

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



IMAX CHINA HOLDING, INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1970)

CONTINUING CONNECTED TRANSACTIONS – AMENDMENTS TO THE EXISTING SERVICES AGREEMENTS AND SETTING OF NEW ANNUAL CAPS 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, 23 February 2023, 3 December 2023 and the section headed “Connected Transactions – Exempt Connected Transactions” in the prospectus of the Company dated 24 September 2015 (the “**Prospectus**”) 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 “**Existing Services Agreements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning ascribed in the Prospectus.

AMENDMENTS TO THE EXISTING SERVICES AGREEMENTS

The Group’s subsidiaries, IMAX Shanghai Multimedia and IMAX Hong Kong each (on the one hand) and IMAX Corporation (on the other hand) have entered into the amended and restated services agreements on 27 February 2024 (the “**Services Agreements**”), pursuant to which the term of the Existing Services Agreements shall be amended to a term of three years commencing from 1 January 2024 and ending on 31 December 2026. All other principal terms of the Existing Services Agreements remain unchanged.

SETTING OF NEW ANNUAL CAPS OF THE SERVICES AGREEMENTS

In accordance with Rule 14A.53 of the Listing Rules, the Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) have agreed to set the new annual cap for the maximum aggregate fees payable under the Services Agreements at HK\$10.2 million for each of the years ending 31 December 2024, 2025 and 2026.

LISTING RULES IMPLICATION

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

As the highest relevant percentage ratio in respect of the new annual caps of each of the Services Agreements will be, on an annual basis, more than 0.1% but less than 5%, and the transactions thereunder are conducted on normal commercial terms, 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 continuing connected transaction under the Services Agreements. Accordingly, they had abstained from voting on the resolutions of the Board to approve the amendments to the Existing Services Agreements and the new annual caps under the Services Agreements. Except for Richard Gelfond and Robert Lister, none of the Directors have a material interest in the continuing connected transactions under the Services Agreements.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) are of the view that the Services 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 (including the annual caps) are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

1. SERVICES AGREEMENTS

The major terms of the Services Agreements are as follows:

Subject matter

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 above services agreements were subsequently amended on 7 April 2014, 21 September 2015 in contemplation of the Company’s Listing and 23 February 2017, renewed on 19 December 2019 pursuant to which the term of the agreements was amended to a fixed term of three years expiring on 31 December 2022, renewed on 22 February 2023 pursuant to which the term of the agreements was amended to a fixed term of one year commencing from 1 January 2023 and ending on 31 December 2023, and amended on 3 December 2023.

IMAX Corporation (on the one hand) and each of IMAX Shanghai Multimedia and IMAX Hong Kong (on the other hand) have entered into the Services Agreements to amend and restate the Existing Services Agreements on 27 February 2024, pursuant to which the term of the Existing Services Agreements shall be amended to a term of three years commencing from 1 January 2024 and ending on 31 December 2026.

Term and Termination

The term of the Services Agreements shall be a term of three years commencing from 1 January 2024 and ending on 31 December 2026, unless terminated upon any of the following:

- (a) Mutual agreement of the parties;
- (b) Bankruptcy or insolvency of IMAX Corporation or IMAX Shanghai Multimedia (in the case of the Services Agreement entered into between IMAX Corporation and IMAX Shanghai Multimedia) or IMAX Hong Kong (in the case of the Services Agreement entered into between IMAX Corporation and IMAX Hong Kong) or the appropriation of the assets of either party to the Services Agreements by any government, where termination shall be automatic and immediate;
- (c) At the non-breaching party’s election, material breach of the Services Agreements by either party;

- (d) Expiration or termination of the Trademark License Agreements entered into between the same persons as are parties to the Services Agreements; or
- (e) On release of the Escrow Documents.

Fees

The total service fees payable under the Services Agreements by IMAX Shanghai Multimedia and IMAX Hong Kong are calculated on the following basis:

- (a) **Variable service fees:** with respect to the IT services, marketing services, theatre design services, theatre project management services and theatre support services, IMAX Shanghai Multimedia and IMAX Hong Kong shall pay to IMAX Corporation on a monthly basis an amount equal to 110% of the actual costs plus general overhead for the provision of such services; and
- (b) **Fixed service fees:** IMAX Shanghai Multimedia and IMAX Hong Kong shall pay to IMAX Corporation on a monthly basis with respect to the finance and accounting services, legal services and human resources services, a total amount of US\$50,000.

The fees had been agreed prior to the Listing and had been negotiated and arrived at after arm's length negotiations and are on normal commercial terms.

The fixed service fees shall be adjusted annually by IMAX Corporation in accordance with the U.S. consumer price index.

The fixed service fees stated above are based on the level of services currently being provided by IMAX Corporation to IMAX Shanghai Multimedia and IMAX Hong Kong. If the level of services increases or decreases materially, the parties have agreed to negotiate in good faith a new fixed services fee.

IMAX Corporation and each of IMAX Shanghai Multimedia and IMAX Hong Kong have also agreed that the fees payable under the Services Agreements will be adjusted, including retrospectively, to the extent an adjustment is necessary to ensure that the payments are on an arm's length basis as determined by a court of competent jurisdiction or a government or taxing authority, or as mutually agreed by IMAX Corporation and each of IMAX Shanghai Multimedia and IMAX Hong Kong.

Notwithstanding the amendments to the term of the Existing Services Agreements, all other principal terms of the Existing Services Agreements remain unchanged.

Historical Transaction Amounts

The historical transaction amounts under the Existing Services Agreements for the years ended 31 December 2021, 31 December 2022, and 31 December 2023 are approximately US\$623,000 (approximately HK\$4,867,811), US\$626,000 (approximately HK\$4,891,251), and US\$894,000 (approximately HK\$6,999,998) respectively.

Annual Cap

In accordance with Rule 14A.53 of the Listing Rules, the Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) have agreed to set the new annual cap for the maximum aggregate fees payable under the Services Agreements at HK\$10.2 million for each of the years ending 31 December 2024, 2025 and 2026.

The annual cap was determined after taking into account the following factors: (a) the historical transaction amounts under the Existing Services Agreements; (b) the business development plans of the Group; (c) the expected increase in the cost of theatre system maintenance; and (d) the flexibility of having a buffer for the Company to cater for any unexpected increase in the variable service fees payable under the Services Agreements.

2. REASONS FOR AND BENEFITS OF THE SERVICES AGREEMENTS

Pursuant to the Services Agreements, IMAX Corporation has been providing the Services to the Group. Although it will not be difficult to source similar types of services from third party service providers or to add headcount to conduct these services itself, the Company has determined that these services can be obtained most reliably and in the most cost-efficient manner by IMAX Corporation under the Services Agreements. Continuing to receive the Services from IMAX Corporation under the Services Agreements allows the Group to leverage the industry experience and knowledge as well as existing infrastructure of IMAX Corporation, promotes better cooperation between IMAX Corporation and the Group and assists the Group to better advise its exhibitor partners with the design and management of their IMAX theatres.

The Company from time to time reviews the terms of the Services Agreements internally and re-assesses the commercial desirability of arrangements under these agreements.

4. LISTING RULES IMPLICATIONS

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

As the highest relevant percentage ratio in respect of the new annual caps of each of the Services Agreements will be, on an annual basis, more than 0.1% but less than 5%, and the transaction thereunder is conducted on normal commercial terms, these 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 continuing connected transactions under the Services Agreements. Accordingly, they had abstained from voting on the resolutions of the Board to approve the amendments to the Existing Services Agreements and the new annual caps under the Services Agreements. Except for Richard Gelfond and Robert Lister, none of the Directors have a material interest in the continuing connected transactions under the Services Agreements.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) are of the view that the Services 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 (including the annual caps) are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

At the end of the year 2026, the Company will re-comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, where and if applicable, including the requirements for the setting of new annual caps for the maximum aggregate fees payable under the Services Agreements for an additional period.

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
“Escrow Documents”	the design plans, specifications and know-how necessary to enable the Group to manufacture and assemble IMAX digital xenon projection systems, IMAX laser based digital projection systems and nXos2 audio systems itself, or subcontract the manufacturing and assembly works to third party manufacturers and to convert conventional films into IMAX films
“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”	the listing of the Shares on the main board of the Stock Exchange on 8 October 2015
“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
“Prospectus”	the prospectus of the Company dated 24 September 2015
“Share(s)”	ordinary share(s) with a nominal value of US\$0.0001 each in the share capital of the Company and a “Share” means any of them
“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, 28 February 2024

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

Executive Directors:

Daniel Manwaring
Jiande Chen
Jim Athanasopoulos

Non-Executive Directors:

Richard Gelfond
Robert Lister

Independent Non-Executive Directors:

John Davison
Yue-Sai Kan
Janet Yang
Peter Loehr

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