Transmit Entertainment Limited
傳遞娛樂有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1326)

PROFIT WARNING

This announcement is made by Transmit Entertainment Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors of the Company (the "**Directors**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review by the Board on the unaudited consolidated management accounts of the Group for the six months ended 31 December 2019 (the "**Interim Period**"), it is expected to record a net loss attributable to the owners of the Company as compared to the net profit attributable to owners of the Company of approximately HK$46.5 million for the corresponding interim period in 2018. It was mainly caused by (i) the decrease in the revenue generated from the film production, distribution and licensing as there was no new movie released by the Group during the Interim Period whereas the film "L Storm" was released in the corresponding interim period in 2018; (ii) the decrease in film exhibition income as a result of the drop in the cinemagoers amidst the continuous weakened market sentiment during the second half of 2019; and (iii) the application of Hong Kong Financial Reporting Standard 16 Leases ("**HKFRS 16**"), which results in a higher total charge to the statement of profit or loss in the first few years of the lease, and such expenses will decrease during the latter part of the lease terms. There is no impact on the cumulative expenses recognized during the remaining lease terms since the adoption date of HKFRS 16. Accordingly, the effects of the application of HKFRS 16 resulted in an increase in corresponding expenses recognised during the Interim Period as the Group currently operates numerous cinemas in Hong Kong.

The Company is still in the process of finalizing the interim results of the Group for the Interim Period. The information in this announcement is only based on the preliminary assessment of the unaudited management accounts of the Group and the information currently available to the Company, such information has not been reviewed or audited by the auditors or the audit committee of the Company. The results of the Group for the Interim Period have not been finalised as at the date of this announcement. The actual results of the Group for the Interim Period may be different from the information disclosed in this announcement. It is expected that the announcement of the Interim Period will be released by the end of February 2020.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 February 2020

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.