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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)

**MAJOR TRANSACTION-
DISPOSAL OF SALE SHARES OF THE TARGET COMPANY**

The Board is pleased to announce that on 2 February 2018 (after trading hours), the Company as Vendor and the Purchaser entered into the Agreement pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a consideration of HK\$150,000,000.

As at the date of this announcement, the Company holds the Sale Shares representing 50% interest in the Target Company. The Sale Shares are currently accounted for as an interest in a joint venture in the accounts of the Company. Upon Completion, the Company will cease to hold any beneficial interest in the Target Company.

As one or more of the applicable percentage ratios of the Disposal under Rule 14.07 of the Listing Rules exceed(s) 25% but all are less than 75%, the Disposal constituted a major transaction for the Company and is therefore subject to the reporting, announcement, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal. No Shareholders would be required to abstain from voting in the resolution approving the Disposal at the SGM.

* *For identification purpose only*

A circular containing (i) further details of the Agreement and the Disposal; (ii) a notice convening the SGM; and (iii) other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 2 March 2018.

Shareholders and potential investors should note that Completion of the Disposal is subject to the fulfillment of the Conditions under the Agreement and the Disposal may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board is pleased to announce that on 2 February 2018 (after trading hours), the Company and the Purchaser entered into the Agreement pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at a consideration of HK\$150,000,000.

THE AGREEMENT

The principal terms of the Agreement are set out as below:

Date

2 February 2018

Parties

Vendor: The Company

Purchaser: Bob May Incorporated

As at the date of the Agreement, the Purchaser is a joint venture partner with the Company in the Target Company. The Company and the Purchaser each holds 50% in the Target Company. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiry and so far as the Directors are aware, the Purchaser is an Independent Third Party.

Assets to be disposed

Pursuant to the Agreement, amongst others, the Company has conditionally agreed to sell the Sale Shares, representing 50% of the total issued shares of the Target Company, to the Purchaser.

CONDITIONS

The sale and purchase of the Sale Shares shall be subject to and conditional upon the fulfilment and satisfaction of the Conditions as follows:

- (a) the approval by the Shareholder(s) in respect of the Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules; and
- (b) 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 Agreement and the transactions contemplated thereunder.

If the Conditions have not been fulfilled on or before the Long Stop Date for whatever reason, the Agreement shall cease and determine, and in such event, the Company shall fully refund the HK\$50,000,000 deposit to the Purchaser without interest within 5 Business Days of termination and thereafter neither party shall have any rights, obligations and liability towards each other hereunder save for any antecedent breaches of the terms hereof.

COMPLETION

Completion under the Agreement will take place on the Completion Date.

Upon Completion, the Purchaser will own 100% interest in the Target Company and the Company will cease to hold any beneficial interest in the Target Company.

TERMINATION OF THE JV AGREEMENT

Pursuant to the Agreement, the JV Agreement and the JV Partners Agreement will be terminated upon Completion with all parties being released from their respective obligations thereunder.

CONSIDERATION

The Consideration was agreed between the parties based on arm's length negotiation after taking into account and with reference to the latest unaudited consolidated net asset value per share of the Target Company. The Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration will be settled by the Purchaser by cashier orders to the Company in the following manner:–

- (i) a deposit of HK\$50,000,000 shall be payable within 5 Business Days from the date of the Agreement; and
- (ii) the remaining balance of HK\$100,000,000 shall be payable upon Completion.

INFORMATION OF THE TARGET COMPANY

The Target Company was formed on or about 26 February 2016 between the Company and the Purchaser, which together executed the JV Agreement on the aforementioned date. The terms of the JV Agreement, inter alia, stipulated that: (1) Each partner will contribute HK\$150,000,000 to the JV and will each own a 50% shareholding in the Target Company; (2) The Target Company primarily engages in the business of provision of financings to clients, through its indirect wholly owned subsidiary Simagi Finance Company Limited, a licensed money lender; and (3) The JV partners will jointly be responsible for the management of the JV and each will nominate one director to the Target Company. The equity contribution had been paid in full by both partners upon formation.

Set out below is the unaudited consolidated financial information of the Target Company for the two financial years ended 31 December 2016 and 31 December 2017 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2016 <i>HK\$'000</i> (Unaudited)	For the year ended 31 December 2017 <i>HK\$'000</i> (Unaudited)
Profits/(Loss) before tax	(14,676)	(6,562)
Profits/(Loss) after tax	(14,676)	(6,562)

As at 31 January 2018, the unaudited consolidated net asset value of the Target Company was approximately HK\$280,630,000.

THE PURCHASER

As at the date of this announcement, the Purchaser is an investment holding company and is a joint venture partner with the Company in the Target Company and owns as to 50% in the Target Company. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiry and so far as the Directors are aware, the Purchaser is an Independent Third Party.

REASONS AND BENEFITS OF FOR THE DISPOSAL

The Company has disclosed that one of its principal businesses going forward will be in the provision of an integrated financial services. The Company believes that money lending will form an essential part of the said strategy and that it will be necessary for the Company to establish such business fully under its management and control. The Company has initiated the preparation in this. As such the Company may possibly be in direct competition with the JV under the Target Company and will pose potential problems on conflict of interest. The Company therefore believes that it will be advantageous to exit from the JV. Furthermore the JV had accumulated cumulative losses for the last two years of approximately HK\$21,238,000. The Agreement will allow the Company to disengage from the JV at a premium to the latest net asset value. The Company thus believes that the Disposal initiated by the Purchaser represents a good opportunity for the Company to realise and recover its investment in the JV and free up resources so as to concentrate on the Company's own business and strategy. The participation in the JV has enabled the Company to accumulate the necessary experience to start its own money lending operations.

The Directors, including the independent non-executive Directors consider that the terms of the Agreement were entered into under normal commercial terms following arm's length negotiations between the Company and the Purchaser and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Company originally subscribed the Sale Shares through the JV Agreement at a total cost of HK\$150,000,000 which was settled by cash. The investment originally was booked by the Company as HK\$150,000,000. Subsequently, HK\$9,684,984 losses were booked against the investment and as at the date of this announcement, the Sale Shares are on the books of the Company as to the amount of HK\$140,315,016.

It is estimated that, upon completion of the Disposal, the Company will not record an economic gain or loss on disposal as compared to the original acquisition cost on the JV Agreement but will recognise a profit of HK\$9,684,984 as compared to its latest book value. Such profit is estimated based on the difference between the Sale Shares of HK\$150,000,000 and the book value of the Target Company as at 31 January 2018 of approximately HK\$140,315,016. Based on the above, it is expected that the Disposal would not have material impact on the consolidated statement of financial position of the Company.

The Board intends to use the net proceeds arising from the Disposal initially as general working capital and upon formation of its own money lending business, will utilise the proceeds as portion of the funds required for the future establishment of its own money-lending business.

INFORMATION OF THE COMPANY

The Group’s principal business is to engage in investment business and integrated financial services business, computer graphic imaging (“CGI”), cultural and entertainment business.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal exceed(s) 25% but all are less than 75%, the transactions contemplated under the Agreement constitute a major transaction for the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and shareholders’ approval requirement.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal. As such, no Shareholders would be required to abstain from voting in favour of the resolution approving the Disposal at the SGM.

A circular containing (i) further details of the Agreement and the Disposal; (ii) a notice convening the SGM; and (iii) other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders. The circular is expected to be dispatched to the Shareholders on or before 2 March 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Agreement”	the sale and purchase agreement dated 2 February 2018 and entered into between the Company as the vendor and the Purchaser as purchaser in respect of the Disposal
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“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong
“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 sale and purchase of the Sale Shares under the Agreement
“Completion Date”	the date on or before the fifth Business Day following the satisfaction of the Conditions or such other date as the parties may agree
“Conditions”	the conditions precedent of the Agreement
“Consideration”	the consideration of HK\$150,000,000 payable by the Purchaser to the Vendor for the Disposal pursuant to the terms of the Agreement
“Directors”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“JV”	Joint Venture
“JV Agreement”	the Joint Venture Agreement dated 26 February 2016 executed between the Company and the Purchaser
“JV Partners Agreement”	the Joint Venture Partners’ Agreement dated 26 February 2016 executed among the Company, the Purchaser and the Target Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 months from the date of Agreement or such other date as may be agreed by the parties in writing
“Purchaser”	Bob May Incorporated
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holders of Shares
“Sale Shares”	1,500,000 shares of the Target Company, representing 50% of the entire issued share capital of the Target Company
“Share(s)”	ordinary shares of HK\$0.04 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
Target Company	Imagination Holding Limited, a company incorporated in the Republic of the Marshall Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 2 February 2018

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

Executive Directors:

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

Independent non-executive Directors:

Dr. Santos Antonio Maria
Mr. Miu Frank H.
Ms. Liu Jianyi