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Transmit Entertainment Limited
傳遞娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1326)

**COMPLETION OF DISPOSAL
AND
UPDATE ON CONTINUING CONNECTED TRANSACTION**

References are made to the announcements of the Company dated 18 January 2021 and 8 February 2021 (the “**Announcements**”) and the circular of the Company dated 25 February 2021 in relation to, among other things, the Disposal. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise stated.

COMPLETION OF DISPOSAL

The conditions precedent to Completion have been fulfilled and Completion took place on 26 May 2021. Upon Completion, the Company has ceased to hold any interest in the Target Group, each member of the Target Group has ceased to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Company.

UPDATE ON CONTINUING CONNECTED TRANSACTION

Simultaneously with Completion, on 26 May 2021, the Company entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Management Agreement with the Target Company and Mandarin Motion Pictures Limited (“**Mandarin Motion Pictures**”) in relation to the provision of services by Mandarin Motion Pictures (instead of the Target Company) to

the Company in respect of the management of the Langham Cinema for the period from the date of completion of Disposal to 25 May 2024. Under the Supplemental Agreement, the obligations of the Target Company under the Management Agreement are novated to Mandarin Motion Pictures and the effective term of the Management Agreement is changed from the original effective term of 1 February 2021 to 31 January 2024, to the updated effective term of 26 May 2021 (which aligns with the date of Completion) to 25 May 2024. All other terms of the Management Agreement as disclosed in the announcement of the Company dated 18 January 2021 remain the same.

The updated caps for the transactions contemplated under the Management Agreement (as novated and supplemented by the Supplemental Agreement) during the updated effective term is as follows:

Original effective term	Original cap	Updated effective term	Updated cap
1 February 2021– 30 June 2021:	HK\$37,500,000	26 May 2021– 30 June 2021:	HK\$8,900,000
1 July 2021– 30 June 2022:	HK\$91,000,000	1 July 2021– 30 June 2022:	HK\$91,000,000
1 July 2022– 30 June 2023:	HK\$92,000,000	1 July 2022– 30 June 2023:	HK\$92,000,000
1 July 2023– 31 January 2024:	HK\$55,000,000	1 July 2023– 25 May 2024:	HK\$84,000,000

The basis for determining the updated caps remain the same as those set out in the Announcements.

Mandarin Motion Pictures is a company incorporated in Hong Kong and is principally engaged in film production and distribution.

The Directors consider that the entering into of the Management Agreement (as novated and supplemented by the Supplemental Agreement) would benefit the Company given that Mandarin Motion Pictures has extensive business and operating experience in the film industry.

The Directors (including the independent non-executive Directors) are of the view that the Management Agreement (as novated and supplemented by the Supplemental Agreement) has been entered into in the ordinary course of business of the Group and on normal commercial terms, and its terms are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. None of the Directors has any material interest in the Management Agreement (as novated and supplemented by the Supplemental Agreement), as such no Director would be required to abstain from voting on the board resolution approving the Management Agreement (as novated and supplemented by the Supplemental Agreement).

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, as at the date of this announcement, Mandarin Motion Pictures is held as to 100% by Mr. Wong, being a director of certain subsidiaries of the Company, and his associates. Accordingly, Mandarin Motion Pictures is an associate of Mr. Wong and a connected person of the Company at the subsidiary level. The Management Agreement (as novated and supplemented by the Supplemental Agreement) constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Mandarin Motion Pictures is a connected person at the subsidiary level, (ii) the Board has approved the Management Agreement (as novated and supplemented by the Supplemental Agreement), and (iii) the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Management Agreement (as novated and supplemented by the Supplemental Agreement) are fair and reasonable, are on normal commercial terms or better and the Management Agreement (as novated and supplemented by the Supplemental Agreement) is in the interests of the Company and the Shareholders as a whole, the Management Agreement (as novated and supplemented by the Supplemental Agreement) is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

By order of the Board
Transmit Entertainment Limited
Zhang Liang, Johnson
Chairman and Executive Director

Hong Kong, 26 May 2021

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. ZHANG Liang, Johnson (Chairman), Ms. ZHAO Wenzhu and Mr. LEE Hin Kwong, Patrick; and (ii) three independent non-executive Directors, namely Mr. WANG Bo, Mr. XIANG Feng and Mr. CHANG Eric Jackson.