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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)

**(I) ISSUE OF SUBSCRIPTION SHARES TO THE SUBSCRIBER UNDER
THE GENERAL MANDATE;
AND
(II) PROPOSAL TO APPROVE PAYMENT OF SPECIAL DIVIDEND**

(I) THE SUBSCRIPTION AGREEMENT

On 11 May 2018 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which, subject to the fulfillment of the Conditions, the Parties have agreed amongst other things that, the Subscriber shall subscribe for, and the Company shall issue and allot, 137,884,314 Subscription Shares under the General Mandate at a price of HK\$0.90 per Subscription Share, for a total consideration of approximately HK\$124 million.

The Subscription Shares represent approximately 20% of the entire issued share capital of the Company as at the date of this announcement, and immediately after the Completion, assuming no other changes in the issued share capital in the Company from the date of this announcement, represents approximately 16.67% of the issued share capital of the Company as enlarged by the allotment of the Subscription Shares.

The gross proceeds from the Subscription will be approximately HK\$124 million and the net proceeds from the Subscription (after deducting the costs and expenses) will be approximately HK\$122 million. Subject to the Board's and Shareholders' approval of the Proposed Special Dividend, the net proceeds will be used for general working capital including payment of a cash dividend to the Shareholders.

* For identification purpose only

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscription Agreement.

As the Completion is subject to the satisfaction of the Conditions, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(II) PROPOSED SPECIAL DIVIDEND

The Company proposes to pay the Proposed Special Dividend of HK\$0.25 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. The Company hereby announces that a meeting of the Board will be held on 24 May 2018 to consider the recommendation, declaration and payment of the Proposed Special Dividend.

The Proposed Special Dividend is subject to approval at the Board meeting to be held on 24 May 2018 and the Shareholders' approval at a special general meeting to be convened. As such, the Proposed Special Dividend may or may not be declared and paid. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(I) THE SUBSCRIPTION AGREEMENT

On 11 May 2018 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which, subject to the fulfillment of the Conditions, the Parties have agreed amongst other things that, the Subscriber shall subscribe for, and the Company shall issue and allot, the 137,884,314 Subscription Shares under the General Mandate at a price of HK\$0.90 per Subscription Share, for a total consideration of approximately HK\$124 million.

The Subscription Shares represent approximately 20% of the entire issued share capital of the Company as at the date of this announcement, and immediately after the Completion, assuming no other changes in the issued share capital in the Company from the date of this announcement, represents approximately 16.67% of the issued share capital of the Company as enlarged by the allotment of the Subscription Shares.

The Subscriber was introduced by Satinu Markets Limited (“Satinu”) to the Company for the Subscription and the Company agreed to pay Satinu an introduction fee in the sum of 2% of the aggregate Subscription Price.

Save as disclosed above, to the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber is a third party independent of the Company and its connected persons as defined under the Listing Rules as at the date of this announcement.

Conditions

The respective obligations of the Parties to effect the Completion shall be conditional upon the following Conditions:

- (i) the Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Subscription Shares;
- (ii) the Company's warranties as set out in the Subscription Agreement remaining true, correct and accurate in all material respects up to Completion; and
- (iii) 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 Subscription Agreement.

If the Conditions have not been fulfilled on or before 5:00 p.m. on 31 May 2018 (or such other date as the Parties may agree in writing), the Subscription Agreement shall lapse and become null and void and the Parties shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion shall take place on or before the seven Business Day after all of the Conditions have been satisfied in accordance with the Subscription Agreement.

THE SUBSCRIPTION

Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe, and the Company has agreed to allot and issue to the Subscriber 137,884,314 Subscription Shares, for a total consideration of approximately HK\$124 million which will be settled by the Subscriber in cash upon Completion. The Subscription Shares represent approximately 20% of the entire issued share capital of the Company as at the date of this announcement, and immediately after the Completion, assuming no other changes in the issued share capital in the Company from the date of this announcement, represents approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription Shares.

The Subscription Shares, when issued, shall rank *pari passu* in all respects among themselves and with all other Shares in issue as at the date of Completion. Pursuant to the Subscription Agreement, the Subscriber has irrevocably agreed that the Subscriber shall not be entitled to any dividends to be paid under the Proposed Special Dividend by virtue of the Subscription Shares no matter they are issued before or after the Record Date.

Subscription price for the Subscription Shares

The subscription price of HK\$0.90 per Subscription Share represents:

- (i) a discount of approximately 7.22% to the closing price of HK\$0.97 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 6.25% over the average closing price of HK\$0.96 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The subscription price for the Subscription Shares was determined after arm's length negotiation between the Company and the Subscriber by reference to the recent trading performance of the Shares. The Directors consider that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The total consideration of the Subscription Shares in sum of HK\$124,095,882.60 will be settled by the Subscriber in cash upon Completion.

General Mandate

The Subscription Shares will be issued under the General Mandate pursuant to which the Directors are allowed to issue up to 137,884,314 Shares (representing approximately 20% of the issued share capital of the Company as at the date of the annual general meeting on 26 May 2017). Up to the date of this announcement, no Share has been issued under the General Mandate.

INFORMATION OF THE GROUP

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

INFORMATION OF THE SUBSCRIBER

The Subscriber is a private investment company managed by a team of professionals, which principally engages in proprietary trading business and holds a securities portfolio worth over billion of Hong Kong dollars. Through the introduction of Satinus, the Company has agreed to allot and issue, and the Subscriber has agreed to subscribe the Subscription Shares pursuant to the Subscription Agreement.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group principally provides integrated financial services, engages in investment business as well as computer graphic imaging animation pictures and entertainment business. Since the beginning of 2016, the Group has revamped itself to become an integrated financial services provider through various acquisitions including the acquisition of a securities house with established operations history and undertakes the provision of money lending business, initially in the form of a joint venture and now through a Company's indirect wholly-owned subsidiary, as well as proprietary trading business. The Company has since accumulated substantial experiences in the provision of financial services and has expanded its business network through the continuous efforts of the management and business associates.

The Company acknowledges and welcomes the recently published conclusion by the Stock Exchange in the consultation paper on capital raising by listed issuer. The Company believes that the patterns of problematic behaviors in relation to the deeply discounted fundraisings and share consolidation and subdivision have been adequately addressed. The Company noted the specific changes in the Listing Rules aimed at prohibiting market practices that may jeopardize an otherwise orderly, fair and informed market for the trading and marketing of securities. Adhering to the new guidelines, the Subscription Price was determined with reference to the prevailing market price of the Share with a slight discount of only approximately 7.22% on the Last Trading Day, well below the maximum discount of 20% to benchmarked price in relation to the shares issued for cash under the authority of a general mandate granted to the directors as set out in the Listing Rules.

The gross proceeds from the Subscription will be approximately HK\$124 million and the net proceeds from the Subscription (after deducting the costs and expenses) will be approximately HK\$122 million. The net proceeds will be used for general working capital including the payment of a cash dividend to Shareholders. The Directors intend to declare the Proposed Special Dividend amounting to approximately HK\$172.4 million. The Subscriber will not be entitled to the Proposed Special Dividend. Subject to the Board's approval, details of the proposal in relation to the Proposed Special Dividend will be disclosed in the Company's circular to be dispatched on or before 8 June 2018. As at the date of this announcement, the closing price of the Share is HK\$0.97, which represents a discount of approximately 14.2% to the net asset value per Share as at 31 December 2017 being HK\$1.13. The Directors believe that this can also attract additional investors to invest in the Shares and thereby increasing the liquidity of the Shares and narrowing or eliminating the discount of trading price of the Shares to the net asset value per Share.

Should the Proposed Special Dividend fail to gain approval by the Shareholders, the Directors intend to declare an interim cash dividend for the six months ended 30 June 2018, payable to all Shareholders (including the Subscriber) whose names appear on the register of members of the Company on the then record date. Details of which will be disclosed in the Company's announcement when appropriate.

The Subscription Agreement does not provide any lock-up period on the Subscription Shares and does not have any clause on the power of the Subscriber to nominate and/or appoint new director(s) to the Company and its subsidiaries. The Directors are pleased that the Subscriber has indicated its confidence in the business prospects and the management expertise of the Company by entering into the Subscription Agreement to become a Substantial Shareholder of the Company. The Directors believe the Subscription can enhance the corporate image of the Company as well as broaden the shareholder base by attracting an additional institutional investor to become a substantial shareholder of the Company. Save as disclosed, there are no other contractual relationship between the Subscriber and the Group.

Therefore, the Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber. The terms of the Subscription Agreement are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming no other changes in the issued share capital and shareholding in the Company from the date of this announcement and up to immediately before the issue of the Subscription Shares, the effect on (i) the existing shareholding structure of the Company; and (ii) immediately upon Completion are set out as below:

Name of Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Directors:				
Kitchell Osman Bin (<i>Note 1</i>)	975,000	0.14	975,000	0.12
Choi Ka Wing (<i>Note 1</i>)	600,000	0.09	600,000	0.07
Sub-total:	1,575,000	0.23	1,575,000	0.19
Substantial Shareholders:				
Enerchina Holdings Limited	136,354,200	19.78	136,354,200	16.48
The Subscriber	–	–	137,884,314	16.67
Murtsa Capital Management Limited (<i>Note 2</i>)	47,500,000	6.89	47,500,000	5.74
Public Shareholders	503,992,372	73.10	503,992,372	60.92
Total	689,421,572	100.00	827,305,886	100.00

Notes:

1. Mr. Kitchell Osman Bin and Ms. Choi Ka Wing are executive Directors.
2. Murtsa Capital Management Limited is a fellow subsidiary of Satinu Markets Limited.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months prior to the date of this announcement.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscription Agreement.

As the Completion is subject to the satisfaction of the Conditions, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(II) PROPOSED SPECIAL DIVIDEND

The Company proposes to pay the Proposed Special Dividend of HK\$0.25 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date. The Company hereby announces that a meeting of the Board will be held on 24 May 2018 to consider the recommendation, declaration and payment of the Proposed Special Dividend.

The Proposed Special Dividend is subject to approval at the Board meeting to be held on 24 May 2018 and the Shareholders' approval at a special general meeting to be convened. As such, the Proposed Special Dividend may or may not be declared and paid. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“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”	the completion of the Subscription pursuant to the Subscription Agreement
“Conditions”	the conditions precedent as set out in the Subscription Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting on 26 May 2017 to allot, issue and deal with up to maximum of 20% of the aggregate share capital of the Company in issue as at 26 May 2017
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected persons of the Company under Chapter 14A of the Listing Rules and independent of the connected persons of the Company and their associates (as defined in the Listing Rules)
“Last Trading Day”	11 May 2018
“Listing Committee”	has the meaning ascribed to this term under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party” or “Parties”	the Company and the Subscriber, named parties to the Subscription Agreement
“Proposed Special Dividend”	the proposed special cash dividend of HK\$0.25 per Share payable to all Shareholders (except the Subscriber in his personal capacity holding the Subscription Shares) whose names appear on the register of members of the Company on the Record Date

“Record Date”	a date to be fixed for determining entitlements of the Shareholders to the Proposed Special Dividend
“Share(s)”	ordinary share(s) with par value of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	VMS Investment Group Limited, an Independent Third Party
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 11 May 2018 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Shares”	137,884,314 Shares to be allotted and issued by the Company under the General Mandate to the Subscriber pursuant to the Subscription Agreement
“Substantial Shareholder(s)”	has the meanings as ascribed to this term under the Listing Rules
“%”	per cent.

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

Hong Kong, 11 May 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