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IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 585)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "**Board**") of directors (the "**Director(s)**") of Imagi International Holdings Limited (the "**Company**") is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, as follows:

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Other income	*3*	**8,862**	16,266
Other losses	*4*	**(1,129)**	(2,209)
Impairment loss on a purported short-term loan	*11*	**(10,000)**	–
Impairment loss on investment in an unconsolidated subsidiary	*10*	**(64,985)**	–
Administrative expenses		**(13,986)**	(10,602)
(Loss) profit before tax	*5*	**(81,238)**	3,455
Income tax expense	*6*	**–**	–
(Loss) profit for the year		**(81,238)**	3,455

* *for identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

		For the year ended 31 December	
		2015	2014
	Note	***HK$'000***	*HK$'000*
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating a foreign operation		**269**	306
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments		**306**	429
Net gain (loss) on revaluation of available-for-sale investments		**1,690**	(105)
Other comprehensive income for the year		**2,265**	630
Total comprehensive (expense) income for the year		**(78,973)**	4,085
(Loss) earnings per share			
Basic and diluted (HK cents per share)	*8*	**(0.81)**	0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 31 December 2015 *HK$'000***	2014 *HK$'000*
Non-current assets			
Property, plant and equipment		**98,069**	99,619
Available-for-sale investments	*9*	**76,564**	99,324
Investment in an unconsolidated subsidiary	*10*	**23,843**	–
Club debenture		**1,300**	–
		199,776	198,943
Current assets			
Other receivables, deposits and prepayments		**3,875**	5,084
Purported short-term loan	*11*	**–**	–
Available-for-sale investments	*9*	**15,749**	–
Bank balances and cash		**625,964**	719,369
		645,588	724,453
Current liability			
Other payables and accruals		**3,983**	3,042
Net current assets		**641,605**	721,411
Total assets less current liability		**841,381**	920,354
Net assets		**841,381**	920,354
Capital and reserves			
Share capital		**9,969**	9,969
Reserves		**831,412**	910,385
Total equity attributable to owners of the Company		**841,381**	920,354

NOTES:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2016.

[3] Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS *39 Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detail review.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The Directors anticipate that the application of these amendments to HKFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to HKFRS 10 and HKAS 28 ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

The Directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

The Group's principal activities during the year was to invest in corporate bonds and place short-term deposits for interest income for both years. No segment information has been present, as there is no operating segment within the Group.

3. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income on bank deposits	**3,557**	8,305
Interest income on available-for-sale investments	**4,771**	5,946
Royalty income	**505**	2,015
Others	**29**	–
	8,862	16,266

4. OTHER LOSSES

	2015	2014
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**–**	10
Loss recognised upon sale of available-for-sale investments	**306**	429
Net foreign exchange losses	**823**	1,770
	1,129	2,209

5. (LOSS) PROFIT BEFORE TAX

	2015	2014
	HK$'000	*HK$'000*
(Loss) profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**2,008**	1,081
Directors' emoluments	**1,400**	1,381
Other staff costs (including salaries and wages)	**1,092**	2,031
Contribution to retirement benefit scheme	**40**	56
Reversal of equity-settled share-based payments expenses other than directors	**–**	(47)
Total staff costs	**2,532**	3,421
Depreciation of property, plant and equipment	**2,380**	1,165

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits for both years.

7. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: HK$Nil).

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(81,238)**	3,455
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**9,968,812,720**	9,974,221,596

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than average market price for shares for both years.

9. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2015	2014
	HK$'000	*HK$'000*
Listed investments:		
Corporate bonds listed in Hong Kong with fixed interest rates ranging from 3.3% to 4.8% (2014: from 3.3% to 4.8%) and maturity dates ranging from 18 October 2016 to 21 November 2018 (2014: from 18 October 2016 to 21 November 2018)	**51,792**	51,453
Corporate bonds listed in Singapore with fixed interest rates ranging from 8.5% to 11.1% (2014: from 8.5% to 11.1%) and maturity dates ranging from 20 March 2017 to 10 January 2019 (2014: from 20 March 2017 to 10 January 2019)	**16,039**	23,195
Corporate bonds listed in the European market with interest rates ranging from 5.1% to 6.8% (2014: from 5.1% to 6.8%) and maturity dates ranging from 21 January 2018 to 23 January 2019 (2014: from 21 January 2018 to 23 January 2019)	**24,482**	24,676
	92,313	99,324
Analysed for reporting purposes as:		
Current assets	**15,749**	–
Non-current assets	**76,564**	99,324
	92,313	99,324

As at 31 December 2015, all available-for-sale investments are denominated in United States Dollars, which is a foreign currency of the relevant group entities as their functional currency is Hong Kong Dollars.

10. INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY/IMPAIRMENT LOSS ON INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

	2015	2014
	HK$'000	*HK$'000*
Investment in an unconsolidated subsidiary	**88,828**	–
Less: Impairment on investment	**(64,985)**	–
	23,843	–

During the year ended 31 December 2015, the Group, through one of its wholly owned subsidiaries, established 廈門盛福明德商務服務有限公司 (Xiamen Sunflower Mingde Business Service Co. Ltd, ("**Xiamen Sunflower**")) in the People's Republic of China (the "**PRC**") for providing advisory services in relation to business information, enterprise management, investment and social economics (excluding financial business), as well as supply chain management. Xiamen Sunflower was established on 26 February 2015 and RMB71,000,000 (equivalent to approximately HK$88,828,000) was injected to its bank account as paid up capital on 26 June 2015. As disclosed in the Company's announcement dated 17 December 2015, Xiamen Sunflower entered into an unauthorised tenancy agreement ("**Tenancy Agreement**") in August 2015 to lease a property for a term of two years from a company ("**Sub-lessor**") in which Mr. Shan Jiuliang ("**Mr. Shan**") and his spouse, Ms. Zhang Peng ("**Ms. Zhang**"), the two executive directors of the Company, collectively own 86.83% equity interest, for a rent of RMB2,688,000 per annum. A total sum of RMB6,000,000 (equivalent to approximately HK$7,468,000), representing two years' rent paid in advance and a deposit of RMB624,000 (equivalent to approximately HK$777,000), purportedly under the Tenancy Agreement was paid to the Sub-lessor. The board of directors of the Company other than Mr. Shan, Ms. Zhang and Mr. Wen Di (the "**Remaining Board Members**") and Mr. Shan has subsequently resolved to revoke the transaction but the Company was advised by its PRC legal adviser that although (i) the Remaining Board Members was not aware of the Tenancy Agreement at the time when it was executed; and (ii) the Remaining Board Members had not approved, authorised or ratified the transaction, this does not invalidate the Tenancy Agreement. The Group is not able to get in contact with Mr. Shan, who is also the legal representative and sole director of Xiamen Sunflower, since November 2015. In addition, the Company has not been able to get access to the books and records, including banks statements, of Xiamen Sunflower since then, neither could the Company get access to Xiamen Sunflower's bank account by any means. Taking into account the facts and circumstances, the Remaining Board Members are concerned about the reliability of the financial information of Xiamen Sunflower previously provided to the Company for consolidation purposes and decided not to consolidate the financial statements of Xiamen Sunflower from its date of establishment and accounted the investment on a cost basis. This non-consolidation of Xiamen Sunflower is not in compliance with the requirements of HKFRS 10, which requires the Group to consolidate its subsidiaries. Given the abovementioned circumstances, the Remaining Board Members is unable to ascertain the impact of not consolidating the financial Statements of Xiamen Sunflower on the consolidated financial statements.

As announced by the Company on 7 March 2016, the Company entered into a disposal agreement on the same date with an independent third party to dispose of Imagi Jue Ming Limited (which holds the entire equity interest in Po Hau Holdings Limited and Xiamen Sunflower), together with the shareholder's loan amounting to HK$100,000,000, at a cash consideration of HK$25,000,000 (the "**Consideration**"). Accordingly, the Group recognised an impairment loss of approximately HK$64,985,000 on the carrying amount of the investment in Xiamen Sunflower as at 31 December 2015 based on the Consideration less the amount attributable to the net assets (comprised only bank balances) of Imagi Jue Ming Limited and Po Hau Holdings Limited. The transaction was completed on 9 March 2016.

11. PURPORTED SHORT-TERM LOAN/IMPAIRMENT LOSS ON A PURPORTED SHORT-TERM LOAN

	2015	2014
	HK$'000	*HK$'000*
Purported short-term loan	**10,000**	–
Less: Allowance for doubtful debt	**(10,000)**	–
	–	–

On the instruction of Mr. Shan, a wholly owned subsidiary of the Company transferred HK$10,000,000 to a purported third party ("**Fund Recipient**") for a purported term of six months (the "**Purported Loan**") on 6 August 2015. Other than Mr. Shan, the Board does not have knowledge on the details of the Purported Loan and the background of the Fund Recipient.

As disclosed in the Company's announcement dated 23 February 2016, the Board is of the view that there is a suspected element of fraud in the whole transaction after a preliminary investigation conducted by the management of the Company. The Group commenced legal proceedings by issuing a writ of summons in the High Court of Hong Kong on 23 February 2016 against the Fund Recipient for the recovery of the Purported Loan together with interest thereon and costs.

Despite the aforesaid legal proceedings, in the opinion of the Board, the recoverability of the Purported Loan is uncertain at this juncture and accordingly, a full allowance of HK$10,000,000 has been provided for the year ended 31 December 2015.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The independent auditor was unable to form an opinion on the Group's consolidated financial statements for the year ended 31 December 2015 and the following is an extract of the basis for disclaimer of opinion from the independent auditor's report:

"Basis for Disclaimer of Opinion

(i) As explained in note 19 to the consolidated financial statements, the Group has not consolidated the financial statements of a wholly owned subsidiary, 廈門盛福明德商務服務有限公司 (Xiamen Sunflower Mingde Business Service Co. Ltd, ("**Xiamen Sunflower**")) since its date of establishment on 26 February 2015 because the Group has not been able to access the books and records of Xiamen Sunflower since November 2015 as a result of the loss of contact with an executive director of the Company who is also the legal representative and sole director of Xiamen Sunflower. In addition, as set out in the announcement of the Company dated 17 December 2015, the board of directors of the Company other than Mr. Shau Jiuliang, Ms. Zhang Peng and Mr. Wen Di ("**the Board**") has identified an unauthorised lease arrangement entered into by the legal representative of Xiamen Sunflower in August 2015 and accordingly, the Board believes that the financial information of Xiamen Sunflower provided by the legal representative for the period from 26 February 2015 (date of establishment) to 31 August 2015 may not be reliable. Against this background, the investment in Xiamen Sunflower is accounted for on a cost less impairment basis. Under Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants, the subsidiary should have been consolidated because it is controlled by the Company, and accordingly the consolidated financial statements have not been prepared in all material respects in accordance with HKFRSs. Had Xiamen Sunflower been consolidated, many elements in the consolidated financial statements would have been materially affected. In the absence of reliable financial information of Xiamen Sunflower for the period from 26 February 2015 (date of establishment) to 31 December 2015, it is not practicable for us to quantify the effects of the departure from this requirement on the consolidated financial statements for the year ended 31 December 2015 or to assess whether the disclosures, including the potential disclosure of additional contingent liabilities and commitments, with respect to Xiamen Sunflower in the notes to the consolidated financial statements were sufficient and fairly stated.

(ii) Included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 was an impairment loss of HK$10,000,000 recognised in respect of a purported short-term loan. As disclosed in note 21 to the consolidated financial statements, the Board has been unable to locate the agreement governing this purported loan or contact the fund recipient and as such have been unable to confirm the nature of the fund advance. As further explained in the announcement of the Company on 23 February 2016, the Group has commenced legal proceedings against the fund recipient for recovery of the fund. Given this circumstance, the Board has recognised a full impairment loss in respect of this purported short-term loan for the year ended 31 December 2015.

In addition, consultancy expenses in aggregate of approximately HK$910,000 were recognised in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 in relation to general consultancy services provided by two individuals to the Company. Other than the consultancy service agreements, the Board has been unable to locate other records relating to the provision of the services under this arrangement. We were unable to confirm or verify by alternative means that the consultancy services have been provided to the Group.

Due to the lack of records in respect of these transactions, we were unable to assess (i) whether the fund advance was properly recorded, accounted for and disclosed in the consolidated financial statements, including the appropriateness of the full impairment loss recognised and (ii) whether the consultancy service expenses were properly recorded, accounted for and disclosed in the consolidated financial statements."

The aforesaid notes 19 and 21 to the consolidated financial statements in the extract from the Independent Auditor's Report are disclosed in notes 10 and 11 respectively to this Results Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS AND OPERATIONAL REVIEW

For the year ended 31 December 2015 (the "**Year under Review**"), the Group is continued to engage in computer graphic imaging ("**CGI**"), cultural and entertainment business and investment business.

FINANCIAL REVIEW

Review of Results

For the Year under Review, the Group did not report any revenue, cost of sales and gross profit of its CGI business.

The Group entered into a sales agency agreement with an exclusive agent in 2008 to distribute the licensing and broadcasting rights of a CGI feature film owned by the Group for an initial term of 20 years. Based on this arrangement, income amounting to approximately HK$505,000 has been generated during the Year under Review (2014: approximately HK$2,015,000) and treated as other income of the Group.

Other income decreased by 45.4% from approximately HK$16.3 million for the last financial year to approximately HK$8.9 million for the Year under Review, which mainly comprised of approximately HK$4.8 million and approximately HK$3.6 million interest income generated from investment in corporate bonds and from time deposits respectively. The disposal of a corporate bond of approximately HK$8.3 million in late 2014 and the early redemption by its issuer of another corporate bond of approximately HK$8.2 million in early 2015 both attributable to the decrease in interest income generated from investment in corporate bonds. Moreover, approximately HK$90.0 million of cash was used in early 2015 as contribution to registered capital of newly established subsidiaries and the decrease in interest rate of time deposits during the Year under Review lead to the decrease in interest income generated from time deposits accordingly.

Administrative expenses significantly increased by approximately HK$3.4 million or 32.1% from approximately HK$10.6 million for the last financial year to approximately HK$14.0 million for the Year under Review, which was mainly due to the (i) the increase in legal and professional fees by approximately HK$1.9 million or 82.6% from approximately HK$2.3 million for the last financial year to approximately HK$4.2 million for the Year under Review; and (ii) the net increase in other administrative expenses of approximately HK$1.5 million.

The Group recorded a loss of approximately HK$81.2 million for the Year under Review, compared with a profit of approximately HK$3.5 million for the last financial year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily financed by its operation with internally generated cash flows and its internal resources. The liquidity and financial position of the Group as at 31 December 2015 remained healthy and strong, with bank balances amounting to approximately HK$626.0 million (2014: approximately HK$719.4 million) and a current ratio (the total amount of current assets over the total amount of current liabilities) of approximately 162.0 times (2014: approximately 238.2 times).

As at 31 December 2015, the Group had no bank or other borrowings and therefore the gearing ratio (expressed as a percentage of total borrowings over total equity) was zero (2014: zero).

CONTINGENT LIABILITIES AND COMMITMENTS

As disclosed in the announcements of the Company dated 17 December 2015 and 23 February 2016, the Board has not been able to get in contact with the executive directors of the Company, Mr. Shan Jiuliang and Ms. Zhang Peng, and the non-executive directors of the Company, Mr. Wen Di (hereinafter collectively referred to as the "**Three Directors**") since November 2015, January 2016 and November 2015, respectively and they were the only two executive directors of the Company and one of the two non-executive directors of the Company at that material time for the year ended 31 December 2015. In making their judgement, the Board, taking into account the legal opinion as advised by the Group's legal advisor, and the results from the following assessment, considered that other than those relating to Xiamen Sunflower, all liabilities, both actual and contingent, of the Group have been properly recorded, accounted for or disclosed in these consolidated financial statements:

(a) In reviewing all board minutes at the material time, the Board has not noticed any contracts and agreements that have not been recorded or disclosed in the consolidated financial statements;

(b) Other than those already been notified to the Board, the company secretary of the Group, who is the custodian of the company chops and seals of the Group other than Xiamen Sunflower and an insignificant subsidiary in the Netherlands (the "**Netherlands Subsidiary**"), has confirmed to the Board that there is no other incident on the usage of company chops and seals of the Group by the Three Directors at the material time. The Board also reviewed all the agreements and contracts as provided by the sole corporate nominee director of the Netherlands Subsidiary, who were instructed to sign at the material time and no irregularities was noted;

(c) Since the announcement dated 17 December 2015 made by the Company in relation to, among others, the absence of attendance of board meetings by the Three Directors and the various governance issues, and the further announcement by the Company dated 23 February 2016 to put the Three Directors into compulsory administrative leave with the suspension of their authorities as directors, the Board has not been approached or notified by any parties for any potential claims, disputes or lawsuits in relation to unrecorded liabilities or commitment made by the Three Directors on behalf of the Group; and

(d) Based on the investigation carried out by an independent firm of forensic accounting specialists appointed by the Board, there is no evidence of any agreements, guarantees or commitments being made by the Three Directors on behalf of the Company which have not been brought to the attention of the Board.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year under Review (2014: Nil).

PROSPECTS

Looking ahead to 2016, the global economy is clouded of a number of uncertainties such as the trend of interest rate, the economy growth in China and US. To enhance the interests of the shareholder of the Company and for the benefit of the Company as a whole, the Company is anticipated to become the first Asian equivalent of nano Warren Buffet's Berkshire Hathaway through an acquisition of or investment on any potential investments. Moreover, the Company will continuously focus on its principal business, including the development on an integrated financial services business which has been implementing in the first quarter of 2016. The Company would review all licensing agreements and explore any potential development. The Group will also seek and explore any other investment opportunities to enhance its principal business.

SUBSEQUENT EVENTS UP TO THE DATE OF THIS ANNOUNCEMENT

(i) Business Updates

As disclosed in the announcement of the Company dated 28 January 2016, the Group intends to develop an integrated financial services business including provision of securities brokerage services, placing and underwriting services, corporate finance advisory services, investment advisory and management services, margin financing and money lending business, securities investment and proprietary trading. As at the date of this announcement, the Group has a long- term investment portfolio of approximately HK$634 million in which HK$150 million was invested in an Equal Joint Venture and approximately HK$484 million was invested in listed securities. The Group's diversified Hong Kong listed securities comprised mainly listed equity securities in household goods and electronics company, diversified metals and minerals company, properties and construction company, automobiles company, commercial and professional services companies, securities and brokerage company, investment and asset management and media, movies and entertainment companies.

(ii) Grant of Share Options Under the Company's Share Option Scheme

Subsequent to the Year Under Review, the Company granted 360,000,000 share options, 225,000,000 share options and 180,000,000 share options to certain eligible participants on 5 February 2016, 23 February 2016 and 29 February 2016 respectively. For details of the aforesaid grant of share options, please refer to the announcements of the Company dated 5 February 2016, 23 February 2016 and 29 February 2016. All of these share options granted to those eligible participants were fully exercised, the proceeds was approximately HK$76.6 million which has been used as working capital. At the date of this announcement, there is no outstanding share options which has been granted but not yet exercised.

(iii) The Proposed Investment in an Equal Joint Venture in Provision of Finance and Money Lending Business

On 26 February 2016, the Company entered into a joint venture agreement (the "**JV Agreement**") with Bob May Incorporated ("**BMI**"), pursuant to which the Company and BMI agreed to cooperate to set-up Imagination Holding Limited (the "**JV Company**") for the single purpose of carrying out the business of provision of finance and money lending by contributing HK$150 million each to the initial share capital of the JV Company so that the Company and BMI will each hold 50% equity interest in the JV Company.

Pursuant to the JV Agreement, the Company and BMI shall execute a joint venture partners' agreement, which entered into among the Company and BMI, on the same date of the signing of JV Agreement in order to govern the relationship between the Company and BMI in the JV Company.

For detail information regarding the proposed investment in an equal joint venture, please refer to the announcement of the Company dated 26 February 2016. The transaction was completed on 2 March 2016.

(iv) Share Swap

On 29 February 2016, the Company and the third party entered into a conditional agreement in relation to the shares swap (the "**Shares Swap Agreement**") pursuant to which, subject to the fulfillment of the conditions, the parties have agreed amongst other things that the Company agreed to issue and allot the 1,900,000,000 ordinary shares of HK$0.001 each of the Company under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting on 16 June 2015 (the "**Subscription Shares**"), to the third party or its nominee(s) in exchange of the aggregate of 455,500,000 issued ordinary shares of HK$0.002 each of HengTen Networks Group Limited ("**HengTen**", Stock Code: 136) (the "**Consideration Shares**") from the third party as full payment of the consideration of the Subscription Shares under the terms and conditions of the Shares Swap Agreement.

The subscription price of HK$0.09 per Subscription Share and the aggregate subscription price of the Subscription Shares in sum of HK$171 million were settled by the third party by the assignment of the Consideration Shares at the consideration price of HK$0.3754 per share of HengTen and the total value for the acquisition of the Consideration Shares are therefore HK$171 million.

For detail information regarding the Shares Swap Agreement, please refer to the announcement of the Company dated 29 February 2016. The share swap transaction was completed on 8 March 2016.

As at the date of this report, the general mandate which was granted by the shareholders of the Company at an annual general meeting dated 16 June 2015 has been utilised by approximately 95.3%.

(v) The Disposal of a Subsidiary

On 7 March 2016, the Company and the purchaser entered into the agreement relating to the disposal of the entire issued share capital of Imagi Jue Ming Limited (the "**Disposal**"), a direct wholly owned subsidiary of the Company (the "**Disposal Agreement**"). Pursuant to the Disposal Agreement which the Company has agreed to sell, and the purchaser has agreed to purchase, the entire issued share capital of Imagi Jue Ming Limited together with the loan owed by Imagi Jue Ming Limited to the Company as of the date of completion of the Disposal, at the consideration of HK$25,000,000 which shall be payable in cash by the purchaser to the Company on the date of completion of the Disposal. Upon completion of the Disposal on 9 March 2016, members of Imagi Jue Ming Limited and its subsidiaries will cease to be subsidiaries of the Company.

For further information regarding the disposal of a subsidiary, please refer to the announcement of the Company dated 7 March 2016. The disposal of the subsidiary was completed on 9 March 2016.

(vi) Revolving Loan Facility

On 16 March 2016, the Company entered into the Revolving Loan Agreement (the "**Revolving Loan Agreement**") with the lender pursuant to which, the lender has conditionally agreed to provide a revolving loan facility of up to HK$100 million to the Company for a term of one year commencing from the Loan Effective Date. Pursuant to the Revolving Loan Agreement, Sky Field Holdings Limited, a wholly owned subsidiary of the Company, will be required to execute a share charge in favour of the lender as security for the loan facility under the Revolving Loan Agreement. As one of the substantial shareholders of the Company is the fellow subsidiary of the lender, therefore, the lender is a connected person of the Company under the Listing Rules. Accordingly, the transaction completed under the Revolving Loan Agreement constitutes a continuing connected transaction of the Company which is subject to the approval by the shareholder of the Company in the coming special general meeting of the Company.

For further information regarding the revolving loan facilities, please refer to the announcement of the Company dated 16 March 2016.

(vii) Acquisition of a target company

On 11 March 2016, the Company entered into a sales and purchases agreement (the "**Sales & Purchase Agreement**") with an independent third party for the acquisition of a target company engaging in the securities trading business (the "**Acquisition**"). The total consideration for the Acquisition will be satisfied, among others, by cash deposit and issuance of promissory notes. The Acquisition will be carried out in accordance with the terms and subject to the conditions under the Sales & Purchases Agreement.

GENERAL INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

During the Year under Review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the deviations are described below:

(i) Under Code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The chairman provides leadership for the Board and ensures that the Board works effectively and discharges its responsibility whilst the chief executive officer of the Company has overall chief executive responsibility for the Group's business development and day-to-day management generally. The position of chief executive officer of the Company remains vacant and the responsibilities of the chief executive officer of the Company were taken up by executive Directors since 1 April 2014. Due to Mr. Shan Jiuliang has been absent from Board meetings since 16 October 2015 and Ms. Zhang Peng has been absent from Board meeting since 28 August 2015, the special committee of the Company has been established on 19 November 2015 and taken up the responsibilities of chief executive officer. On 28 January 2016, with the appointment of new executive Directors and general manager of the Company, the responsibilities of chief executive officer have been passed to the executive committee of the Company.

(ii) Code provision A.6.3 of the CG Codes provides that every director should ensure that he can give sufficient time and attention to the issuer's affairs and should not accept the appointment if he cannot do so. Reference is made to the announcement of the Company dated 23 February 2016, without proper notification and reasonable explanation to the Board, the Company's last contact with Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di are around early November 2015, around early January 2016 and around early November 2015 respectively. In their prolonged absence, the Board had not been able to obtain their views towards matters that are of relevance to the Company. Furthermore, Mr. Shan Jiuliang and Ms. Zhang Peng had not been fulfilling and discharging their responsibilities as executive directors either as to the daily businesses or strategic decisions of the Company. During the Board meeting held on 23 February 2016, the Board has resolved that Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di shall take administrative leave on a compulsory basis with effect from 23 February 2016. As such, the authorities of Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di as Directors have been suspended with effect from 23 February 2016.

(iii) Code provision C.1.1 of the CG Codes provides that management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval. C.1.2 of the CG Codes provides that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13. Although the Company has not been able to provide the complete set of monthly update containing consolidated management accounts of the Group to the Board due to the failure to obtain a copy of monthly bank statements of Xiamen Sunflower Mingde Business Service Co., Ltd. since September 2015 to remedy the situations, the Company convened seven times of Board meeting over the four months period from September 2015 to December 2015 in order to manage and understand the operations of the Company. Following with the subsequent disposal of a subsidiary disclosed in the announcement of the Company dated 8 March 2016 and completed on 9 March 2016, the Company can continue to provide the complete set of monthly update to the Board.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has in place internal control system which encompasses control environment, segregation of duties, policies and procedures, monitoring and is reviewed and enhanced by the management at regular intervals.

In light of the corporate governance issues associated with the matters identified in the announcement of the Company dated 17 December 2015 (the "**Identified Issues**"), the Company engaged an independent firm of forensic accounting specialists (the "**Independent Forensic Accountants**") to carry out forensic investigation in order to gather relevant factual information that could assist the Board other than the Three Directors in ascertaining, to the extent possible:

(a) What information is available relating to the Identified Issues;

(b) Whether there is evidence of misappropriation of funds by the Three Directors unrelated to the Identified Issues; and

(c) Whether there are any agreements/guarantees/commitments made by the Three Directors on behalf of the Company which have not been brought to the attention of the Board.

Based on the findings of the Independent Forensic Accountants and as disclosed under the section headed "Contingent Liabilities and Commitments", the Board is satisfied that there are no other significant governance matters unrelated to the Identified Issues that have had a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

However, certain internal controls were overridden by Mr. Shan Jiuliang during the Year under Review and reference is also made to the announcement of the Company dated 17 December 2015. The potential continuing connected transaction and fund transfer to an independent third party without proper notification to and authorisation of the Board, and the failure to obtain the bank statements of an entity in which the Company owned 100% equity interest demonstrated the discrepancies of the existing internal control systems.

The Company is now making all-out effort and in the process of adopting remedial measures, including but not limited to engaging an independent accounting firm to carry out a comprehensive internal control review. The internal control review report on the findings with recommendations for further improvement has been submitted to and considered by the Audit Committee, and remedial and improvement actions will be carried out and monitored by the management of the Company. Follow-up review will be conducted to ensure the improvement actions are efficiently and effectively in force. Also, the Company will provide additional training to all Directors and management regarding risk management and internal control to enable them to gain further understanding of internal controls, their function and scope, including reporting, which should help to facilitate compliance with the regulatory requirements on internal controls, and equally importantly, it should also provide greater assurance that business objectives can be achieved. Going forward, the Board will oversee the Company's risk management and internal control systems on an ongoing basis. It will ensure that the Company's risk management and internal control systems are properly designed and implemented and a review of the effectiveness of such systems will be conducted at least annually. The Board will also ensure that adequate resources will be allocated to the Company's risk management and internal control functions.

Moreover, amendments on the the Code provisions set out in the CG Code regarding the responsibility of Audit Committee on overseeing financial reporting system, risk management and internal control systems had become effective from financial years commencing on 1 January 2016. In view of the amendments, the Company adopted the new Terms of Reference of the Audit Committee on 30 March 2016 so as to ensure the corporate governance functions can be properly performed by the Audit Committee.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. In response to the specific enquiry made by the Company, except those Directors under administrative leave that the Company cannot contact with, all the Directors confirmed that they fully complied with the required standard set out in the Model Code throughout the Year under Review.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year under Review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF THE RESULTS

The audit committee of the Company has reviewed with the management of the Company the annual results and the consolidated financial statements of the Group for the year ended 31 December 2015.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

This final results announcement is also published on the Stock Exchange's website (http:// www. hkex.com.hk) and the Company's website (www.imagi.com.hk). The annual report containing all information required by the Listing Rules will be dispatched to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
Imagi International Holdings Limited
Suen Yick Lun Philip
Executive Director

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:
Mr. Suen Yick Lun Philip
Mr. Wong Yat Fai
Mr. Shan Jiuliang**
Ms. Zhang Peng**

Non-executive Director:
Mr. Wen Di**

Independent Non-executive Directors:
Mr. Chow Chi Wah Vincent
Dr. Kwong Kai Sing Benny
Mr. Miu Frank H.
Dr. Santos Antonio Maria

** *Mr. Shan Jiuliang, Ms. Zhang Peng and Mr. Wen Di are now under administrative leave with effect as from 23 February 2016.*