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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)**

**DISCLOSEABLE TRANSACTION:  
IN RELATION TO THE DISPOSAL OF A SUBSIDIARY**

**THE DISPOSAL**

On 7 March, 2016 (after trading hours), the Vendor and the Purchaser entered into the Disposal Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares together with the Shareholder Loan, at the Consideration of HK\$25,000,000 which shall be payable in cash by the Purchaser to the Vendor on Completion.

**IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but less than 25%. Accordingly, the Disposal constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

**INTRODUCTION**

On 7 March 2016 (after trading hours), the Vendor, a direct wholly owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares together with the Shareholder Loan, at the Consideration of HK\$25,000,000 which shall be payable by the Purchaser to the Vendor in cash on Completion.

\* *for identification purpose only*

## **THE DISPOSAL AGREEMENT**

### **Date**

7 March 2016

### **Parties**

- (1) the Vendor; and
- (2) the Purchaser.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) were Independent Third Parties. The Purchaser is principally engaged in investment holding.

### **Sale and purchase**

The Vendor has agreed to sell, and the Purchaser has agreed to purchase or procure to purchase, the Sale Shares together with the Shareholder Loan, free from all rights of pre-emption, options, liens, claim equities, changes, encumbrances or third-party rights of any nature together with all right attaching to them, including a rights to any dividends or other distribution declared made or paid on or after the Completion. The Sale Shares represent the entire issued share capital of IJML.

Upon completion of the Disposal, the Vendor will cease to hold any shares in IJML and hence IJML will cease to be a subsidiary of the Company.

### **Consideration**

The Consideration, being HK\$25,000,000, shall be payable by the Purchaser in full in cash to the Vendor on Completion.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the unaudited net liabilities of IJML (after taking into account the Shareholder Loan) as at 29 February 2016.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable.

## **Conditions precedent**

Completion of the Disposal shall be subject to:

- (i) The Purchaser having conducted and completed due diligence on all business, assets and liabilities, legal and financial matters all such other matters as deemed necessary by the Purchase in relation to the Target Group, and the Purchaser being satisfied with the result of such due diligence;
- (ii) If applicable, the obtaining of all consents from any relevant government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Disposal Agreement and any of the transactions contemplated thereunder;
- (iii) The Purchaser being satisfied that on or before Completion the Vendor's warranties remain true and accurate in all material respects and are not misleading nor in breach in any material respect.

## **Completion**

Completion shall take place within 3 days following the date of the fulfillment of the above conditions precedent or such other date as may be agreed between the parties thereto.

Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company.

## **INFORMATION ON THE GROUP AND THE DISPOSAL GROUP**

The Group is principally engaged in computer graphic imaging, cultural and entertainment business, investment business and financial services business.

The principal business of the Disposal Group, comprised of IJML and its subsidiaries, was originally intended for investment in China and as at the date of the Disposal has not commenced any business and only holds a deposit in Bank of China Xiamen Hi-Tech Park Branch with the last known amount of approximately RMB65,000,000 (equivalent to approximately HK\$77,512,000).

The unaudited net liabilities of the Disposal Group as at 31 December 2015 and 29 February 2016 were approximately HK\$10,011,000 and HK\$10,198,000 respectively (after taking into account the Shareholder Loan). There was no revenue generated by the Disposal Group from the date of incorporation to the date of disposal.

## **FINANCIAL IMPACT OF THE DISPOSAL**

After taking into account the unaudited net liabilities of the Disposal Group as at 29 February, 2016, the Shareholder Loan and the Consideration received for the Disposal, the unaudited net loss to the Company as a result of the Disposal is estimated to be approximately HK\$65,000,000.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As mentioned in the Announcements, there are great uncertainties in the situation of the Disposal Group especially with regards to its financial position. The Company is unable to even ascertain the amount of deposits currently in the bank let alone if or when the Company can expect to access either the information regarding the money nor whether eventually those money can be made available for use by the Company. There also exists grave doubts on the recovery of the pre-paid rental. In the above circumstances, the Company would like to limit its exposure and to recover the maximum extent from the Disposal Group at the earliest possible moment and the Disposal is undertaken with the above intention in mind.

In view of the above, the Directors (including the independent non-executive Directors) consider the entering of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **USE OF PROCEEDS FROM THE DISPOSAL**

It is expected that the Disposal will generate net proceeds of HK\$24.8 million after deducting all relevant expenses. The net proceeds will be utilised as additional working capital for the Company.

## **LISTING RULE IMPLICATIONS**

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but less than 25%. Accordingly, the Disposal constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is therefore subject to notification and announcement requirements under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Announcements”	announcements dated 23 February 2016, 11 February 2016 and 17 December 2015 respectively in relation to the Group’s development in China
“Board”	board of Directors
“BVI”	the British Virgin Islands
“Company”	Imagi International Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Stock Exchange (Stock Code: 585)
“Completion”	completion of the Disposal
“Consideration”	the purchase price for the Sale Shares together with the Shareholder Loan, being HK\$25,000,000
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares together with the Shareholder Loan pursuant to the terms of the Disposal Agreement, which constitutes a discloseable transaction of the Company under the Listing Rules
“Disposal Agreement”	the agreement dated 7 March 2016 entered into between the Vendor and the Purchaser relating to the Disposal
“Disposal Group”	IJML and its subsidiaries
“Group”	the Company and its subsidiaries before the Completion
“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
“IJML”	Imagi Jue Ming Limited, a company incorporated in BVI with limited liability which is a direct wholly owned a subsidiary of the Company

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Capital Union Inc., a company incorporated in BVI with limited liability, which is an Independent Third Party
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sale Shares”	the entire issued share capital of IJML
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder Loan”	the loan owed by IJML to the Vendor as of the date of Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	The Company
“%”	per cent.

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

Hong Kong, 7 March 2016

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

*Executive Directors:*

Mr. Suen Yick Lun Philip

Mr. Wong Yat Fai

Mr. Shan Jiuliang\*\*

Ms. Zhang Peng\*\*

*Non-executive Director:*

Mr. Wen Di\*\*

*Independent Non-executive Directors:*

Mr. Chow Chi Wah Vincent

Dr. Kwong Kai Sing Benny

Mr. Miu Frank H.

Dr. Santos Antonio Maria

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