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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)

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 year ended 30 June 2020 (the “**Year**”), it is expected to record a net loss attributable to the owners of the Company in the range of approximately HK\$120 million to HK\$140 million as compared to the net loss attributable to owners of the Company of approximately HK\$35.5 million for the year ended 30 June 2019. It was mainly attributable to (i) the serious delays in scheduled execution of TV series and variety shows production projects of the Group during the Year due to compulsory suspension of work caused by the outbreak of COVID-19, which has led to a delay in revenue recognition for this segment; (ii) the stagnated film exhibition business and hence the decrease in its income due to the impact of epidemic prevention and control policies as well as the market sentiment; and (iii) the application of Hong Kong Financial Reporting Standard 16 Leases (“**HKFRS 16**”) since 1 July 2019, 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 Year as the Group currently operates numerous cinemas in Hong Kong.

During the Year, the proportion of the Group's revenue from mainland China increased by 8 percentage points year-on-year to approximately 65% from approximately 57% last year, of which new businesses related to internet celebrities and fans economy accounted for 5% of the total revenue of the Group.

The Company is still in the process of finalizing the annual results of the Group for the Year. 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 Year have not been finalised as at the date of this announcement. The actual results of the Group for the Year may be different from the information disclosed in this announcement. It is expected that the final results announcement of the Year will be released by the end of September 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, 18 September 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.