue in cash as Royalty. The basis for determining the Royalty is as follows:

- (i) The movie “New King of Comedy (新喜劇之王)”, the Intellectual Property Rights of which being the subject matter of the Licensing Agreement, has recorded a gross income of more than RMB680 million, which has proven its popularity in the People’s Republic of China and hence the commercial value of such Intellectual Property Rights;
- (ii) As there is no restriction on the commercialization categories on the Products, the Company has an optimistic view over the commercialization of the Products and the potential deals are highly beneficial to the Company on an internal basis, whereby the Company is in the course of promoting the Products in the industry negotiating deals for sub-licensing the Intellectual Property Rights for the production of variety show and creation of short video content on social media platforms such as Douyin;
- (iii) As the Company is mainly responsible for the formulation of the long-term business development of the license (including but not limited to cooperating with third parties in the course of the commercialisation of the Products), the costs that the Company has to bear in the exploitation and commercialization of the Products is expected to be minimal; and
- (iv) Different from other licensing agreements of the Licensor in general, the Group is not required to pay any upfront or fixed amount of royalty or licensee fee to the Licensor, and the Royalty will only be payable if Huge Art could secure sales for the Products using the Intellectual Property Rights. There is also a downward adjustment mechanism when the royalty exceeds the annual cap of the Licensing Agreement. With such arrangement and considering the total consideration of the Licensing Agreement (i.e. HK\$3.9 million), the Group is of the view that the 50% Royalty is in line with other licensing agreements of the Licensor, and the Group can ensure that it does not have to pay any Royalty in the unlikely event it has no income from the commercialization of the Products.

Based on the reasons above, in particular, taking into account the fact that there is no upfront or fixed Royalty payable by the Group and that the Group’s benefit in the arrangement could be maximized by spending minimal costs while generating additional sales and revenue, the Directors consider that the Royalty is fair and reasonable, on normal

commercial terms or better or on terms no less favourable than those made available to the Group by an independent third party and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE LICENSOR

The board of the Company also wishes to clarify that due to inadvertent clerical errors, certain information in the Announcement was mistakenly stated. The disclosure on page 3 of the Announcement, which reads “*The Licensor is principally engaged in movie production and is ultimately beneficially held by Mr. Chiau..*” should read as “*The Licensor is principally engaged in movie production and is ultimately beneficially held by Ms. Chow..*”

Save as disclosed above, the Announcement remains unchanged.

By order of the Board
Bingo Group Holdings Limited
LAU Man Kit
Executive Director

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises Mr. CHIAU Sing Chi, Ms. CHOW Man Ki Kelly, Mr. LAU Man Kit, Ms. CHOW Nga Chee Alice and Mr. YIP Yiu Bong as executive Directors; and Ms. CHOI Mei Ping, Mr. TSUI Wing Tak and Ms. CHAN Yuet Ching 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 the “Latest Listed Company Information” page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting and will also be published on the Company’s website at www.bingogroup.com.hk.