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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)

**SHARE TRANSACTION
IN RELATION TO ACQUISITION
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

THE ACQUISITION

The Board announces that on 30 August 2016, after trading hours, the Company entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Company (or its nominee) has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the entire issued share capital of the Target Company. The Consideration for the Acquisition is in sum of HK\$18.4 million, which will be partly settled by cash for the amount of HK\$6.4 million and the remaining consideration to be settled by the Company by issuance of 60,000,000 Consideration Shares of the Company at the issue price of HK\$0.20. Bases on the total number of shares in issue of the Company of 4,548,172,578 as at the date of this announcement, the Consideration Shares represent approximately 1.32% of the Company's issued capital prior to Completion and 1.30% as enlarged by the Consideration Shares after the Completion.

* For identification purpose only

LISTING RULES IMPLICATIONS

As all the percentage ratios calculated in accordance with the Listing Rules are less than 5% and the Consideration will be satisfied partly by the Company by the Consideration Shares, the Acquisition constitutes a share transaction on the part of the Company under Chapter 14 of the Listing Rules.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Sale and Purchase Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate.

A circular containing, among other things, further details of the Sale and Purchase Agreement and the Specific Mandate are to be dispatched by the Company to the Shareholders as soon as possible in accordance with the Listing Rules.

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The sale and purchase agreement

Date

30 August 2016 (after trading hours)

Parties

Vendors: Mr. Wong Kwong Ho, Mr. Wong Wai Kiu and Ms. Wong Yuen Li

Purchaser: the Company

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the entire issued share capital of the Target Company. Further information of the Target Company is set out under the section headed “Information on the Target Company” in this announcement.

Consideration and Consideration Shares

The Consideration of the Acquisition, being HK\$18.4 million, was determined after arm’s length negotiation between the Purchaser and the Vendors with reference to, amongst others, the unaudited net assets value of the Target Company as at 30 June 2016 and the business prospects of the Target Company.

The Consideration shall be partly satisfied with cash for HK\$6.4 million (the “Cash Payment”) and the remaining portion of the Consideration by the 60,000,000 Consideration Shares at the issue price of HK\$0.20 per Consideration Share upon Completion.

The issue price of HK\$0.20 per Consideration Share represents:–

- (i) a discount of approximately 1.48% to the closing price of HK\$0.203 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.48% to the average closing price of approximately HK\$0.203 per Share for the last 5 consecutive trading days immediately prior to the Last Trading Day; and
- (iii) a discount of approximately 3.15% to the average closing price of approximately HK\$0.2065 per Share for the last 10 consecutive trading days immediately prior to the Last Trading Day.

The issue price of approximately HK\$0.20 per Consideration Share was arrived at after arm’s length negotiation between the Purchaser and the Vendors with reference to the closing price of HK\$0.203 per Share as quoted on the Stock Exchange on the Last Trading Day. The Directors consider that the issue price is fair and reasonable and the issuance of the Consideration Shares at the issue price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be issued under the Specific Mandate to be approved by the Shareholders at the SGM. The Consideration Shares represents approximately 1.32% of the issued share capital of the Company as at the date of this announcement and approximately 1.30% of the issued share capital of the Company as enlarged by the Consideration Shares.

The Consideration Shares will, upon issue and credited as fully paid, rank pari passu in all respect with all the existing Shares of the Company then in issue. Application for the listing of, and permission to deal in, the Consideration Shares will be made by the Company to the Stock Exchange.

Warranty on the NAV

Pursuant to the Sale and Purchase Agreement, the Vendors warrant that the net asset value of the Target Company as at the date of Completion shall be no less than HK\$6.4 million (the “Warranted NAV”). If the net asset value of the Target Company as at the date of Completion is less than the Warranted NAV, there shall be a dollar-to-dollar downward adjustment in the Cash Payment payable by the Purchaser to the Vendors upon Completion.

There shall be no upward adjustment in the Cash Payment.

Conditions Precedent

The completion of the Acquisition shall be conditional upon:

- (a) the results of the legal and financial due diligence conducted by the Company over the Target Company, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of the Target Company, being completed to the reasonable satisfaction of the Company at its sole discretion;
- (b) the Company having convened the SGM at which resolution(s) shall have been passed by its shareholders, by way of a poll, to approve the grant of the Specific Mandate in accordance with the Listing Rules;
- (c) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Consideration Shares;
- (d) the approval by the SFC for the change of the substantial shareholders (as defined under the SFO) of the Target Company having been obtained;
- (e) 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 hereunder; and
- (f) the Vendors’ Warranties shall remain to be true and correct in all material respects and there has not been any material breach of the Vendors’ Warranties.

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 Vendors 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.

Completion of the Acquisition

Completion of the Acquisition shall take place on the third Business Day after the date on which all of the conditions precedent under the Sale and Purchase Agreement shall have been satisfied or waived by the parties thereto (or such other date as the parties hereto may agree from time to time).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Proposed grant of share options to the vendors

Pursuant to the Sale and Purchase Agreement, the Vendors warrant to the Company that they shall continue their respective employment with the Target Company as responsible officers thereof for at least 12 months from the date of Completion.

In consideration of the Vendors having agreed to continue their employment with the Target Company after Completion, the Company agreed to grant an aggregate of 20,000,000 Share Options to the Vendors in accordance with the Share Option Scheme and the Listing Rules. The exercise price of the Share Options to be granted will be determined at the date of grant.

Information on the Target Company

The Target Company is a limited company incorporated in Hong Kong. It is a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity. It is principally engaged in the business as a dealer in securities and trading in securities. Currently the Target Company has a brokerage team consisting of 7 persons licensed by the SFC, of which 3 are Responsible Officers and 4 are Licensed Representatives.

The following is the audited financial information of the Target Company for the years ended 31 March 2015 and 31 March 2016 respectively, prepared in accordance with the Hong Kong Financial Reporting Standards:

	Financial Year ended 31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	approximately 2,835	approximately 1,763
Net loss before taxation	approximately 457	approximately 2,021
Net loss after taxation	approximately 457	approximately 2,021

The audited net asset values of the Target Company were approximately HK\$6.4 million and HK\$4.9 million as at 31 March 2016 and 31 March 2015 respectively. The unaudited net asset value of the Target Company was approximately HK\$6.4 million as at 30 June 2016.

Reasons for and benefits of the Acquisition

The Company is an investment holding company and its subsidiaries are principally engaged in computer graphic imaging (“CGI”), cultural and entertainment business. Pursuant to the Company’s announcement dated 28 January 2016 the Company has decided to expand the range of its principal businesses to include that of financial services comprising of 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. The Company has since commenced the development of these businesses including money lending, securities investment and proprietary trading.

The Acquisition is another step towards accomplishing the Company’s goal of offering all-encompassing integrated financial services to clients. The Acquisition will immediately allow the Company to offer brokerage and margin financing services. After the Completion of the Acquisition, the Company intends to further expand the Target Company and utilize it as the flagship for the Group in the future to provide other financial services including but not limited to financial advisory, underwriting and fund management.

The terms of the Sale and Purchase Agreement were determined after arm’s length negotiations and based on normal commercial terms. The Consideration for the Target Company is HK\$18.4 million which is a premium of approximately HK\$12.0 million to the unaudited net asset value of the Target Company of approximately HK\$6.4 million as at 30 June 2016. The Directors considered that the premium is fair and reasonable as (i) the value of the HKEX trading rights have been fully amortised in the Target Company’s books and its true value is thus not reflected in the Target Company’s books; and (ii) the Company will be able to acquire an up and running established brokerage operation with a long history and staffed by a well experienced brokerage team. The granting of the Share Options will cement the Responsible Officers relationship with the Company and ensure that the Company can retain their loyalty after the Acquisition. In view of the above, 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 all the percentage ratios calculated in accordance with the Listing Rules are less than 5% and the Consideration will be satisfied by the Company by the Consideration Shares, the Acquisition constitutes a share transaction on the part of the Company under Chapter 14 of the Listing Rules.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Sale and Purchase Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate.

A circular containing, among other things, further details of the Sale and Purchase Agreement and the Specific Mandate are to be dispatched by the Company to the Shareholders as soon as possible in accordance with the Listing Rules.

Shareholders and potential investors should note that the Acquisition contemplated under the Sale and Purchase Agreement is subject to satisfaction of certain conditions precedent and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Company (or its nominee) from the Vendors pursuant to the Sale and Purchase Agreement
“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”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Acquisition payable by the Company under the Sale and Purchase Agreement
“Consideration Shares”	the aggregate of 60,000,000 new Shares to be allotted and issued by the Company to the Vendors as partial settlement of the Consideration pursuant to the Sale and Purchase Agreement

“Directors”	the directors of the Company
“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
“Last Trading Day”	the date of the execution of Sale and Purchase Agreement, i.e. 30 August 2016
“Long Stop Date”	6 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 Vendors in writing
“Listing Rules”	the Rules Governing the Listing of Securities on the main board of the Stock Exchange
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Vendors and the Company on 30 August 2016 in respect of the Acquisition
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the grant of Specific Mandate pursuant to the Sale and Purchase Agreement
“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)

“Specific Mandate”	a specific mandate to be sought to be granted to the Directors from the Shareholders at the SGM to issue and allot the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary (subsidiaries)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	John & Wong Securities Company Limited, a company incorporated in Hong Kong with limited liability
“Vendors”	Mr. Wong Kwong Ho, Mr. Wong Wai Kiu and Ms. Wong Yuen Li
“%”	per cent.

By order of the Board
Imagi International Holdings Limited
Kitchell Osman Bin
Acting Chairman

Hong Kong, 30 August 2016

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

Executive Directors:

Mr. Kitchell Osman Bin (*Acting Chairman*)
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