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## **IMAX CHINA HOLDING, INC.**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1970)**

# **CONTINUING CONNECTED TRANSACTIONS REVISION OF THE ANNUAL CAP OF THE SERVICES AGREEMENTS**

We refer to the announcements of IMAX China Holding, Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 10 February 2017, 23 February 2017, 19 December 2019 and 23 February 2023 (the “**Announcements**”) and the section headed “Connected Transactions – Exempt Connected Transactions” in the prospectus of the Company dated 24 September 2015 in relation to, among other things, the services agreements entered into by IMAX Corporation (on the one hand) and IMAX Shanghai Multimedia and IMAX Hong Kong, respectively (on the other hand) (the “**Services Agreements**”).

## **REVISION OF THE ANNUAL CAP OF THE SERVICES AGREEMENTS**

On 3 December 2023, each of IMAX Shanghai Multimedia and IMAX Hong Kong (on the one hand) and IMAX Corporation (on the other hand) have entered into the amendment agreements to the Services Agreements (the “**Amendment Agreements**”), pursuant to which the parties agreed to increase the existing annual cap of HK\$6,000,000 for the maximum aggregate fees payable under the Services Agreements (the “**Original Annual Cap**”) to the revised annual cap of HK\$7,000,000 (the “**Revised Annual Cap**”) for the year ending 31 December 2023. Save for the revision of the Original Annual Cap, all other terms and conditions of the Services Agreements shall remain unchanged and valid.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) are of the view that each of the Services Agreements and the Amendment Agreements had been conducted in the ordinary and usual course of business of the Group, are on normal commercial terms and on an arm’s length basis, and the terms of the Services Agreements and the Amendment Agreements (including the Revised Annual Cap) are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

## **LISTING RULES IMPLICATION**

As IMAX Corporation is the controlling shareholder of the Company, each of the Services Agreements and the Amendment Agreements constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the annual cap for the transactions contemplated under the Services Agreements, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio in respect of the Revised Annual Cap will be more than 0.1% but less than 5%, the transactions contemplated under the Services Agreements will be exempt pursuant to Rule 14A.76(2)(a) of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As Richard Gelfond and Robert Lister are members of senior management of, and Richard Gelfond is also a director of, IMAX Corporation, they have a material interest in the transactions contemplated under the Services Agreements. Accordingly, they had abstained from voting on the resolutions of the Board to approve the Amendment Agreements and the Revised Annual Cap. Except for Richard Gelfond and Robert Lister, none of the Directors has a material interest in the continuing connected transactions under the Services Agreements.

### **1. REVISION OF THE ANNUAL CAP OF THE SERVICES AGREEMENTS**

On 1 January 2014, each of IMAX Shanghai Multimedia and IMAX Hong Kong entered into the Services Agreements with IMAX Corporation for an indefinite term commencing on 1 January 2014, pursuant to which IMAX Corporation agreed to provide certain services to each of IMAX Shanghai Multimedia and IMAX Hong Kong at their election, including (a) finance and accounting services, (b) legal services, (c) human resources services, (d) IT services, (e) marketing services, (f) theatre design services, (g) theatre project management services, and (h) theatre support services (the “**Services**”).

The Services Agreements were subsequently amended on 7 April 2014, 21 September 2015, 23 February 2017, 19 December 2019 and 22 February 2023.

On 3 December 2023, each of IMAX Shanghai Multimedia and IMAX Hong Kong (on the one hand) and IMAX Corporation (on the other hand) have entered into the Amendment Agreements, pursuant to which the parties agreed to increase the Original Annual Cap of HK\$6,000,000 to the Revised Annual Cap of HK\$7,000,000 for the year ending 31 December 2023.

Save for the revision of the Original Annual Cap, all other terms and conditions of the Services Agreements shall remain unchanged and valid.

## **2. BASIS FOR THE DETERMINATION OF THE REVISED ANNUAL CAP**

The Revised Annual Cap was determined after taking into account the following factors:

- (a) the unaudited historical transaction amounts under the Services Agreements for the ten months ended 31 October 2023 of approximately HK\$5,219,347 due to an increase in the variable service fees; and
- (b) the Group's increasing demand on the Services provided by IMAX Corporation and the estimated transaction amounts for the remaining two months of the year ending 31 December 2023.

## **3. REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP**

IMAX Corporation has been providing the Services to the Group under the Services Agreements in a reliable and cost-efficient manner since 2014. It has allowed the Group to leverage the industry experience and knowledge as well as the existing infrastructure of IMAX Corporation, which assists the Group to better advise its exhibitor partners with the design and management of their IMAX theatres.

Since 2023, the Group's demand for the Services provided by IMAX Corporation has maintained at a high level due to the continued recovery in content supply driven by the lift of COVID restrictions and the return of Hollywood blockbuster releases. The demand for the Services as at 31 October 2023 has exceeded expectation, based on which, the Board expected that the Original Annual Cap for the year ending 31 December 2023 will be exceeded. Therefore, the Board proposed to revise the Original Annual Cap in order to meet the expected business demand for the Services.

Taking into account the above reasons, the Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) are of the view that each of the Services Agreements and the Amendment Agreements had been conducted in the ordinary and usual course of business of the Group, are on normal commercial terms and on an arm's length basis, and the terms of the Services Agreements and the Amendment Agreements (including the Revised Annual Cap) are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

## **4. LISTING RULES IMPLICATIONS**

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Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the annual cap for the transactions contemplated under the Services Agreements, the Company is required to re-comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio in respect of the Revised Annual Cap will be more than 0.1% but less than 5%, the transactions contemplated under the Services Agreements will be exempt pursuant to Rule 14A.76(2)(a) of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As Richard Gelfond and Robert Lister are members of senior management of, and Richard Gelfond is also a director of, IMAX Corporation, they have a material interest in the transactions contemplated under the Services Agreements. Accordingly, they had abstained from voting on the resolutions of the Board to approve the Amendment Agreements and the Revised Annual Cap. Except for Richard Gelfond and Robert Lister, none of the Directors has a material interest in the continuing connected transactions under the Services Agreements.

## **5. GENERAL INFORMATION**

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange. The Company is a leading cinematic technology provider, the exclusive licensee of the IMAX brand in the theatre and films business and the sole commercial platform for the release of the IMAX format films in Greater China. The Company's two principal business segments are the theatre business and the film business.

IMAX Hong Kong is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. IMAX Hong Kong is primarily engaged in the sale and lease of theatre systems and associated film performance in Greater China.

IMAX Shanghai Multimedia is a wholly foreign owned enterprise organised and existing under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. IMAX Shanghai Multimedia is primarily engaged in the sale and lease of theatre systems and associated film performance in Mainland China.

IMAX Corporation is a company incorporated in Canada with limited liability in 1967 and listed on the New York Stock Exchange (NYSE: IMAX) and the ultimate controlling shareholder of the Company. IMAX Corporation is an entertainment technology company, specializing in motion-picture technologies and large-format motion-picture presentations.

## 6. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Board”	the board of Directors of the Company
“Company”	IMAX China Holding, Inc., a company incorporated under the laws of the Cayman Islands with limited liability on 30 August 2010
“Directors”	the directors of the Company
“Greater China”	for the purposes of this announcement only, the Mainland China, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IMAX Corporation”	IMAX Corporation, a company incorporated in Canada with limited liability in 1967 and listed on the New York Stock Exchange (NYSE: IMAX) and the Company’s ultimate controlling shareholder, or where the context requires, any of its wholly-owned subsidiaries
“IMAX Hong Kong”	IMAX China (Hong Kong), Limited, a company incorporated in Hong Kong with limited liability on 12 November 2010 and a direct wholly-owned subsidiary of the Company
“IMAX Shanghai Multimedia”	IMAX (Shanghai) Multimedia Technology Co., Ltd., a wholly foreign-owned enterprise established under the laws of the PRC on 31 May 2011 and a direct wholly-owned subsidiary of IMAX Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Macau”	Macau Special Administrative Region of the PRC

“Stock Exchange”      The Stock Exchange of Hong Kong Limited

“US\$”      U.S. dollars, the lawful currency of the United States of America

By Order of the Board  
**IMAX China Holding, Inc.**  
**Yifan (Yvonne) He**  
*Joint Company Secretary*

Hong Kong, 3 December 2023

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

Jiande Chen  
Jim Athanasopoulos  
Mei-Hui Chou (Jessie)

*Non-Executive Directors:*

Richard Gelfond  
Robert Lister

*Independent Non-Executive Directors:*

John Davison  
Yue-Sai Kan  
Dawn Taubin  
Peter Loehr

*In the event of any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.*