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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)

**(1) DISCLOSEABLE TRANSACTION AND CONNECTED
TRANSACTION IN RELATION TO BUY-BACK OF 23.3%
EQUITY INTEREST IN UNIMAGI INVESTMENT LIMITED; AND
(2) CHANGE OF USE OF PROCEEDS OF PLACING**

THE SHARES BUY-BACK AGREEMENT

The Board announces that on 30 June 2016, after trading hours, DGCL entered into the Shares Buy-Back Agreement with the JV Partner, pursuant to which DGCL has agreed to buy back, and the JV Partner has agreed to sell, the Buy-Back Shares representing approximately 23.3% of the issued share capital of Unimagi at the consideration of HK\$175 million. DGCL shall pay the consideration in cash on the Completion Date. Upon Completion, Unimagi will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Shares Buy-Back exceed 5% but are less than 25%, the Shares Buy-Back constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

The JV Partner holds approximately 23.3% of the shareholding of Unimagi (which is an indirect non-wholly owned subsidiary of the Company), and therefore a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. As (i) the Board has approved the Shares Buy-Back; and (ii) the independent non-executive directors have confirmed that the terms of the Shares Buy-Back are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Shares Buy-Back is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Reference is made to the JV Announcement and the Placing Announcement.

The Board announces that on 30 June 2016, after trading hours, DGCL entered into the Shares Buy-Back Agreement with the JV Partner, pursuant to which DGCL has agreed to buy back, and the JV Partner has agreed to sell, the Buy-Back Shares representing approximately 23.3% of the issued share capital of Unimagi at the consideration of HK\$175 million. DGCL shall pay the consideration in cash on the Completion Date. Upon Completion, Unimagi will become an indirect wholly-owned subsidiary of the Company.

THE SHARES BUY-BACK AGREEMENT

Date

30 June 2016 (after trading hours)

Parties

Vendor: The JV Partner

Purchaser: DGCL

As at the date of this announcement, The JV Partner holds approximately 23.3% of the issued share capital of Unimagi (which is an indirect non-wholly owned subsidiary of the Company). The JV Partner is therefore a connected person to the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Buy-Back Shares

Pursuant to the Shares Buy-Back Agreement, DGCL has agreed to buy back, and the JV Partner has agreed to sell, the Buy-Back Shares, representing approximately 23.3% of the issued share capital of Unimagi. Upon Completion, Unimagi will become an indirect wholly-owned subsidiary of the Company. Further information of Unimagi is set out under the section headed "Information on Unimagi" in this announcement.

Consideration and Payment

The consideration of the Buy-Back Shares is HK\$175 million, which was determined after arm's length negotiation between DGCL and the JV Partner with reference to, amongst others, the subscription price of HK\$175 million paid by The JV Partner under the Subscription Agreement when it first subscribed the Buy-Back Shares from Unimagi on 8 June 2016.

The aforesaid consideration shall be paid by DGCL in cash on the Completion Date. The Company will use the net proceeds of the Placing in sum of approximately HK\$112.23 million to partially settle the consideration and the balance will be funded by internal resources of the Group.

Completion

The Shares Buy-Back Agreement is unconditional. Completion of the Shares Buy-Back shall take place on the Completion Date.

CHANGE OF USE OF PROCEEDS OF PLACING

As disclosed in the Placing Announcement, the Company originally intended to apply approximately HK\$112.23 million of the net proceeds from the Placing for partial payment of the principal amount payable under the Promissory Note 2 (which was issued by the Company to Unimagi for partial settlement of the subscription price of HK\$575 million). For the reasons disclosed in the section headed "Reasons for the Shares Buy-Back", the Company now needs funds to purchase the Buy-Back Shares from the JV Partner in the sum of HK\$175 million and, accordingly, the Board has resolved to change the proposed use of net proceeds from the Placing and shall apply the net proceeds for partial settlement of the consideration for the Shares Buy-Back.

INFORMATION ON UNIMAGI

Reference is made to the JV Announcement.

On 8 June 2016, the Company (through DGCL) and the JV Partner agreed to set up a joint venture company, i.e. Unimagi, for the single purpose of carrying out business of trading of Hong Kong listed securities. DGCL and the JV Partner had already subscribed approximately 76.7% and 23.3% of the issued share capital of Unimagi at the subscription price of HK\$575 million and HK\$175 million respectively.

DGCL settled its subscription price by the Company's PN1 and the Company's PN2 and the JV Partner settled its subscription price by the JV Partner's PN. Thereafter, the JV Partner had fully paid the principal amount of HK\$175 million under the JV Partner's PN. The Company had also settled the principal amount of HK\$350 million under the Company's PN1 and will have to settle the Company's PN2 in sum of HK\$225 million in early July 2016. Unimagi had already commenced its operations and portion of the capital injected to it has already been utilised for the securities trading business as intended.

As at the date of this announcement, approximately 76.7% interest of Unimagi is owned by the Company (through DGCL) and the remaining of approximately 23.3% interest is owned by the JV Partner. Unimagi will become an indirect wholly-owned subsidiary of the Company upon Completion of the Shares Buy-Back.

REASONS FOR THE SHARES BUY-BACK

As disclosed in the JV Announcement, the Company has always intended for Unimagi to be a joint venture company formed for the single purpose of carrying out the business of trading of Hong Kong listed securities and, therefore, its formation falls within the exemption criteria under Rule 14.04(1)(f) of the Listing Rules.

The Stock Exchange however took a different view that the formation of Unimagi does not fall within the said exemption criteria.

The Company and the Stock Exchange have exchanged their views on the interpretation of the relevant Listing Rules. With a view to resolving the matter quickly and practicably, in a form acceptable to all parties, the Company agreed to carry out the Shares Buy-Back so that Unimagi will no longer be in a form of joint venture but will become an indirect wholly-owned subsidiary of the Company.

The terms of the Shares Buy-Back Agreement were determined after arm's length negotiations after taking into account the subscription money the JV partner paid for its Unimagi share and based on normal commercial terms. The Directors consider that the terms and conditions of the Shares Buy-Back Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Shares Buy-Back exceed 5% but are less than 25%, the Shares Buy-Back constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

The JV Partner holds approximately 23.3% of the shareholding of Unimagi (which is an indirect non-wholly owned subsidiary of the Company), and therefore a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. As (i) the Board has approved the Shares Buy-Back; and (ii) the independent non-executive directors have confirmed that the terms of the Shares Buy-Back are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Shares Buy-Back is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As at the date of this announcement, none of the Directors have a material interest in the Shares Buy-Back so none of them have abstained from voting on the Board resolution approving the Shares Buy-Back.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	a day (other than Saturdays and Sundays) on which banks are open for business in Hong Kong
“Buy-Back Shares”	the 175 issued shares of Unimagi to be bought back by DGCL from the JV Partner pursuant to the Shares Buy-Back Agreement
“Company”	Imagi International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 585)
“Company’s PN 1”	the one-week interest-free promissory note issued by the Company with principal amount of HK\$350 million in favour of Unimagi in partial settlement of the subscription price payable by DGCL under the Subscription Agreement;
“Company’s PN 2”	the one-month interest-free promissory note issued by the Company with principal amount of HK\$225 million in favour of Unimagi in settlement of the balance of the subscription price payable by DGCL under the Subscription Agreement;

“Completion”	completion of the Shares Buy-Back pursuant to and in accordance with the terms of the Shares Buy-Back Agreement
“Completion Date”	on or before the seventh Business Day from the date of the Shares Buy-Back Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“DGCL”	Dai Gor Capital Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Directors”	directors of the Company
“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 People’s Republic of China
“JV Announcement”	the announcement made by the Company on 8 June 2016 in relation to the setting-up of a joint venture between DGCL and the JV Partner
“JV Partner”	Satinu Capital Limited (formerly known as Unitas Capital Strategic Partners I Limited), a company incorporated in Cayman Islands
“JV Partner’s PN”	the one-week interest-free promissory note issued by the JV Partner with principal amount of HK\$175 million in favour of Unimagi in full settlement of the subscription price payable by the JV Partner under the Subscription Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 505,352,508 new Shares as announced by the Company in the Placing Announcement
“Placing Announcement”	the announcement made by the Company on 8 June 2016 in relation to the Placing

“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.005 each in the issued share capital of the Company
“Shares Buy-Back”	the proposed buy-back of the Buy-Back Shares by DGCL from the JV Partner pursuant to the Share Buy-Back Agreement
“Shares Buy-Back Agreement”	the shares buy-back agreement made between DGCL and the JV Partner on 30 June 2016 in relation to the Shares Buy-Back
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement entered into on 8 June 2016 between DGCL and the JV Partner in relation to, amongst other things, the subscription of shares of Unimagi
“Unimagi”	Unimagi Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which served as the joint venture company under the Subscription Agreement
“%”	percent

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

Hong Kong, 30 June 2016

At the date of this announcement, the Board comprises the following directors:

Executive Directors:

Mr. Kitchell Osman Bin (*Acting Chairman*)
Mr. Suen Yick Lun Philip
Mr. Wong Yat Fai
Mr. Shimazaki Koji
Ms. Choi Ka Wing

Independent Non-executive Directors:

Mr. Chow Chi Wah Vincent
Dr. Kwong Kai Sing Benny
Mr. Miu Frank H.
Dr. Santos Antonio Maria

* *for identification purpose only*