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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 DEEMED DISPOSAL OF EQUITY INTEREST IN SUBSIDIARIES**

THE DEEMED DISPOSAL

On 13 April 2021, Imagi Brokerage, an indirect non-wholly owned subsidiary of the Company, entered into the Subscription Agreement with the Subscriber, pursuant to which, subject to the fulfilment of the Conditions, the Subscriber agreed to subscribe for and Imagi Brokerage agreed to issue the Convertible Bonds at a subscription price of HK\$100 million. Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$1.80 per Conversion Share, a total of 55,555,555 Conversion Shares will be issued, representing approximately 10.00% of the existing issued share capital of Imagi Brokerage and approximately 9.09% of the issued share capital of Imagi Brokerage as enlarged by the issuance of the Conversion Shares. Upon full conversion of the Convertible Bonds, the Company's equity interest in Imagi Brokerage Group will be reduced from approximately 90.01% to approximately 81.83% and Imagi Brokerage Group will remain as a non-wholly owned subsidiaries of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Deemed Disposal exceeds 5% but is less than 25%, the Deemed Disposal 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 the Listing Rules.

* *for identification purpose only*

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SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarised below:

Date: 13 April 2021

Parties: (i) Imagi Brokerage, as issuer; and
(ii) the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscriber is a company incorporated in Marshall Islands with limited liability and a wholly-owned subsidiary of PYI Corp. As at the date of this announcement, each of the Company and PYI Corp is respectively owned as to approximately 19.08% and 28.53% by Oshidori International Holdings Limited ("**Oshidori International**"), the shares of which are listed on the Stock Exchange (stock code: 622). Given that Oshidori International is one of the ultimate beneficial owners of each of Imagi Brokerage, the Company and the Subscriber, Oshidori International is not a third party independent of the Company and its connected persons (the "**Matter**").

The Subscriber is not an associate (as defined under the Listing Rules) of Oshidori International. As such, despite the Matter, the Subscriber is an Independent Third Party. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for the Matter, each of the Subscriber (being the other party to the Subscription Agreement) and its ultimate beneficial owner(s), is an Independent Third Party.

Principal Amount: HK\$100 million

Conditions Precedent: Completion of the Subscription Agreement shall be subject to and conditional upon:

- (i) the representations and warranties of Imagi Brokerage contained in the Subscription Agreement shall have been true and correct in all material respects as of the date of the Subscription Agreement and shall be true and correct in all material respects as of the date of the Completion; and
- (ii) the obtaining of all consent from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Subscription Agreement and any of the transaction contemplated thereunder.

If the Conditions have not been fulfilled on or before 5:00 p.m. on 30 April 2021 (or such other date as Imagi Brokerage and the Subscriber may agree in writing), the Subscription Agreement shall thereupon terminate and the parties to the Subscription Agreement shall have no further claims against each other under the Subscription Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion: Completion shall take place at or before 4:00 p.m. (Hong Kong time) on or before the second Business Day after the satisfaction of all the Conditions (or such other date as the Subscriber and Imagi Brokerage may agree in writing).

Upon Completion, Imagi Brokerage will execute the Instrument for the issuance of the Convertible Bonds as a deed poll. The Convertible Bonds shall be issued at par for cash.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Date:	13 April 2021
Issuer:	Imagi Brokerage
Subscriber:	Blue River International Limited, being the indirect-wholly owned subsidiary of PYI Corp
Principal amount:	HK\$100 million
Maturity	On the first anniversary of the date of issue of the Convertible Bonds.
Denomination:	The Convertible Bonds shall be issued in denomination and integral amounts of HK\$1,000,000 in nominal amount.
Interest:	Interest shall be payable on the principal amount of the Convertible Bonds at the rate of 5.5% per annum on quarterly basis on the last day of every 3 months commencing from the date of the issue of the Convertible Bonds.
Conversion Price:	The conversion price is HK\$1.80 for each Conversion Share.

The Conversion Price was determined and agreed between the parties to the Subscription Agreement after arm's length negotiations and taking into account (i) the consolidated net asset value of the Imagi Brokerage Group as at 31 March 2021 and (ii) the financial performance and position of the Imagi Brokerage Group.

The Conversion Price of HK\$1.80 represents a premium of approximately 2.27% to the net asset value per share of Imagi Brokerage as at 31 March 2021 of approximately HK\$1.76.

- Conversion:** Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in minimum amount of HK\$1,000,000 and in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds held by such Bondholder into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the Conversion Date.
- Conversion Shares** Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$1.80 per Conversion Share, a total of 55,555,555 Conversion Shares will be issued, representing approximately 10.00% of the existing issued share capital of Imagi Brokerage and approximately 9.09% of the issued share capital of Imagi Brokerage as enlarged by the issuance of the Conversion Shares.
- The Conversion Shares shall rank *pari passu* in all respects with all other existing shares of Imagi Brokerage outstanding at the Conversion Date and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the Conversion Date.
- Redemption:** All outstanding principal amount of the Convertible Bonds which have not been redeemed or converted prior to the Maturity Date shall be redeemed by Imagi Brokerage on the Maturity Date at a redemption amount equal to 100% of the outstanding principal amount of such Convertible Bonds.
- Early redemption:** Imagi Brokerage may by 7 days' notice in writing at any time up to (but excluding) Maturity Date redeem all or part of the Convertible Bonds in the face value of the principal amount of the Convertible Bonds to be redeemed plus the outstanding accrued interest.
- Transferability:** The Convertible Bonds may be transferred to any person unless such transfer may result in breach of the Listing Rules on the part of Imagi Brokerage or the Company. Any transfer of the Convertible Bonds shall be in respect of the whole or any part (in minimum amount of HK\$1,000,000 and in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds.
- Listing:** No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

INFORMATION OF THE PARTIES

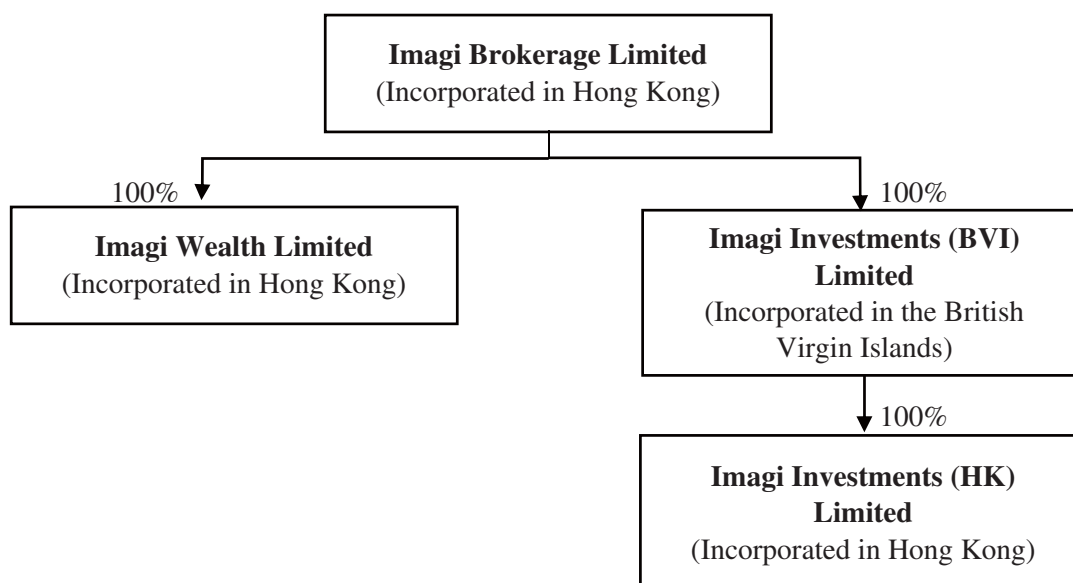
The Company

The Company is an investment holding company incorporated in Bermuda with limited liability. The Group are principally engaged in integrated financial services, investment holdings, computer graphic imaging and entertainment business. The integrated financial services were comprised of provision of securities brokerage and related services, margin financing services, asset management services, money lending services, securities investments and proprietary trading.

Imagi Brokerage Group

Imagi Brokerage is a company incorporated in Hong Kong with limited liability and is an indirect non-wholly owned subsidiary of the Company. The Imagi Brokerage Group principally engages in the business of securities brokerage and related services, margin financing services, asset management services and securities investment.

The group chart of the Imagi Brokerage Group as at the date of this announcement is set out below:



Imagi Brokerage is a registered institution with SFC licences to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset Management) regulated activities under the SFO in Hong Kong. Imagi Wealth Limited and Imagi Investments (BVI) Limited, being the direct wholly-owned subsidiaries of Imagi Brokerage, are principally engaged in securities investment while Imagi Investments (HK) Limited, being an indirect wholly-owned subsidiary of Imagi Brokerage, is an inactive company.

As at the date of this announcement, Imagi Brokerage has made an application to the SFC regarding the license to carry out Type 6 (advising on corporate finance) regulated activity under the SFO in Hong Kong.

The following table sets out the shareholding structure of Imagi Brokerage (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds, assuming that there is no other change in the issued share capital of Imagi Brokerage from the date of this announcement for illustration purpose:

	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds	
	<i>Number of shares of Imagi Brokerage</i>	<i>Approximate %</i>	<i>Number of shares of Imagi Brokerage</i>	<i>Approximate %</i>
The Company	500,000,000	90.01%	500,000,000	81.83
Elegant Basic Investments Limited (<i>Note</i>)	55,500,000	9.99%	55,500,000	9.08
Subscriber	—	—	55,555,555	9.09
Total	<u>555,500,000</u>	<u>100.00%</u>	<u>611,055,555</u>	<u>100.00%</u>

Note: The existing 9.99% shareholding held by Elegant Basic Investments Limited in Imagi Brokerage were acquired under the previous deemed disposals of the Company, details of which are set out in the Company's announcement dated 12 November 2020.

Set out below is the extract of the unaudited financial information of the Imagi Brokerage Group for the corresponding unaudited comparative financial information for the two financial years ended 31 December 2019 and 31 December 2020 for illustrative purpose:

	For the year ended 31 December	
	2020	2019
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) before tax	240,990	(93,490)
Profit/(Loss) after tax	239,290	(93,490)

As at 31 March 2021, the unaudited consolidated net asset value of the Imagi Brokerage Group was approximately HK\$979 million and the net asset value per share of Imagi Brokerage was approximately HK\$1.76.

The Subscriber

The Subscriber is an indirect-wholly owned subsidiary of PYI Corp. PYI Corp and its subsidiaries are principally engaged in, *inter alia*, ports and logistics facilities in the Yangtze River region of China, land and property development and investment in association with ports and infrastructure development, as well as securities trading and investment, and provision of loan financing services. The Subscriber is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL

As the integrated financial services business is one of the principal core businesses of the Company, the Company has been providing extensive resources for the Imagi Brokerage Group to develop its businesses including but not limited to providing new capital and recruiting human resources.

It has been the stated intention of the Company to look for strategic partners to further grow and upscale the integrated financial services business. Through the continuous effort of the Company, Imagi Brokerage has successfully established a strategic partnership with an investor through issuance of new shares in recent months. The Directors are of the view that issuing the Convertible Bonds to the Subscriber will enable Imagi Brokerage to establish a new strategic alliance by engaging the Subscriber and therefore the Deemed Disposal is considered to be in line with the abovementioned strategy.

In addition, the Directors consider raising additional fund for the Imagi Brokerage Group by issuing Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the future development of the Imagi Brokerage Group. The Directors also consider that the issuance of the Convertible Bonds is an appropriate means of raising additional fund for the Company as (i) it enables Imagi Brokerage to raise money with a lower interest burden compared to straight debt; (ii) it will not have an immediate dilution effect on the Company's shareholding interest in Imagi Brokerage; and (iii) upon full conversion of the Convertible Bonds, the Company will continue to retain the largest and controlling ownership stake in Imagi Brokerage.

The Board considers that the terms of the Subscription Agreement and the Convertible Bonds are negotiated at arm's length basis and on normal commercial terms and are fair and reasonable and that it is in the interest of the Company and the Shareholders as a whole to enter into the Subscription Agreement for Imagi Brokerage to issue the Convertible Bonds to the Subscriber.

INTENDED USE OF THE PROCEEDS AND FINANCIAL IMPACTS OF THE DEEMED DISPOSAL

The estimated net proceeds from the issuance of the Convertible Bonds, after deduction of expenses payable in connection with the issuance of the Convertible Bonds, are expected to be approximately HK\$100 million. The Board intends to apply such net proceeds towards development of the integrated financial services business of the Imagi Brokerage Group.

Immediately upon full conversion of the Convertible Bonds and assuming that there is no other change in the issued share capital of Imagi Brokerage from the date of this announcement, the Company's shareholding in Imagi Brokerage Group will be diluted from approximately 90.01% to approximately 81.83% and Imagi Brokerage Group will remain as a non-wholly owned subsidiaries of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Deemed Disposal exceeds 5% but is less than 25%, the Deemed Disposal 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 the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday or public holiday) on which banks generally in Hong Kong are open for business
“Company”	Imagi International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 585)
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Conditions”	the conditions precedent as set out in the Subscription Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Conversion Date”	in respect of the Convertible Bonds the date on which Imagi Brokerage receives a duly completed and executed conversion notice from the holder of the Convertible Bonds thereof pursuant to the Instrument
“Conversion Share(s)”	the new ordinary shares to be allotted and issued by Imagi Brokerage upon exercise of the conversion rights attaching to the Convertible Bonds
“Conversion Period”	the period from the date of issue of the Convertible Bonds up to the Maturity Date
“Conversion Price”	HK\$1.80 per Conversion Share
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$100 million to be issued by Imagi Brokerage pursuant to the Subscription Agreement and to be created by the Instrument constituting such notes, or any part of the principal amount
“Deemed Disposal”	the deemed disposal of the Company’s interest of approximately 8.18% in Imagi Brokerage as a result of the full conversion of the Convertible Bonds under Rule 14.29 of the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Instrument”	the instrument(s) to be executed by Imagi Brokerage by way of a deed poll constituting the Convertible Bonds to be issued upon completion of the Subscription
“Imagi Brokerage”	Imagi Brokerage Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“Imagi Brokerage Group”	Imagi Brokerage and its subsidiaries

“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Maturity Date”	in respect of the Convertible Bonds, the day last preceding the first anniversary of the date of the issue of the Convertible Bonds or, if that is not a Business Day, the first Business Day thereafter
“PYI Corp”	PYI Corporation Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 498)
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of par value of HK\$0.04 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Blue River International Limited, being the subscriber under the Subscription Agreement
“Subscription”	the subscription of the Convertible Bonds pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 13 April 2021 entered into between Imagi Brokerage and the Subscriber in relation to the Subscription
“%”	per cent.

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

Hong Kong, 13 April 2021

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

Mr. Chan Hak Kan