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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)

INSIDE INFORMATION
EXPECTED REDUCTION IN LOSS

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 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 2021 (“**the Year**”), the Group expects to record a net loss attributable to owners of the Company in the range of approximately HK\$5,000,000 to HK\$15,000,000 for the Year as compared to the net loss attributable to owners of the Company of HK\$126,600,000 for the year ended 30 June 2020. The expected reduction in loss was mainly attributable to (i) the disposal of partial equity interests in the film exhibition business during the Year due to the significant decrease in revenue of the film exhibition business resulting from the mandatory closure of the cinemas and the social distancing measures implemented by the government of the Hong Kong Special Administrative Region caused by the pandemic, which resulted in a one-off gain of approximately HK\$110 million; (ii) the impairment loss of property, plant and equipment related to movie theater operation and the impairment loss of right-of-use assets were recorded at approximately HK\$31.1 million last year, and no such impairment loss was recorded during the Year; and (iii) continuous increase in stickiness of

social networking platforms during the Year due to the pandemic that more consumers made purchases online through mobile devices and enjoyed digital entertainment, such as live broadcast, short video and web drama. As a result, the performance of the Group's pan-entertainment segment grew significantly, including the revenue from agency and celebrity business as well as the sales of merchandise under self-owned retail brands.

In order to actively respond to the challenges brought by the uncertainties of the economic environment, and to reallocate the financial and other resources to other businesses that the Group considers to have higher development potential, so as to bring more return to the Shareholders, on 18 January 2021, the Group entered into an agreement to dispose of certain equity interests in the film exhibition business to a connected person at the subsidiary level for a total consideration of HK\$108,200,000. The disposal has been completed on 26 May 2021, details of the disposal are set out in the announcements of the Company dated 18 January 2021 and 26 May 2021.

The Company is still in the process of finalizing the annual results of the Group for the Year as at the date hereof. 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, and such information has not been reviewed or audited by the auditors or the audit committee of the Company. The actual results of the Group for the Year may be different from the information disclosed in this announcement. The Group expects to release the final results announcement for the Year by the end of September 2021.

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, 14 September 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.