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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)

PLACING OF BONDS

Placing Agent



PLACING OF BONDS

On 24 February 2020, the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to procure, on a best efforts basis, the Placees to subscribe in cash for the Bonds in an aggregate principal amount of up to HK\$150,000,000 during the Placing Period.

The Placing is subject to, among others, the fulfilment of the Conditions Precedent set out in the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 24 February 2020, the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to procure, on a best efforts basis, the Placees to subscribe in cash for the Bonds in an aggregate principal amount of up to HK\$150,000,000 during the Placing Period. The principal terms of the Placing Agreement are summarised below:

THE PLACING AGREEMENT

Placing Agent : Royston Securities Limited

To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agent and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

Placees : The Bonds will be placed to the Placees who and whose ultimate beneficial owners shall be third parties independent of the Company and connected persons of the Company.

Placing Period : The period commencing from the date of the Placing Agreement and terminating on the date falling on the expiration of six (6) months from the date of the Placing Agreement (or such later time and date as the Company and the Placing Agent may agree in writing).

Closing : The Bonds will be issued in tranches. Each Closing shall take place after the fulfilment or waiver (as the case may be) of all Conditions Precedent (or such other date as may be agreed in writing between the parties) and within five (5) Business Days upon serving the completion notice for each tranche of issue. In any event, no Closing Date shall be later than the Long Stop Date.

CONDITIONS PRECEDENT

The obligations of the Placing Agent to procure the Placees to subscribe for the Bonds from the Company are subject to the fulfilment (or waiver) of the following Conditions Precedent:

- (a) all the Company's warranties in the Placing Agreement being true, complete, accurate and not misleading in all material respects, and the Company having performed and complied in all respects with all of its agreements, undertakings, obligations or conditions under the Transaction Documents to which it is a party that are required to be performed or complied with on or before the relevant Closing Date for such tranche of issue;
- (b) as of the date of the Placing Agreement and the relevant Closing Date for such tranche of issue, there being no material adverse change in the Principal Business, operations, Properties, conditions (financial or otherwise), or prospects of the Group nor the happening of events which may have a material adverse effect;
- (c) the Company having duly attended to and carried out all procedures that are required under the respective laws of its relevant jurisdiction in connection with the Transaction Documents to which it is a party and the transactions contemplated thereby;
- (d) all consents and approvals of, notices to and filings or registrations with any governmental authority, or any other person required, or pursuant to any contract binding on the Company or to which the Company or its assets are subject or bound, in connection with the execution, delivery or performance by the Company of the Transaction Documents to which it is a party or the consummation of the transactions contemplated herein, if any, having been duly obtained or made each in form and substance reasonably satisfactory to the Placing Agent, complying with the applicable laws and remaining in full force and effect and not withdrawn; and

- (e) there being no governmental authority or other person that has:
 - (i) requested any information in connection with or instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge the issue of the Bonds by the Company or the other transactions contemplated by the Transaction Documents to which the Placing Agent is a party;
 - (ii) proposed or enacted any applicable laws which would prohibit, materially restrict or materially delay the issue of the Bonds by the Company or the other transactions contemplated by the Transaction Documents to which the Placing Agent is a party and/or the operation of any Group Company after the relevant Closing for such tranche of issue.

The obligations of the Company to complete the transactions under the Placing Agreement are subject to the fulfilment (or waiver) of the condition that all of the Placing Agent's warranties in the Placing Agreement being true, complete, accurate and not misleading on or before the relevant Closing Date for such tranche of issue.

TERMINATION

The Placing Agent may, by notice in writing to the Company, terminate the Placing Agreement at any time in any of the following circumstances:

- (a) if any of the Conditions Precedent has not been fulfilled, or waived by the Placing Agent before the Long Stop Date;
- (b) if there shall have come to the notice of the Placing Agent any breach of, or any event rendering untrue, incomplete, inaccurate or misleading in any respect, any of the Company's warranties in the Placing Agreement;
- (c) if there is any breach by the Company of any covenant or agreement in the Transaction Documents;

- (d) if at any time prior to 4:00 p.m. (Hong Kong time) on the relevant Closing Date for such tranche of issue, there develops, occurs or comes into force:
- (i) any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is reasonably likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (ii) any event, or series of events beyond the reasonable control of the Placing Agent involving Hong Kong, the PRC or Cayman Islands, or the declaration by Hong Kong, the PRC or Cayman Islands of war or a state of emergency or calamity or crisis; or
 - (iii) any change or development in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is reasonably likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (iv) any change or development in local, national or international securities market conditions or currency exchange rates or exchange controls which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (v) any suspension of dealings in the Shares for consecutive twenty (20) trading days during the Placing Period whatsoever (other than as a result of the Placing or in connection with the clearance of any announcement relating to any bona fide notifiable or connected transactions or otherwise required under the Listing Rules); or

- (vi) any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the relevant Closing Date for such tranche of issue which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (e) there is any change, or any development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) as a whole which is or is reasonably likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith.

PRINCIPAL TERMS OF THE BONDS

Principal terms of the Bonds are summarised below:

Aggregate Principal Amount	:	Up to HK\$150,000,000
Denomination	:	Denominated in Hong Kong dollars and the issue of Bonds of an aggregate principal amount of not less than HK\$500,000 and subsequent issue for integral multiples of HK\$500,000 each thereof.
Interest	:	6.5% per annum (calculated on a 365-day per year basis) accrued from and including the date of issue to and including the date immediately preceding the Maturity Date, payable semi-annually in advance, from and including the date of issue of the Bonds.

- Maturity Date : The date falling on the first anniversary of the date of first issue of the Bonds (the Company may elect to extend the maturity date to the second anniversary of the date of first issue of the Bonds).
- Event of Default : If any of the events of default as described in the terms and conditions of the Bonds occurs, a Bondholder may give notice in writing to the Company that the Bonds are immediately due and repayable, and upon any such notice being given to the Company, the Bonds will immediately become due and repayable at their principal amount together with all accrued interest if the Company fails to rectify the situation within 10 Business Days after receiving the notice from any Bondholder.
- Status of Bonds : The Bonds constitute direct, unconditional and unsubordinated obligations of the Company and rank pari passu and without any preference among themselves, and the payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislations, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Company.
- Transferability : The Bonds shall only be transferred to professional investors and may be transferred in whole multiples of HK\$500,000 and shall only be transferred to professional investors (as defined in the SFO). The Bonds may not be transferred to any resident from Cayman Islands.
- Listing : No application will be made for the listing of the Bonds.

The terms of Bonds were determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in diversified culture-related businesses including (i) film and TV series production and distribution; (ii) film exhibition; and (iii) others, including post-production, advertising, marketing and publication businesses, internet and pan entertainment businesses and other revenue.

Assuming the Bonds are subscribed in full, the maximum gross proceeds from the Placing will be HK\$150,000,000. The net proceeds from the Placing (after deducting the Placing Fee and other related costs and expenses) will be used by the Company for (i) general working capital, (ii) financing its general corporate purposes (including repayment and/or prepayment of any indebtedness owed by the Group or any other member of the Group), and (iii) applying towards investment in the Principal Business.

The Board considers that the Placing provides a suitable opportunity to raise capital for the Group. In addition, the Placing will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors consider that the Placing provides a good opportunity to strengthen the Company's financial position and the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Placing is subject to, among others, the fulfilment of the Conditions Precedent set out in the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“Bondholder(s)”	the holder(s) of the Bonds whose name is registered in the register of Bondholders
“Bonds”	the fixed coupon unsecured and unsubordinated bonds, each in a minimum denomination of HK\$500,000 and in integral multiples of HK\$500,000 above HK\$500,000, to be issued by the Company to the Placees at Closing pursuant to the Placing Agreement and each Bonds Instrument, and in the aggregate principal amount of up to HK\$150,000,000 with a term of one year and extendable for another year as the Company may elect
“Bonds Instrument”	the instrument by way of deed poll executed by the Company creating and constituting each Bond
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday on which commercial banks are opened for business in Hong Kong, Cayman Islands and the PRC
“Closing”	the closing of the subscription for the Bonds of a tranche of the Bonds
“Closing Date”	the date on which a Closing takes place for each relevant tranche
“Company”	Transmit Entertainment Limited, an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange

“Conditions Precedent”	the conditions precedent for the subscription of the Bonds
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time
“Group”	the Company and its subsidiaries, and a “ Group Company ” means each member of the Group
“HK\$” or “Hong Kong dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange (as modified, supplemented or amended from time to time)
“Long Stop Date”	the last day of the Placing Period
“Maturity Date”	the maturity date of the Bonds and any such other dates as mutually agreed in writing by the Company and the Placing Agent
“Placees”	any professional investor (as defined in the SFO), except residents of Cayman Islands, whom the Placing Agent has procured to subscribe for any of the Bonds on a best efforts basis pursuant to the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agent of the Bonds on a best effort basis during the Placing Period pursuant to the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Royston Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 9 (asset management) regulated activities under the SFO

“Placing Agreement”	the placing agreement dated 24 February 2020 and entered into by and between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating on the date falling on the expiration of six (6) months from the date of the Placing Agreement (or such later time and date as the Company and the Placing Agent may agree in writing)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Principal Business”	the principal business activities carried out by any Group Company as of the date of this announcement are (i) film and TV series production, distribution and licensing of film rights; (ii) film exhibition; (iii) other businesses
“Properties”	the properties owned by the Group Companies in Hong Kong, the PRC and the rest of the world
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as modified, supplemented or amended from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	the ordinary share(s) of par value HK\$0.0025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction Documents” the Placing Agreement, the Bonds Instrument and any other documents relating to the transactions contemplated therein which may be entered into from time to time and designated as such with the agreement of the Company, the Placing Agent and/or the Places

“%” per cent

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

Hong Kong, 24 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.