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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
A SHARE SWAP BETWEEN THE COMPANY AND OSHIDORI THROUGH
(i) ISSUE OF IMAGI SUBSCRIPTION SHARES
TO OSHIDORI UNDER GENERAL MANDATE; AND
(ii) SUBSCRIPTION OF OSHIDORI SUBSCRIPTION SHARES**

THE SHARE SWAP AGREEMENT

On 6 April 2020 (after trading hours), the Company and Oshidori entered into the Share Swap Agreement pursuant to which, subject to the fulfillment of the Conditions, the Parties have agreed amongst other things that:

- (i) the Company shall subscribe for, and Oshidori shall issue and allot, 114,342,857 Oshidori Subscription Shares under the Oshidori General Mandate, representing approximately 1.97% of the existing issued share capital of Oshidori as at the date of this announcement and approximately 1.93% of the issued share capital of Oshidori as enlarged by issuing the Oshidori Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to the Company (or its nominee(s)) at a price of HK\$0.70 per Oshidori Subscription Share, free from all Encumbrances, for a total consideration of HK\$80,040,000; and

* *for identification purposes only*

- (ii) Oshidori shall subscribe for, and the Company shall issue and allot, 138,000,000 Imagi Subscription Shares under the General Mandate, representing approximately 19.94% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.63% of the issued share capital of the Company as enlarged by issuing the Imagi Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to Oshidori (or its nominee(s)) at a price of HK\$0.58 per Imagi Subscription Share, for a total consideration of HK\$80,040,000.

All of the above shall take place simultaneously.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Share Swap exceed 5% but are less than 25%, the Share Swap constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Imagi Subscription Shares.

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

THE SHARE SWAP AGREEMENT

On 6 April 2020 (after trading hours), the Company and Oshidori entered into the Share Swap Agreement pursuant to which, subject to the fulfillment of the Conditions, the Parties have agreed amongst other things that:

- (i) the Company shall subscribe for, and Oshidori shall issue and allot, 114,342,857 Oshidori Subscription Shares under the Oshidori General Mandate, representing approximately 1.97% of the existing issued share capital of Oshidori as at the date of this announcement and approximately 1.93% of the issued share capital of Oshidori as enlarged by issuing the Oshidori Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to the Company (or its nominee(s)) at a price of HK\$0.70 per Oshidori Subscription Share, free from all Encumbrances, for a total consideration of HK\$80,040,000; and

- (ii) Oshidori shall subscribe for, and the Company shall issue and allot, 138,000,000 Imagi Subscription Shares under the General Mandate, representing approximately 19.94% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.63% of the issued share capital of the Company as enlarged by issuing the Imagi Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to Oshidori (or its nominee(s)) at a price of HK\$0.58 per Imagi Subscription Share, free from all Encumbrances, for a total consideration of HK\$80,040,000.

All of the above shall take place simultaneously.

As at the date of this announcement, Oshidori (through its subsidiaries) hold 20,338,200 Shares, representing approximately 2.94% of the existing issued share capital of the Company. Mr. Chan Hak Kan, being an independent non-executive director of both the Company and Oshidori, he will and has abstained from voting on the Share Swap Agreement and the transactions contemplated thereunder.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed herein, Oshidori and its ultimate beneficial owner are third parties independent of the Company and its connected persons as defined under the Listing Rules as at the date of this announcement.

Lock-up

Pursuant to the terms of the Share Swap Agreement, the Company agrees not to sell, offer to sell, transfer or otherwise dispose of any of the Oshidori Subscription Shares during the Lock-Up Period without the prior written consent of Oshidori. Oshidori also agrees not to sell, offer to sell, transfer or otherwise dispose of any of the Imagi Subscription Shares during the Lock-Up Period without the prior written consent of the Company.

The Parties also confirm and agrees that the entering into of the Share Swap Agreement does not restrict either the Company or Oshidori from carrying out any future fund raising activities by issuing new shares, securities convertible into shares or debt securities.

Conditions

The respective obligations of the Company and Oshidori to effect the Completion shall be conditional upon the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Imagi Subscription Shares and Oshidori Subscription Shares;

- (ii) the simultaneous completion of the Imagi Subscription and the Oshidori Subscription in full; 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 Share Swap Agreement and any of the transactions contemplated thereunder.

If the Conditions have not been fulfilled on or before 5:00 p.m. on 4 May 2020 (or such other date as the Company and Oshidori may agree in writing), the Share Swap Agreement shall lapse and become null and void and the Company and Oshidori shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

The Completion shall take place simultaneously on or before the third Business Day after all of the Conditions have been satisfied in accordance with the Share Swap Agreement.

IMAGI SUBSCRIPTION

Pursuant to the Share Swap Agreement, Oshidori has agreed to subscribe, and the Company has agreed to allot and issue to Oshidori or its nominee(s) 138,000,000 Imagi Subscription Shares, for a total consideration of HK\$80,040,000 which will be settled by Oshidori by the issuance of the Oshidori Subscription Shares. The Imagi Subscription Shares represents approximately 19.94% 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, after taking into account the 20,338,200 Shares currently held by Oshidori Group, representing approximately 2.94% of the existing issued share capital of the Company, Oshidori Group will hold 158,338,200 Shares, representing in aggregate approximately 19.08% of the entire issued share capital of the Company as enlarged by issuing the Imagi Subscription Shares that fall to be issued pursuant to the Share Swap Agreement.

The aggregate nominal value of 138,000,000 Imagi Subscription Shares of HK\$0.04 per Share is HK\$5,520,000. The Imagi 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.

Subscription price for the Imagi Subscription Shares

The subscription price of HK\$0.58 per Imagi Subscription Share represents:

- (i) a discount of approximately 10.77% over the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 12.12% over the average closing price of approximately HK\$0.66 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day; and
- (iii) a discount of approximately 20.87% to the latest audited consolidated net asset value per Share of approximately HK\$0.733 as at 31 December 2019.

The subscription price for the Imagi Subscription Shares was determined after arm's length negotiation between the Company and Oshidori by reference to the recent trading performance of the Shares as well as the net asset value per Share. The Directors consider that the terms of the Imagi Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price of the Imagi Subscription Shares in sum of HK\$80,040,000 will be settled by Oshidori by the issuance of the Oshidori Subscription Shares.

General Mandate

The Imagi Subscription Shares will be allotted and issued under the General Mandate pursuant to which the Directors are allowed to issue up to 138,384,314 Shares (representing 20% of the issued share capital of the Company as at the date of the annual general meeting on 13 June 2019). Up to the date of this announcement, no Share has been allotted and issued under the General Mandate.

Application for listing

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

OSHIDORI SUBSCRIPTION

Pursuant to the Share Swap Agreement, the Company has agreed to subscribe, and Oshidori has agreed to allot and issue to the Company or its nominee(s), 114,342,857 Oshidori Subscription Shares, for a total consideration of HK\$80,040,000 which will be settled by the Company by the issuance of the Imagi Subscription Shares. The Oshidori Subscription Shares represents approximately 1.97% of the existing issued share capital of Oshidori as at the date of this announcement and immediately after the Completion, the Company will hold 114,342,857 shares of Oshidori represents approximately 1.93% of the entire issued share capital of Oshidori as enlarged by issuing the Oshidori Subscription Shares that fall to be issued pursuant to the Share Swap Agreement, assuming no other changes in the issued share capital of Oshidori from the date of this announcement.

The Oshidori Subscription Shares, when issued, shall rank *pari passu* in all respects among themselves and with all other shares of Oshidori in issue as at the date of Completion.

Subscription price for the Oshidori Subscription Shares

The subscription price of HK\$0.70 per Oshidori Subscription Share represents:

- (i) a premium of approximately 9.38% over the closing price of HK\$0.64 per share of Oshidori as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 8.70% over the average closing price of approximately HK\$0.644 per share of Oshidori as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day; and
- (iii) a discount of approximately 34.09% to the latest audited consolidated net asset value per share of Oshidori of approximately HK\$1.062 as at 31 December 2019.

The subscription price for the Oshidori Subscription Shares was determined after arm's length negotiation between the Company and Oshidori by reference to its latest trading price and the net asset value per share of Oshidori. The Directors consider that the terms of the Oshidori Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price of the Oshidori Subscription Shares in sum of HK\$80,040,000 will be settled by the Company by the issuance of the Imagi Subscription Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

No fund raising activities on issue of equity securities have been conducted by the Company in the past twelve months immediately preceding the date of this announcement.

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 Imagi Subscription Shares, the effect on the shareholding structure of the Company on (i) the existing shareholding structure of the Company; and (ii) immediately upon completion of the Imagi Subscription are set out as below:

	<u>As at the date of this announcement</u>		<u>Immediately upon completion of the Imagi Subscription</u>	
	<u>Number of Shares</u>	<u>Approximate %</u>	<u>Number of Shares</u>	<u>Approximate %</u>
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
Oshidori or its nominee(s)	20,338,200	2.94	158,338,200	19.08
Other public Shareholders	<u>670,008,372</u>	<u>96.83</u>	<u>670,008,372</u>	<u>80.73</u>
Total	<u>691,921,572</u>	<u>100.00</u>	<u>829,921,572</u>	<u>100.00</u>

Note:

1. Mr. Kitchell Osman Bin and Ms. Choi Ka Wing are executive Directors.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in investment holdings, integrated financial services, computer graphic imaging and entertainment business. The integrated financial services were comprised of securities investments and proprietary trading, the provision of securities brokerage services, margin financing services and money lending services.

INFORMATION OF OSHIDORI

Oshidori is an investment holding company and its subsidiaries are principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services.

Set out below is the audited consolidated financial information of Oshidori Group extracted from its annual results announcement for the year ended 31 December 2019:

	For the year ended	
	31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	396,101	21,241
Loss after taxation	<u>360,014</u>	<u>1,376</u>

As at 31 December 2019, the audited consolidated net asset value of Oshidori Group was approximately HK\$6,174 million.

REASONS FOR AND BENEFITS OF THE SHARE SWAP

A comprehensive integrated financial services business is one of the principal line of business for the Company. Such business includes: (i) provision of securities brokerage services, placing and underwriting services, corporate finance advisory services, investment advisory and management services, margin financing; (ii) money lending and finance business; and (iii) securities investment and proprietary trading.

The Company also refers to the execution of the Strategic Alliance Memorandum between the Company and Oshidori (then known as Enerchina Holdings Limited) on 16 March 2017. The Company believes that the execution of the Strategic Alliance Memorandum allows the Company to benefit from the Alliance with a well-established financial services firm which already possesses a full and integrated line of business in the financial sector that offers comprehensive and all encompassing services to its clients.

The financial markets for the last two years had been turbulent and difficult resulting from: (i) the trade dispute between United States and China and the ensuing depressing economic climate for the Greater China region; (ii) the difficulties brought on by the Hong Kong political upheaval; and (iii) the extreme distressful business climates for Hong Kong and the world brought on by the Covid-19 virus.

While the Company remains confident for the long term health of the local and international financial markets, the Company expects that the financial market would be depressed and challenging for the near term. As such we believe that expanding business opportunities and developing mutual assistance with others would be attractive and desirable. While the Strategic Alliance Memorandum remains in effect, the Company believes the Share Swap will further re-inforce, enhance and cement the partnership and the co-operation between the Parties under the spirit of the Strategic Alliance Memorandum. Furthermore, the proposed Share Swap would bring in Oshidori as a substantial shareholder of the Company holding in aggregate (together with the 20,338,200 shares presently held by Oshidori) approximately 19.08% equity interest in the Company and at the same time it allows for the Company to acquire an attractive investment in Oshidori without the need to utilise any of the Company's existing resources. After the Imagi Subscription, Oshidori has no intention to nominate a person to stand for election as a Director, and the Company also has no intention to nominate a person to stand for election as a director of Oshidori. The Board considers that the Oshidori Subscription would not have significant effect on the Company's financial position and operation.

Taking into account the above, the Directors consider that the terms of the Share Swap Agreement are fair and reasonable and based on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Share Swap exceed 5% but are less than 25%, the Share Swap constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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 simultaneous completion of the subscription of the Imagi Subscription Shares and the Oshidori Subscription Shares by the Parties respectively pursuant to the Share Swap Agreement
“Conditions”	the conditions precedent as set out in the Share Swap Agreement
“Director(s)”	the director(s) of the Company
“Encumbrances”	pre-emption, options, liens, claims, equities, charges, encumbrances or third-party rights of any nature
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting on 13 June 2019 to allot, issue and deal with up to maximum of 20% of the aggregate share capital of the Company in issue as at 13 June 2019
“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
“Imagi Subscription”	the subscription of the Imagi Subscription Shares by Oshidori or its nominee(s) pursuant to the Share Swap Agreement
“Imagi Subscription Shares”	the 138,000,000 Shares to be allotted and issued by the Company under the General Mandate to Oshidori or its nominee(s) pursuant to the Share Swap Agreement
“Last Trading Day”	6 April 2020, being the last day on which the Shares and the shares of Oshidori were traded on the Stock Exchange prior to the Share Swap Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Lock-Up Period”	a two-year lock-up period from the date of the Completion
“Oshidori”	Oshidori International Holdings Limited (stock code: 622), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Oshidori General Mandate”	the general mandate granted by the shareholders of Oshidori at the annual general meeting of Oshidori on 6 June 2019 to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of Oshidori in issue as at 6 June 2019
“Oshidori Group”	Oshidori and its subsidiaries
“Oshidori Subscription”	the subscription of the Oshidori Subscription Shares by the Company or its nominee(s) pursuant to the Share Swap Agreement
“Oshidori Subscription Shares”	the 114,342,857 new ordinary shares of HK\$0.05 each of Oshidori to be issued and allotted under the Oshidori General Mandate by Oshidori to the Company or its nominee(s) pursuant to the Share Swap Agreement
“Party” or “Parties”	the Company and Oshidori, named parties to the Share Swap Agreement and the Strategic Alliance Memorandum
“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)
“Share Swap”	the issue of the Imagi Subscription Shares by the Company to Oshidori in exchange for the Oshidori Subscription Shares in accordance with the terms and conditions of the Share Swap Agreement
“Share Swap Agreement”	a share swap agreement dated 6 April 2020 entered into between the Company and Oshidori in relation to the Share Swap
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strategic Alliance Memorandum” a non-legally binding strategic alliance memorandum dated 16 March 2017 entered into between the Company and Oshidori (formerly named Enerchina Holdings Limited), details information on the scope of the Strategic Alliance Memorandum was disclosed in the Company’s announcement dated 16 March 2017

“subsidiary” or “subsidiaries” has the meaning ascribed thereto under the Listing Rules

“%” per cent.

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

Hong Kong, 6 April 2020

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
Mr. Chan Hak Kan
Mr. Ngai Wai Kin