
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Imagi International Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, the licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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


IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 585)

- (1) SHARE TRANSACTION IN RELATION TO ACQUISITION INVOLVING
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;
(2) REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES;
(3) REFRESHMENT OF SCHEME MANDATE LIMIT;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

**Independent financial adviser
To the Independent Board Committee and the Independent Shareholders**

Nuada Limited
Corporate Finance Advisory

A letter from the Board is set out on pages 5 to 20 of this circular. A letter from Independent Financial Advisor containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 31 of this circular. The letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 21 of this circular.

A notice convening the SGM of Imagi International Holdings Limited to be held at Unit 2401-2, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 28 October 2016 at 10:00 a.m. is set out on pages 32 to 36 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of Imagi International Holdings Limited in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

7 October 2016

* for identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	21
Letter from the Independent Financial Adviser	22
Notice of SGM	32

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“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
“Bye-Laws”	the existing bye-laws of the Company as amended from time to time
“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
“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the 2016 AGM to, inter alia, allot, issue and deal with securities of the Company not exceeding 20% of the then issued share capital of the Company as at the date of the 2016 AGM
“Group”	the Company and its subsidiaries

DEFINITIONS

“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 Board Committee”	an independent committee of the Board formed to advise the Independent Shareholders in relation to the proposed Refreshment of General Mandate
“Independent Financial Adviser” or “Nuada”	Nuada Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which is licensed by the SFC for carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	Shareholder(s) other than any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates (as defined under the Listing Rules)
“Independent Third Party (Parties)”	third party (parties) independent of and not connected with the Company or any of its connected persons
“Latest Practicable Date”	29 September 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“Refreshed General Mandate”	the general mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with shares of the Company not exceeding 20% of the issued share capital of the Company in issue as at the date of SGM

DEFINITIONS

“Refreshment of General Mandate”	the proposed refreshment of Existing General Mandate into the Refreshed General Mandate
“Refreshment of Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit of the existing Share Option Scheme
“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
“Scheme Mandate Limit”	the maximum number of Shares which may be allocated and issued upon the exercise of all options to be granted under the Share Option Scheme which, if refreshed, shall not in aggregate exceed 10% of the Shares in issue as at the date of the SGM
“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 relevant matters mentioned in this circular
“Share(s)”	ordinary shares with par value of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“Share Options”	the share options granted by the Company pursuant to the Share Options Scheme
“Share Options Scheme”	the existing share options scheme of the Company adopted by the Company on 11 June 2012
“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

DEFINITIONS

“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.
“2016 AGM”	the annual general meeting of the Company held on 2 June 2016

LETTER FROM THE BOARD

IMAGI
IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 585)

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

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

Head office and principal place

of business in Hong Kong:
Suites 1107-1108, 11th Floor
Champion Tower, 3 Garden Road
Central
Hong Kong

7 October 2016

To the Shareholders,

Dear Sir or Madam,

- (1) SHARE TRANSACTION IN RELATION TO ACQUISITION INVOLVING
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE;
(2) REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES;
(3) REFRESHMENT OF SHARE OPTIONS SCHEME MANDATE LIMIT;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the information relating to: (i) the Acquisition involving issue of Consideration Shares under Specific Mandate; (ii) the Refreshment of General Mandate to allot and issue shares; (iii) the Refreshment of Share Options Scheme Mandate Limit; (iv) the recommendation from the Independent Board Committee on the Refreshment of General Mandate; (v) a letter of advice from the Independent Financial Adviser setting out its advice and recommendation to the Independent Board Committee and the Independent Shareholders on the Refreshment of General Mandate; and (vi) the notice of SGM in respect of the above matters.

* for identification purpose only

LETTER FROM THE BOARD

(1) THE ACQUISITION

Reference is made to the announcement of the Company dated 30 August 2016 in relation to the Acquisition.

To implement the Group's previously announced plan to develop an integrated financial services business, the Company had been contemplating and carefully weighing the pros and cons various approaches including acquiring a brokerage firm and the Company had been looking for suitable target in the market. Through the introduction of a common business associate, on 30 August 2016, Mr. Kitchell Osman Bin, Acting Chairman of the Company, met Mr. Wong Kwong Ho, who is the founder of the Target Company, at his office to discuss the potential acquisition of the Target Company. The Acquisition was initiated in such manner.

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.

The principal terms and conditions of the Sale and Purchase Agreement are set out as follows:

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

Mr. Wong Kwong Ho, is the founder and the director of the Target Company. He is the father of Mr. Wong Wai Kiu and Ms. Wong Yuen Li. Prior to setting up the Target Company, Mr. Wong Kwong Ho was previously the founder of K.H. Wong & Co and Fair Eagle Securities Co Ltd. He has more than 44 years of experience in the operations and management of securities investment and proprietary trading and is responsible for the strategic and overall management of the Target Company.

Mr. Wong Wai Kiu, is the company secretary of the Target Company and is in charge of the company secretarial, financial accounting and control of the Target Company. He is the son of Mr. Wong Kwong Ho and the brother of Ms. Wong Yuen Li. He joined the business of securities since 1990's and has a wealth of experience in proprietary trading and margin financing.

LETTER FROM THE BOARD

Ms. Wong Yuen Li, is the director of the Target Company. She is the daughter of Mr. Wong Wai Kiu and the sister of Mr. Wong Wai Kiu. She has more than 30 years of experience in the management of securities investment and proprietary trading.

All three of the above are licensed by the SFC as Responsible Officers of the Target 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.

The share capital of the Target Company is held by the Vendors as to 68.2% by Mr. Wong Kwong Ho, 22.7% by Mr. Wong Wai Kiu and 9.1% by Ms. Wong Yuen Li.

Consideration

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 of approximately HK\$6.4 million as at 30 June 2016 and the business prospects of the Target Company.

The Directors considered that the premium of approximately HK12 million to the unaudited net assets value of the Target Company of approximately HK\$6.4 million as at 30 June 2016 is fair after taken into account that the intrinsic value of the trading rights on the Stock Exchange enjoyed by the Target Company (which has been written down to zero in the accounts of the Target Company), the Company would be immediately acquiring an operation with established clientele, up and running system and operations complemented with a team of experienced staff. Further, the Directors believe the cost of putting a similar operation from scratch will take more than the premium paid. The Acquisition will have the benefit of saving much costs, time and efforts in setting up a wholly new licensed brokerage operation that would entail recruiting staffs, setting up operations, obtaining licenses and marketing efforts to acquire clients.

LETTER FROM THE BOARD

It has been agreed between the parties that the Company will pay for the net assets of the Target Company in cash on a dollar to dollar basis while the premium of HK\$12 million will be settled by the Consideration Shares. The Directors believe that the payment by way of Consideration Shares (together with the Options) would help to better tie the Vendors to the Target Company after Completion and assure their loyalty. Further, the issue price of the Consideration Shares is almost at par to the then trading price of the Shares (as explained below) and thus the use of Consideration Shares could spare the Company from spending its cash funds in paying the premium part in the Acquisition.

Pursuant to the Sale and Purchase Agreement, the cash and the Consideration Shares will be allocated to the Vendors in proportion to their shareholdings in the Target Company, or alternatively, in such proportion as agreed by the Vendors among themselves.

Consideration Shares

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;
- (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; and
- (iv) an equivalent price to the closing price of HK\$0.20 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The issue price would be at a discount of approximately 32.66% to the Group’s net assets value per share of HK\$0.297 as at 30 June 2016.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date 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 (“NAV”) as at the date of Completion shall be no less than HK\$6.4 million (the “Warranted NAV”). If the NAV 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

LETTER FROM THE BOARD

- (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.

The Company has submitted its application to the SFC for becoming substantial shareholder of the Target Company but approval has not yet been obtained. None of the conditions precedent is fulfilled yet.

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.

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.

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 Options Scheme and the Listing Rules with the exercise price of the Share Options determined at the date of grant.

There is no vesting period and no target is required for the vesting. The option period will be 5 years. The aforesaid terms are in line with the practice of the Company in granting options to other grantees. The Company believes the enticement of upward potential of the options will enhance the Vendors to work diligently to promote the Company's interests as their options will have value only if the Company performs. This will align the interests of the Vendors to that of the Company. The Directors believe it is beneficial to the Company and its shareholders to encourage performance and loyalty in such arrangement.

LETTER FROM THE BOARD

Information on the Target Company

The Target Company is a limited company incorporated in Hong Kong on 24 May 1999. It is a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity. The Type 1 license (dealing in securities) was obtained on 7 January 2004 and there are no restrictions on such license. 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
	HK\$'000	HK\$'000
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.

The principal assets of the Target Company for the last 2 years ended 31 March 2015 and 2016 and as at 30 June 2016 are set out as follows:

	unaudited as at 30.6.2016	audited as at 31.3.2016	audited as at 31.3.2015
	HK\$'000	HK\$'000	HK\$'000
Trade and other receivables	10,789	5,960	5,101
Cash and bank balances	7,244	6,998	5,228

The Target Company does not have any investment in financial assets for the year ended 31 March 2015 and 2016 and as at 30 June 2016 accordingly.

LETTER FROM THE BOARD

Effects on shareholding structure of the Company

For illustrative purpose only, set out below is a summary of the shareholdings in the Company as a result of the issue of the Consideration Shares:

	As at the Latest Practicable Date		Immediately after the issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Percentage (Approximate)</i>	<i>Number of Shares</i>	<i>Percentage (Approximate)</i>
Directors				
Kitchell Osman Bin	7,800,000	0.17%	7,800,000	0.17%
Choi Ka Wing	4,800,000	0.11%	4,800,000	0.10%
Substantial Shareholders				
HEC Capital Limited	380,000,000	8.36%	380,000,000	8.25%
Advance Beauty Holdings Limited (<i>Note 1</i>)	353,401,600	7.77%	353,401,600	7.67%
The Vendors	–	–	60,000,000	1.30%
Other Shareholders	<u>3,802,170,978</u>	<u>83.59%</u>	<u>3,802,170,978</u>	<u>82.51%</u>
Total	<u><u>4,548,172,578</u></u>	<u><u>100.00%</u></u>	<u><u>4,608,172,578</u></u>	<u><u>100.00%</u></u>

Note 1:

Advance Beauty Holdings Limited is a company legally and beneficially owned as to 50% by Mr. Shan Jiuliang and 50% by Ms. Zhang Peng. Mr. Shan and Ms. Zhang are former executive Directors of the Company.

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.

LETTER FROM THE BOARD

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 utilise 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. Although at this stage the Target Company only has Type 1 licence, the Company intends to use it as vehicle for other related financial services because of its established position as a brokerage. The Company intends to put additional resources and recruit necessary external staffs to apply the requisite licence(s) from the regulatory body and enter into such businesses. However, no concrete plans have been set at this moment.

As agreed between the Company and the Vendors, the Vendors will stay at the Target Company after completion for the future management of the Target Company to guarantee a smooth takeover of the Target Company by the Company as well as to help further developing the business of the Target Company. That is the reason why Consideration Shares and Options are to be granted to the Vendors. However, the Company also has sufficient expertise to run the Target Company by its own management. In particular, 3 Directors of the Company held senior positions in Chapter 21 listed companies for long time in the past and they are all very experienced in securities trading business and have exposure to brokerage operations. As and when necessary, the Company could always recruit external staffs to undertake the management duties of the Target Company and the Company believes it is not difficult to retain such staffs from the market.

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 has been fully amortised in the Target Company's books and its true value is thus not reflected in the Target Company's books. The trading rights of the Target Company confer on it the eligibility to be registered as an Exchange Participant in order to trade on or through the Stock Exchange. The trading rights of the Target Company was first recognised as intangible assets in its accounts in 2005 carrying a value of HK\$2.5 million but its value has been fully written off in 2010 after 5 years' aggregated amortisation. The Company had been enquiring from the market for the value of a Type 1 licensed corporation and received informal quotes from several millions to over ten million. It is generally recognised in the market that there is a market value to the trading rights of a licensed corporation. The Company has taken this into account in assessing the premium paid for the Target Company; 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.

LETTER FROM THE BOARD

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.

The SGM will be convened at which resolution will be proposed to seek the Shareholders' approval of the grant of Specific Mandate. As none of the Shareholders has any material interest in the Sale and Purchase Agreement, no Shareholder will be required to abstain from voting on the relevant resolution to approve the grant of Specific Mandate at the SGM.

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.

(2) REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

The Existing General Mandate

At the 2016 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorised the Directors to allot and issue not more than 505,352,508 Shares, being 20% of the then entire issued share capital of the Company of 2,526,762,544 Shares as at the date of the 2016 AGM.

Reference is made to the Company's announcement dated 8 June 2016 in relation to placing of shares (the "Placing"). The Existing General Mandate was fully utilised in the Placing where 505,352,508 Shares were issued and allotted by the Company.

The Placing of 505,352,508 Shares was conducted on a fully underwritten basis and the Shares were placed by the placing agent, namely, Enhanced Securities Limited, to not less than 6 places at the placing price of HK\$0.23 per Share. The net proceeds from the Placing was approximately HK\$112.23 million, which was initially intended to be used for partial payment of the principal amount of a HK\$225 million promissory note issued by the Company for subscription of shares in a joint venture company (the "JV Company").

LETTER FROM THE BOARD

As disclosed in the Company's announcement dated 30 June 2016, the Company changed the use of proceeds of the Placing after the Company decided to buy back all shares from the joint venture partner in the JV Company. The buy-back was completed on 4 July 2016 using funds from the Placing. The net proceeds of the Placing were therefore fully utilised for partial payment of the consideration for these buy-back shares.

As at the Latest Practicable Date, the Company has an aggregate of 4,548,172,578 Shares in issue. The Company has not refreshed the Existing General Mandate since the 2016 AGM.

Since the Existing General Mandate has been fully utilised, the Board proposes to refresh the Existing General Mandate for the Directors to allot and issue new Shares up to 20% of the issued share capital of the Company as at the date of passing of such resolution in the SGM.

Reasons for the refreshment

Subject to the approval of the Independent Shareholders of the Refreshed General Mandate, and assuming that no other Shares will be issued and/or repurchased by the Company on or prior to the date of the SGM, the Shares in issue as at the date of the SGM would be 4,548,172,578 Shares, which means that under the Refreshed General Mandate, the Directors would be authorised to allot and issue a maximum of 909,634,515 Shares, being 20% of the Shares in issue as at the date of this circular.

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

The Company has all along been looking for good opportunities for expansion and development of its investment business and financial services business. It is in the interest of the Company and its shareholders to seize any attractive business opportunities when so arise in a timely fashion and, in order to allow the Company to seize such opportunities timely, it is necessary for the Company to strengthen its financial position from time to time. The Refreshed General Mandate can afford the Directors and the Company the flexibility to respond quickly to rapid changes in the Hong Kong equities market where window of opportunities in fund raising may become available for only a short time. It also allow the Company to raise fund at short notice if suitable acquisitions materialise.

A specific mandate requires a substantially longer time to complete and will force any potential investor(s) and/or underwriter(s) to take a much greater market risk and thus much harder to solicit interest. A general mandate is much more flexible and time efficient and will allow the Company to react to any good opportunities in the market that can be fleeting. Based on the aforesaid, the Board is of the view that the proposed refreshment of the Existing General Mandate would (i) provide the Group with necessary financial flexibility to raise additional funds through the issue of equity securities for its future business development as and when an investment opportunity arises; and (ii) allow the Group to be in a better bargaining position in the negotiation of potential investments or acquisitions.

LETTER FROM THE BOARD

The Company has made losses due to the recent downturn in the market and the one-time loss on the forfeited deposit for the proposed very substantial acquisition as announced by the Company on 18 April 2016 which has now lapsed. The Directors believe the downturn in the equity markets for the last reporting period is only temporary and the Directors remain confident in the longer term outlook for the Hong Kong equity market. Furthermore, the new business focus has only been implemented since February this year and needs time to produce results. As the Company's actions begun to take shape and with new additional aspects such as brokerage and corporate finance are brought into play, there will be symbiotic advantages and the Company is confident this will yield benefits for the Company and the Shareholders in the coming future.

The Company currently has no immediate plan to issue Shares after the refreshment of the General Mandate.

General

The Refreshed General Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Bermuda law or Bye-laws; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

The Independent Board Committee, comprising Mr. Chow Chi Wah Vincent, Dr. Kwong Kai Sing Benny, Mr. Miu Frank H. and Dr. Santos Antonio Maria, all being independent non-executive Directors, has been formed to consider the grant of the Refreshed General Mandate. Nuada has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the grant of the Refreshed General Mandate.

Listing Rules implications

As the proposed grant of the Refreshed General Mandate is to be proposed to the Shareholders before the Company's next annual general meeting, pursuant to the Listing Rules, this proposal is subject to the Independent Shareholders' approval by way of poll at the SGM. Pursuant to Rule 13.36(4)(a) of the Listing Rules, the Refreshed General Mandate requires the Independent Shareholders' approval at the SGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has no controlling Shareholder. Mr. Kitchell Osman Bin, being the acting chairman of the Board and an executive Director, holds 7,800,000 Shares, representing approximately 0.17% of the total issued share capital of the Company. Ms. Choi Ka Wing, being the executive Director of the Company, holds 4,800,000 Shares, representing approximately 0.11% of the total issued share capital of the Company. Therefore, Mr. Kitchell Osman Bin and Ms. Choi Ka Wing and their respective associates are required to abstain from voting in favour of the relevant resolution in respect of the grant of the Refreshed General Mandate at the SGM.

Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the proposed resolution on the grant of the Refreshed General Mandate at the SGM.

(3) REFRESHMENT OF SHARE OPTIONS SCHEME MANDATE LIMIT

The Directors are also proposing to seek the approval of the Shareholders at the SGM in relation to the Refreshment of the Scheme Mandate Limit.

The Company adopted the Share Options Scheme on 11 June 2012. Apart from the Share Options Scheme, the Company has no other share options scheme currently in force.

At the 2016 AGM, the Scheme Mandate Limit was refreshed, which allows the Company to grant options of up to 252,676,254 Shares which represents approximately 10% of the Shares in issue as at the date of the 2016 AGM. The Company has utilised the existing Scheme Mandate Limit in full on 31 August 2016 and no further options could be granted thereunder. There are an aggregate of 305,104,651 outstanding Share Options granted by the Company but have not yet been exercised by the holders thereof (representing approximately 6.71% of the issued Shares of the Company of 4,548,172,578 as at the Latest Practicable Date.

Pursuant to the Listing Rules and the rules of the Share Options Scheme, the maximum number of Shares which may be issued upon the exercise of all options available to be granted under the Share Options Scheme and any other share option schemes of the Company may not exceed the Scheme Mandate Limit.

The Scheme Mandate Limit may be refreshed by approval of the Shareholders in general meeting from time to time, provided that the total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Options Scheme and any other share option schemes of the Company as refreshed must not exceed 10% of the number of Shares in issue as at such date of approval. Options previously granted, outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Options Scheme and any other share option schemes of the Company are not counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

LETTER FROM THE BOARD

Notwithstanding the above, the total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Options Scheme and any other share option schemes of the Company must not exceed 30% of the number of Shares in issue from time to time.

Reasons for the refreshment

The Group currently has 28 employees (including 8 directors). There are a total of 19 grantees who were granted options by the Company under refreshed option limit (252,676,254 options) approved at 2016 AGM. The grantees are either employees or service providers to the Company. The executive Directors select such grantees and determine the amount of grants based on the judgment of their contribution to the business and development to the Group and such decision of grants will then be reviewed and varied if needed by the remuneration committee.

The Company has experienced a drastic overhaul since the turn of the year. The Company is known to face with adverse development such as with the well publicised problems of the former executive Directors, potential legal disputes etc. To attract new staffs under such drastic circumstances the Company needs to provide sufficient incentives to remunerate its staffs. Incentives such as share options are comparatively less expensive to the Company and more effective to ensure continuity and loyalty. Furthermore the Company is embarking on new businesses that require new skillsets and also new service providers. Being new to such businesses, the Company portrays greater risks and thus requires additional motivation to ensure that it will attain the needed staff and services.

The Board considers it appropriate to refresh the Scheme Mandate Limit so as to allow the Company to have sufficient number of options and the flexibility to grant options under the Share Options Scheme to reward eligible participants in recognition of their contributions to the Company.

Assuming that (i) no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the SGM; and (ii) the refreshment of the Scheme Mandate Limit is approved by the Shareholders at the SGM, the Company will have 4,548,172,578 Shares in issue as at the date of the SGM, the refreshed Scheme Mandate Limit will allow the Company to issue under the Share Options Scheme a maximum of 454,817,257 Shares, representing 10% of the number of Shares in issue as at the date of the SGM. In view of the aforesaid, the Directors believe that it is in the interest of the Company to refresh the Scheme Mandate Limit.

LETTER FROM THE BOARD

The Refreshment of Share Options Scheme Mandate Limit is conditional on:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Refreshment of Scheme Mandate Limit at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, any new shares of the Company, representing a maximum of 10% of the shares of the Company in issue as at the date of approval of the resolution at the SGM for the Refreshment of Scheme Mandate Limit which may be issued upon exercise of the options granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of and permission to deal in any Shares which may fall to be issued upon the exercise of any options that may be granted under the refreshed Scheme Mandate Limit.

Listing Rules implications

None of the Shareholders are required to abstain from voting on the relevant resolution relating to the refreshment of the Scheme Mandate Limit at the SGM pursuant to Rule 17.03 of the Listing Rules.

THE SGM

Notice of the SGM is set out on pages 32 to 36 of this circular and the SGM will be held at Unit 2401-2, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 28 October 2016 at 10:00 a.m. in which the ordinary resolutions will be proposed to approve (i) the grant of the Specific Mandate; (ii) the Refreshment of General Mandate; and (iii) the Refreshment of Scheme Mandate Limit.

A proxy form for use at the SGM is enclosed herein. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

According to the Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolutions put to the vote at the SGM will be taken by way of poll.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 21 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders relating to the Refreshment of the General Mandate; and (ii) the letter from the Independent Financial Adviser set out on pages 22 to 31 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders relating to the Refreshment of the General Mandate.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Refreshment of General is in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Refreshment of General Mandate.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

IMAGI
IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 585)

7 October 2016

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

We refer to the circular to the Shareholders dated 7 October 2016 (the “**Circular**”) issued by Imagi International Holdings Limited of which this letter forms part. Terms used in this letter shall have the same respective meanings as those defined in the Circular, unless the context otherwise requires.

The Independent Board Committee has been established to give recommendations to the Independent Shareholders in respect of the Refreshment of General Mandate. Nuada Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in connection with the Refreshment of General Mandate. Details of its advice, together with the principal factors and reasons taken into account in arriving at such advice, are set out in their letter on pages 22 to 31 of the Circular.

Your attention is also drawn to the “Letter from the Board” on pages 5 to 20 of the Circular.

Having taken into account the proposed terms of the Refreshment of General Mandate, we consider that the terms of the Refreshment of General Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote for the resolution to be proposed at the SGM to approve the Refreshment of General Mandate.

Yours faithfully,

Independent Board Committee

Chow Chi Wah Vincent

Independent non-executive Director

Miu Frank H.

Independent non-executive Director

Kwong Kai Sing Benny

Independent non-executive Director

Santos Antonio Maria

Independent non-executive Director

* *for identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 7 October 2016 prepared for the purpose of inclusion in this circular.

Nuada Limited
Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

7 October 2016

*To the Independent Board Committee and the Independent Shareholders of
Imagi International Holdings Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Refreshment of General Mandate, details of which are set out in the letter from the board (the “**Letter**”) in the Company’s circular dated 7 October 2016 (the “**Circular**”) to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in this Circular unless the context requires otherwise.

At 2016 AGM, 2,526,762,544 Shares of the Company were in issue and entitled the Shareholders of them to attend and vote at the 2016 AGM. The Shareholders approved, among other things, the Existing General Mandate which authorised the Directors to allot and issue not more than 505,352,508 Shares, being 20% of the then entire issued share capital of the Company of 2,526,762,544 Shares as at the date of the 2016 AGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the announcement of the Company dated 8 June 2016, the Company, as issuer, and Enhanced Securities Limited, as placing agent, enter into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a fully underwritten basis, a total of 505,352,508 new Shares (the “**Placing Shares**”) to not less than six places at a price of HK\$0.23 per Placing Share (the “**Placing**”). The Placing was completed on 30 June 2016 and 505,352,508 Placing Shares were allotted and issued pursuant to the Existing General Mandate. Pursuant to the announcement of the Company dated 30 June 2016, the Company received net proceeds of approximately HK\$112.23 million from the Placing and all such net proceeds were intended to be partial settlement for the consideration of HK\$175.00 million on the shares buy-back of Unimagi Investment Limited which is the joint venture of the Company (the “**Shares Buy-back**”) instead of to partial payment of the principal amount payable under the promissory note of the Group. As stated in the Company’s announcement dated 4 July 2016 and according to the management of the Company, the net proceeds from the Placing of approximately HK\$112.23 million were fully utilised for the Shares Buy-back and Unimagi Investment Limited becomes an indirect wholly-owned subsidiary of the Company.

On 8 July 2016, the Board announced that the Company proposed an open offer at the subscription price of HK\$0.185 per offer share on the basis of one offer share for every two existing Shares held on the relevant record date (the “**Open Offer**”). As a result of the Open Offer, the Company allotted and issued an aggregate of 1,516,057,526 rights shares on 26 August 2016. Accordingly, the number of the issued Shares has been substantially enlarged to 4,548,172,578 Shares.

Pursuant to the announcement of the Company dated 30 August 2016, the Company as purchaser and Mr. Wong Kwong Ho, Mr. Wong Wai Kiu and Ms. Wong Yuen Li as Vendors entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Target Company at a consideration of HK\$18.4 million (the “**Share Transaction**”). Please refer to the section headed “(1) The Acquisition” in the Letter for detailed information of the terms and conditions of the Share Transaction.

After the allotment and issue of 505,352,508 Placing Shares on 30 June 2016 under the Placing as described above, the Existing General Mandate has been fully utilised. As at the Latest Practicable Date, the Company has an aggregate of 4,548,172,578 Shares in issue. The Company has not refreshed the Existing General Mandate since the 2016 AGM.

The Board proposes to seek approval of the Independent Shareholders for the Refreshment of General Mandate such that the Directors will be granted the authority to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares of the Company as at the date of passing the relevant resolution at the SGM. Pursuant to Rule 13.36(4)(a) of the Listing Rules, any controlling shareholders of the Company and their associates or, where there are no controlling shareholders of the Company, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution approving the Refreshment of General Mandate at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, (i) the Company has no controlling shareholders; (ii) Mr. Kitchell Osman Bin, being the acting chairman of the Board and an executive Director, is interested in 7,800,000 issued Shares, representing approximately 0.17% of the issued share capital of the Company; and (iii) Ms. Choi Ka Wing, being an executive Director of the Company, is interested in 4,800,000 issued Shares, representing approximately 0.11% of the issued share capital of the Company. Save as disclosed above, according to the best knowledge, information and belief of the Directors, no other Directors and associates of the Directors were interested in the Shares as at the Latest Practicable Date. Mr. Kitchell Osman Bin and Ms. Choi Ka Wing, together with other Directors (excluding independent non-executive Directors) and associates of the Directors who as at the date of the SGM shall hold any Share, are required to abstain from voting in favour of the resolution approving the proposed grant of the Refreshed General Mandate at the SGM.

The Independent Board Committee, comprising Mr. Chow Chi Wah Vincent, Dr. Kwong Kai Sing Benny, Mr. Miu Frank H. and Dr. Santos Antonio Maria, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the Refreshment of General Mandate is fair and reasonable and in the interests of the Company and Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

We, Nuada Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. During the past two years, we did not act as the independent financial adviser of the Company. Apart from normal professional fees for our services to the Company in connection with the engagements regarding the Refreshment of General Mandate as described above, no other arrangements exist whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, or its substantial Shareholders, Directors, chief executive, or any of their respective associates. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Refreshment of General Mandate.

Our role as the Independent Financial Adviser is to (i) give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in relation to (i) above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in this circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in this circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of this circular, the Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in this circular and have confirmed in this circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company and the Directors and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this circular to provide a reasonable basis for our opinions and recommendations. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation in respect of the Refreshment of General Mandate, we have taken into consideration the following principal factors and reasons:

1. Background information of the Refreshment of General Mandate

As disclosed in the Letter, the Company is an investment holding company and its subsidiaries are principally engaged in computer graphic imaging, 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 Directors were authorized to allot and issue up to 505,352,508 Shares under the Existing General Mandate which was granted to the Directors at 2016 AGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As a result of the allotment and issue of 505,352,508 Placing Shares on 30 June 2016 under the Placing, the Existing General Mandate has been fully utilised. Therefore, the Board proposes to seek approval of the Independent Shareholders for the Refreshment of General Mandate such that the Directors will be granted the authority to allot and issue new Shares not exceeding 20% of the total number of issued Shares of the Company as at the date of passing the relevant resolution at the SGM.

On the basis that no Shares would be issued or repurchased by the Company, no share options of the Company would be exercised from the Latest Practicable Date up to and including the date of the SGM, the Refreshment of General Mandate, if granted, would allow the Directors to allot, issue and deal with up to 909,634,515 new Shares, representing 20% of the total number of issued Shares of the Company as at the date of the SGM.

The Refreshment of General Mandate, if granted, will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the Company is required by the Bye-laws or any applicable laws to hold its next annual general meeting; and (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

2. Reasons for and benefits of the Refreshment of General Mandate

As discussed with the management of the Company, they considered that:

- (i) the Existing General Mandate was fully utilised after Placing;
- (ii) the Refreshment of General Mandate would provide the Group with flexibility to respond quickly to rapid changes in the Hong Kong equities market where window of opportunities in fund raising may become available for only a short time; and
- (iii) the Refreshment of General Mandate would allow the Company to raise fund at short notice if suitable acquisition arise.

According to the management of the Company, they would like to reserve its right to an alternative source of funding and/or potential consideration issue for acquisition and investments should opportunities arise in a timely manner. The Refreshed General Mandate can afford the Directors and the Company the flexibility to respond quickly to rapid changes in the Hong Kong equities market where window of opportunities in fund raising may become available for only a short time. Therefore, the Directors consider that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, we understand from the management of the Company that the Company expects to hold the next annual general meeting in June 2017. If the Company does not refresh the Existing General Mandate, the Company can only seek a new general mandate until the next annual general meeting which is approximately eight months from the date of this Circular.

Having considered (i) the Existing General Mandate has been fully utilised; (ii) the Existing General Mandate would provide the flexibility for the Group to raise capital expeditiously for its operations and expansion and/or consideration issue for acquisition and investment should opportunities arise in a timely manner (Please refer to sub-section headed “3. Flexibility in financing” below for detailed analysis); (iii) debt financing would incur extra interest burden (Please refer to the sub-section headed “4. Other financing alternatives” below for detailed analysis); and (iv) the Refreshment of General Mandate is required to be approved by the Independent Shareholders at the SGM, we are of the view and concur with the view of the Directors that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

3. Flexibility in financing

According to the management of the Company, they consider that the Refreshment of General Mandate would provide the Company with financial flexibility necessary to fulfill any possible future business development, including but not limited to existing business of the Group. The Refreshment of General Mandate would provide the Company with the flexibility as allowed under the Listing Rule to allot and issue new Shares for equity fund raising activities, such as placing of new Shares, or as consideration for potential acquisition in the future as and when such opportunities arise in a timely manner.

After discussion with the management of the Company, we noted that:

- (a) as at 31 August 2016, the Company has cash and cash equivalent of approximately HK\$297.2 million, in which approximately HK\$270.5 million is raised from the Open Offer. As stated in the Company’s prospectus dated 5 August 2016, the Company intended to apply (i) approximately HK\$225.0 million net proceed from the Open Offer to repay the interest-free promissory note issued by the Company with principal amount of approximately HK\$225.0 million; and (ii) approximately HK\$45.5 million for replenishment of working capital of the Company. Therefore, the amount of unassigned cash is approximately HK\$26.7 million;
- (b) although the Company does not have any immediate plan to issue shares upon completion for the Refreshment of General Mandate, the management of the Company consider to seize and capitalise on investment opportunities should they arise immediately.; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) the Company has recorded a loss of approximately HK\$341.1 million for the six-months ended 30 June 2016 which was mainly due to (i) impairment loss recognised on available-for-sales investments of approximately HK\$52.2 million; and (ii) the one-off loss of approximately HK\$150.0 million in relation to the forfeiture of the deposit for termination of very substantial acquisition on Smart Jump Corporation (Please refer to the Company's announcement dated 18 April 2016 for detailed information).

We also noted from the Company's announcement dated 28 January 2016 and the management of the Company that it is the target of the Company to become an integrated financial services provider to provide, including but not limited to, 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. In order to achieve the aforesaid target, the Company started its proprietary trading activities since the first quarter of 2016 and proposed to acquire a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity as stated in the Company's announcement dated 30 August 2016. According to the management of the Company, 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 upon completion of the aforesaid acquisition.

In light of this, we have further reviewed the market outlook of money lending and securities trading and investment in Hong Kong, which are the business segments that the Company intends to enter into.

Money lending

As disclosed in a report named "Monthly Statistical Bulletin (September 2016 – Issue No. 265)" published by the Hong Kong Monetary Authority, the total loans and advances denominated in Hong Kong dollar granted by authorised institutions in Hong Kong rose from approximately HK\$3,160.0 billion as at the end of year 2011 to approximately HK\$4,152.6 billion as at the end of year 2015, representing a compound annual growth rate (the "CAGR") of approximately 7.1% over the aforesaid period, and further increased to approximately HK\$4,245.6 billion as at 31 July 2016. The increasing trend of total loans and advances indicates a rising demand in money lending market in Hong Kong in recent years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Securities trading and investment

As disclosed in reports named “Financial Review of the Securities Industry for the year ended 31 December 2011” and “Financial Review of the Securities Industry for the year ended 31 December 2015” published by the SFC, the total number of active cash clients in Hong Kong increased from approximately 1.04 million in 2011 to approximately 1.26 million in 2015, representing a CAGR of approximately 4.9% over the aforesaid period and the net profit of all SEHK participants increased from approximately HK\$5,650 million in 2011 to approximately HK\$19,227 million in 2015, representing a CAGR of approximately 35.8% over the aforesaid period. The upward trend of both total number of active cash clients in Hong Kong and net profit of all SEHK participants in Hong Kong as stated above indicate a continuous growing trend for securities market in Hong Kong in recent years.

Given that (i) the existing cash balance of the Group; (ii) the Company’s target to become an integrated financial services provider as stated above; (iii) the Refreshment of General Mandate would provide the Company with financial flexibility necessary to fulfill any possible future business development, including but not limited to, existing business of the Group as stated above; and (iv) the performance of the securities market in the recent year are positive as stated above, we are of the view and concur with the view of the Directors that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

4. Other financing alternatives

We have enquired into the Directors and they confirmed that apart from equity financing, the Group may also consider debt financing, such as bank borrowings, to be other possible fund raising alternatives available to the Group. However, the Directors are of the view that the ability of the Group to obtain further bank borrowings usually depends on the Group’s financial position as well as the prevailing market condition, and may be subject to lengthy due diligence and negotiations with banks. Also taking into account that debt financing will usually incur interest burden on the Group, the Directors consider further debt financing to be relatively uncertain and time-consuming as compared to equity financing, such as placing of new Shares, for the Group to obtain additional funding.

The Directors confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Group. With this being the case, along with the fact that the Refreshment of General Mandate will provide the Company an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development, we are of the view and concur with the view of the management of the Company that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Potential dilution to the shareholding of the existing public Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon full utilisation of the Refreshment of General Mandate (assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date on which the Refreshment of General Mandate, if granted, is exercised in full):

Shareholders	As at the Latest Practicable Date		Immediately upon full utilisation of the Refreshment of General Mandate	
	<i>Number of Shares held</i>	<i>Approximate percentage (%)</i>	<i>Number of Shares held</i>	<i>Approximate percentage (%)</i>
Directors				
Kitchell Osman Bin (<i>Note 1</i>)	7,800,000	0.17	7,800,000	0.14
Choi Ka Wing (<i>Note 1</i>)	4,800,000	0.11	4,800,000	0.09
Substantial Shareholders				
HEC Capital Limited	380,000,000	8.36	380,000,000	6.96
Advance Beauty Holdings Limited (<i>Note 2</i>)	353,401,600	7.77	353,401,600	6.48
Other public Shareholders	3,802,170,978	83.59	3,802,170,978	69.66
Share issued under the Refreshed General Mandate	–	–	909,634,515	16.67
	<u>4,548,172,578</u>	<u>100.00</u>	<u>5,457,807,093</u>	<u>100.00</u>

Notes:

- Mr. Kitchell Osman Bin and Ms. Choi Ka Wing are executive Directors of the Company.*
- Advance Beauty Holdings Limited is a company legally and beneficially owned as to 50% by Mr. Shan Jiuliang and 50% by Ms. Zhang Peng. Mr. Shan Jiuliang and Ms. Zhang Peng are former executive Directors of the Company.*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the table above, the shareholding of the existing public Shareholders would be diluted from approximately 83.59% to approximately 69.66% upon full utilisation of the Refreshed General Mandate.

We are of the view that as (i) the Refreshment of General Mandate would provide an alternative source of funding and/or potential consideration issue for future business development of the Company; (ii) given that in most cases parties to a transaction prefer to look for quick completion of their deals, the Company may fail to seize and capitalise on investment opportunities should they arise if it has to wait for the next annual general meeting which is approximately eight months from the date of this Circular to seek a new general mandate; (iii) the management of the Company confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Company as stated in the sub-section headed “4. Other financing alternatives” above; and (iv) the Refreshment of General Mandate is required to be approved by the Independent Shareholders at the SGM, the potential dilution effect of the existing public Shareholders as just mentioned is justifiable.

RECOMMENDATION

Having taken into consideration of the above factors and reasons, we are of the view and concur with the view of the Board that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) at the SGM to approve the Refreshment of General Mandate.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Wong
Vice President

Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 13 years of experience in corporate finance industry.

NOTICE OF SGM


IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司*
(incorporated in Bermuda with limited liability)
(stock code: 585)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Imagi International Holdings Limited (the “**Company**”) will be held at Unit 2401-2, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong, on Friday, 28 October 2016 at 10:00 a.m. for the purpose of considering and, if though fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** subject to the fulfilment of the terms and conditions set out in the Sale and Purchase Agreement dated 30 August 2016 entered into between the Company as purchaser and Mr. Wong Kwong Ho, Mr. Wong Wai Kiu and Ms. Wong Yuen Li (the “**Vendors**”) in relation to the acquisition of the entire issued share capital of John & Wong Securities Company Limited (the “**Sale and Purchase Agreement**”; a copy of which is marked “A” and initialed by the chairman of the SGM for identification purpose and tabled at the SGM):
 - (a) the directors of the Company (the “**Director(s)**”) be and are hereby granted a specific mandate for the issue and allotment of 60,000,000 new shares of the Company (the “**Consideration Shares**”) at the issue price of HK\$0.20 per Consideration Share (“**Specific Mandate**”) to satisfy part of the consideration payable to the Vendors pursuant to the Sale and Purchase Agreement. The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and
 - (b) any one of the Directors be and are hereby authorised to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the Specific Mandate and/or the issue and allotment of the Consideration Shares and to agree to such variation, amendment or waiver in relation thereto which are, in the opinion of the Directors, in the interest of the Company.”

* *for identification purpose only*

NOTICE OF SGM

2. **“THAT:**

- (a) the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with shares of the Company (the “**Shares**”) at the annual general meeting of the Company held on 2 June 2016 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this Resolution);
- (b) subject to paragraph (d) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as hereinafter defined in this Resolution) of all the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) above shall authorise the Directors during the Relevant Period (as hereinafter defined in this Resolution) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined in this Resolution);
- (d) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (b) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of Shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time; or (iii) an issue of Shares upon the exercise of options which may be granted under the share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company, shall not exceed 20 per cent of the number of Shares in issue as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF SGM

(e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by Shareholders in general meeting revoking, varying or renewing the authority given to the Directors by this Resolution.

“Rights Issue” means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities), (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

NOTICE OF SGM

3. **“THAT**

(a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options which may be granted under the Refreshed Limit (as hereinafter defined), the Scheme Mandate Limit (as hereinafter defined) in respect of the granting of options to subscribe for Shares under the Share Options Scheme (as hereinafter defined) and any other share option scheme(s) of the Company be refreshed and renewed provided that (i) the total number of Shares which may be issued upon the exercise of all options granted or to be granted under the Share Options Scheme and any other share options scheme(s) of the Company shall not exceed ten per cent of the number of Shares in issue as at the date of passing this Resolution (the **“Refreshed Limit”**) and (ii) options previously granted under the Share Options Scheme and any other share options scheme(s) of the Company (including those outstanding, cancelled, lapsed in accordance with the Share Options Scheme and any other share options scheme(s) of the Company or exercised options) shall not be counted for the purpose of calculating the Refreshed Limit, and the Directors be and are hereby authorised from time to time to offer or grant options pursuant to the Share Options Scheme subject to the Refreshed Limit and to exercise all powers of the Company to allot and issue Shares upon the exercise of any such options.

(b) for the purpose of this Resolution:

“Share Options Scheme” means the share options scheme of the Company adopted on 11 June 2012; and

“Scheme Mandate Limit” means the maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Options Scheme and any other share option scheme(s) of the Company.”

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

Hong Kong, 7 October 2016

NOTICE OF SGM

Notes:

1. A member who is entitled to attend and vote at the special general meeting is entitled to appoint one or more proxies or a duly authorised corporate representative to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the special general meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member from attending the special general meeting and voting in person. In such event, his form of proxy will be deemed to have been revoked.
3. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled hereto; but if more than one of such joint holders be present at the special general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.