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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
IN RELATION TO
DISPOSAL OF THE EQUITY INTEREST IN
A SUBSIDIARY; AND
(2) LAPSE OF THE CONTINUING CONNECTED TRANSACTION –
REVOLVING LOAN AGREEMENT**

THE DISPOSAL

The Board announces that on 8 August 2016, after trading hours, the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of the Target Company at the consideration of HK\$128 million. Upon Completion, the Disposal Group shall no longer be subsidiaries 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 Disposal exceed 5% but are less than 25%, the Disposal 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.

* *for identification purpose only*

LAPSE OF THE CONTINUING CONNECTED TRANSACTION – REVOLVING LOAN AGREEMENT

Reference is made to the announcement of the Company dated 16 March 2016 in relation to the Revolving Loan Agreement. Since the condition precedent to the Revolving Loan Agreement was not fulfilled by the long stop date, the parties agree that the Revolving Loan Agreement shall lapse with effect from the date of this announcement.

The Board announces that on 8 August 2016, after trading hours, the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of the Target Company at the consideration of HK\$128 million. Upon Completion, the Disposal Group shall no longer be subsidiaries of the Company.

THE SALE AND PURCHASE AGREEMENT

Date

8 August 2016 (after trading hours)

Parties

Vendor: Sky Field Holdings Limited, a direct wholly-owned subsidiary of the Company

Purchaser: Trillion Grand Corporate Company Limited (Stock Code: 8103), a company incorporated in the Cayman Islands and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of the Target Company. The Target Company wholly owns the share capital of ISL and ISL is the legal and beneficial owner of the Properties. The Company will cease to have any interest in the Disposal Group and the Disposal Group shall no longer be subsidiaries of the Company immediately after completion of the Disposal. Further information of the Disposal Group is set out under the section headed “Information on the Disposal Group” in this announcement.

Consideration and Payment

Total consideration of the Disposal, being HK\$128 million, was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, amongst others, the unaudited net assets value of the Target Company as at 30 June 2016 and the valuation of the Properties as at 13 June 2016.

The aforesaid consideration shall be satisfied by:

- (i) A non-refundable deposit and partial payment in sum of HK\$12.8 million (the "Deposit") in cash payable by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement; and
- (ii) The balance in sum of HK\$115.20 million in cash payable by the Purchaser to the Vendor upon the completion of the Disposal.

Conditions Precedent

The completion of the Disposal shall be conditional upon:

- (a) the results of the legal and financial due diligence conducted by the Purchaser over the Disposal Group, including but not limited to the Properties and the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of the Disposal Group, being completed to the reasonable satisfaction of the Purchaser;
- (b) the passing of the necessary resolution(s) by the shareholders of the Purchaser in the extraordinary general meeting to approve the Sale and Purchase Agreement and the transactions contemplated in or incidental to the Sale and Purchase Agreement in accordance with the requirements of the GEM Listing Rules;
- (c) if applicable, the passing of the necessary resolution(s) by the shareholders of the Company in the special general meeting to approve the Sale and Purchase Agreement and the transactions contemplated in or incidental to the Sale and Purchase Agreement in accordance with the requirements of the Listing Rules; and
- (d) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any of the transaction contemplated thereunder.

If the conditions mentioned above cannot be fulfilled on or before the Long Stop Date, the Sale and Purchase Agreement shall be terminated whereupon all rights, obligations and liabilities of the Vendor and the Purchaser shall cease and determine and none of the parties shall have any claim against the other save as to any rights on any antecedent breach of the Sale and Purchase Agreement and the Vendor shall not be liable to refund to the Purchaser the Deposit and the Deposit shall be forfeited to the Vendor not as penalty but as liquidated damages.

Completion of the Disposal

Completion of the Disposal shall take place on the Completion Date.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in computer graphic imaging (“CGI”), cultural and entertainment business, investment business and integrated financial services business.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Group comprises the Target Company and ISL. The Target Company is incorporated in the British Virgin Islands on 2 March 2016 and is an indirect wholly-owned subsidiary of the Company. The Target Company wholly owns the issued share capital of ISL. ISL is the legal and beneficial owner of the Properties.

The unaudited net asset value of the Target Company was approximately HK\$125 million as at 30 June 2016. The net loss before taxation for the period ended 30 June 2016 was approximately HK\$6,600.

The following is the financial information of ISL for the years ended 31 December 2014 (audited) and 2015 (unaudited) respectively, prepared in accordance with the Hong Kong Financial Reporting Standards:

	Financial Year ended 31 December	
	2015	2014
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(audited)
Net loss before taxation	approximately 5,700	approximately 5,700
Net profit after taxation	approximately 5,700	approximately 5,700

Based on the valuation obtained by the Company from an independent valuer, the market value of the Properties as at 13 June 2016 amounts to HK\$130 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The only material assets held by the Disposal Group are the Properties. The Properties were acquired by ISL from the developer in 2013 at the consideration of HK\$100,627,146. It was initially intended by the Group that the Properties would be used as its office and workshop for its CGI business. However, since the Group's CGI business had declined and become non-profitable due to various adverse market factors, the Properties were no longer required for the use as originally intended. The Properties have therefore been left vacant and become surplus to requirement. The Directors consider that it is now a good opportunity to realize the Properties through disposing of the Disposal Group and to apply the proceeds thereof to develop and expand the integrated financial services business of the Group and/or for other general working capital of the Group.

The Company expects a gain of HK\$3 million from the Disposal which is calculated with reference to (i) the consideration of the Disposal and (ii) the net asset value of the Target Company of approximately HK\$125 million as at 30 June 2016. The actual gain as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors. The net proceeds from the Disposal (approximately HK\$127.37 million in cash) are expected to be applied for development and expansion of the integrated financial services business of the Group and/or other general working capital of the Group.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations and based on normal commercial terms. The Directors consider that the terms and conditions of the Sale and Purchase 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 Disposal exceed 5% but are less than 25%, the Disposal constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

LAPSE OF CONTINUING CONNECTED TRANSACTION – REVOLVING LOAN AGREEMENT

Reference is made to the announcement of the Company dated 16 March 2016 in relation to the Revolving Loan Agreement.

Pursuant to the Revolving Loan Agreement, the long stop date for the fulfilment of the condition precedent of the Revolving Loan Agreement was 15 July 2016 or such later date as Cordoba Homes and the Company may agree. As at the date of this announcement, the condition precedent of the Revolving Loan Agreement has not been fulfilled. The parties to the Revolving Loan Agreement previously agreed that the long stop date could be extended pending the outcome of the Company's negotiations with certain third parties relating to the potential sale of the Target Company (which was contemplated being used as security under the Revolving Loan Agreement). Now given that the sale of the Target Company has materialized as a result of the signing of the Sale and Purchase Agreement, Cordoba Homes and the Company agree that it is no longer necessary to further extend the long stop date of the Revolving Loan Agreement and shall allow the Revolving Loan Agreement to be lapsed with effect from the date of this announcement. Neither party to the Revolving Loan Agreement shall have any obligations and liability towards each other thereunder. No loan has ever been drawn by the Company under the Revolving Loan Agreement and the Company has not executed any share charge over the Target Company in relation to the Revolving Loan Agreement.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Board”	the board of Directors
“business day”	a day (other than Saturday) on which the banks in Hong Kong are open for business
“Company”	Imagi International Holdings Limited (Stock Code: 585), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	On or before the fifth business day following the satisfaction of the conditions precedent to the Disposal
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Cordoba Homes”	Cordoba Homes Finance Limited
“Directors”	the directors of the Company
“Disposal”	the disposal of the entire issued share capital of the Target Company pursuant to the terms and conditions of the Sale and Purchase Agreement

“Disposal Group”	The Target Company and ISL
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party (Parties)”	third party (parties) independent of and not connected with the Company or any of its connected persons
“ISL”	Imagi Services Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Long Stop Date”	4 calendar months after the date of signing of the Sale and Purchase Agreement or such later date to be agreed between the Purchaser and the Vendor in writing
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“Properties”	the landed property known as and situate at the 9th Floor, Global Trade Square, No.21 Wong Chuk Hang Road, Hong Kong together with 3 carparks at Global Trade Square
“Purchaser”	Trillion Grand Corporate Company Limited (Stock Code: 8103), a company incorporated in the Cayman Islands and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Revolving Loan Agreement”	the revolving loan agreement in respect of a loan facility up to HK\$100,000,000 entered into between Cordoba Homes as lender and the Company as borrower on 16 March 2016
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 8 August 2016 in respect of the Disposal

“Share(s)”	ordinary shares with par value of HK\$0.005 each in the share capital of the Company
“Shareholders”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary (subsidiaries)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	Cicero Capital Limited, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor”	Sky Field Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 8 August 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