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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)

**DISCLOSABLE TRANSACTION -
THE PROPOSED INVESTMENT IN AN EQUAL JOINT VENTURE IN
PROVISION OF FINANCE AND MONEY LENDING BUSINESS**

The Board announces that on 26 February 2016 after trading hours, the Company entered into the JV Agreement with BMI, pursuant to which the Company and BMI agreed to cooperate to set-up the JV Company for the single purpose of carrying out the business of provision of finance and money lending by contributing HK\$150 million each to the initial share capital of the JV Company so that the Company and BMI will each hold 50% equity interest in the JV Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the JV Agreement exceed 5% but are less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in the Listing Rules.

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* *for identification purpose only*

JV AGREEMENT

Date

26 February 2016 (after trading hours)

Parties

- (1) the Company as a JV Partner
- (2) BMI as the other JV Partner

Nature of transaction

Upon completion of the JV Agreement, each of the Company and BMI shall subscribe, and the JV Company shall allot and issue, 1,500,000 JV Shares for a consideration of HK\$150 million each and, as a result, the Company and BMI will each hold 50% of the JV Company's issued share capital at Completion.

Ranking of JV Shares

The JV Shares, when issued as fully-paid shares, will rank pari passu with all other shares of the JV Company in issue on the date of allotment and issue of the JV Shares.

Completion of the JV Agreement

Completion of the JV Agreement will take place within 2 Business Days from the date of the JV Agreement or such other date as may be agreed by the Company and BMI whereupon each of the Company and BMI shall contribute HK\$150 million to the JV Company by way of subscription of the 1,500,000 JV Shares each. Completion of the JV Agreement is unconditional.

JOINT VENTURE PARTNERS' AGREEMENT

Pursuant to the JV Agreement, the JV Partners shall execute the Joint Venture Partners' Agreement on the same date of the signing of JV Agreement in order to govern the relationship between the JV Partners in the JV Company and the material terms are set out below.

Parties

- (1) the Company as a JV Partner as well as a shareholder of the JV Company
- (2) BMI as the other JV Partner as well as a shareholder of the JV Company
- (3) the JV Company as the joint venture vehicle

Business scope

The JV Company shall solely engage in the provision of finance and money lending business and such activities that are wholly incidental thereto.

Term

The Joint Venture Partners' Agreement shall become effective from the Completion Date and shall remain in full force and effect as long as the JV Company continues to exist, unless earlier terminated pursuant to any other provisions of the Joint Venture Partners' Agreement.

Board composition

The Company and BMI shall be entitled to nominate one candidate respectively to serve as director of the JV Company. Hence, the composition of the board of directors of the JV Company reflects the equal shareholding in the JV Company held by the Company and BMI respectively.

Profit sharing

The profit of the JV Company shall be shared by way of dividends between the Company and BMI in proportion to their respective shareholdings in the JV Company.

Matters requiring JV Partners' unanimous consent

The following matters of the JV Company require consent in writing of all the JV Partners holding in aggregate 100% of voting rights of the JV Company:

- (a) any change of nature or scope of business, purpose, activity and duration of the JV Company;
- (b) any change of the nomination procedures of a director of the JV Company;
- (c) any change of voting rights of the JV Partners of the JV Company;

- (d) any change of capital or other contributions made by the JV Partners of the JV Company;
- (e) any change of sharing of assets, liabilities, revenues, expenses or profit or loss of the JV Company; and
- (f) any entering into transactions by the JV Company which are not on an arm's length basis.

INFORMATION ON THE JOINT VENTURE PARTNER

As at the date of this announcement, BMI (being the other JV Partner under the JV Agreement) is an investment holding company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, BMI and its ultimate beneficial owner are independent third parties and not connected to the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE JV AGREEMENT

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

Reference is made to the announcement of the Company dated 28 January 2016 in relation to the business update of the Group. The Group adopted a new strategy to develop an integrated financial services business including, amongst others, money lending business in order to provide better returns, and enhance values for, the Shareholders.

As part of the Company's effort to implement the Group's aforementioned new business strategy, the Company agreed to cooperate with BMI to set up the JV Company to develop the money lending business. The Board has extensive experience and network in money lending business and it believes that such business could yield reasonable returns to the Group.

The Group can also benefit from the joint venture with BMI as the capital injection from the JV Partner strengthens the financial resources of the JV Company and enable it to capture more business opportunities.

The Company intends to fund the consideration of HK\$150 million from internal resources of the Company.

The Board considers that the terms of the JV Agreement 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 JV Agreement to undertake a joint venture money lending business with BMI.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the JV Agreement exceed 5% but are less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements set out in the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“BMI”	Bob May Incorporated, a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays and Sundays) on which banks are open for business in Hong Kong
“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 transactions (including but not limited to the subscription of the JV Shares by the JV Partners) pursuant to and in accordance with the terms of the JV Agreement
“Completion Date”	within 2 Business Days after the date of execution of the JV Agreement or any other date which may be agreed by the JV Partners
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Partners”	the Company and BMI, being the joint venture partners under the JV Agreement, and each a “JV Partner”
“JV Agreement”	the joint venture agreement entered into on 26 February 2016 between the Company and BMI in relation to, amongst other things, the setting up of the JV Company
“JV Company”	Imagination Holding Limited, a company incorporated in the Republic of the Marshall Islands with limited liability to serve as the joint venture company pursuant to the JV Agreement
“Joint Venture Partners’ Agreement”	the joint venture partners’ agreement entered into among the Company, BMI and the JV Company on 26 February 2016 pursuant to the JV Agreement to, amongst other things, regulate their relationship with each other
“JV Share(s)”	new share(s) in respect of the JV Company to be allotted and issued by the JV Company to the JV Partners pursuant to the terms of the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.001 each in the issued share capital of the Company
“%”	percent

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

Hong Kong, 26 February 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 H. Frank

Dr. Antonio Maria Santos

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