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IMAGI

IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司*

(incorporated in Bermuda with limited liability)
(stock code: 585)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the "Board") of Imagi International Holdings Limited (the "Company") is pleased to present the condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015, together with the comparative figures for the six months ended 30 June 2014, as follows:

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2015	2014
		HK$'000	*HK$'000*
	Notes	**(unaudited)**	(unaudited)
Other income	*4*	**5,391**	8,247
Other losses	*5*	**(1,273)**	(896)
Administrative expenses		**(6,389)**	(5,267)
(Loss) profit before tax	*6*	**(2,271)**	2,084
Income tax expense	*7*	**–**	–
(Loss) profit for the period		**(2,271)**	2,084

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

	Note	Six months ended 30 June	
		2015	2014
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**1,154**	9
Net gain on revaluation of available-for-sale investments		**1,025**	984
Cumulative loss reclassified to profit or loss on sale of available-for-sale investments		**358**	–
Other comprehensive income for the period		**2,537**	993
Total comprehensive income for the period		**266**	3,077
(Loss) earnings per share			
Basic and diluted *(HK cents per share)*	*9*	**(0.023)**	0.021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2015 HK$'000 (unaudited)	At 31 December 2014 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**99,231**	99,619
Available-for-sale investments	*10*	**92,115**	99,324
Club debenture		**1,300**	–
		192,646	198,943
Current assets			
Other receivables, deposits and prepayments		**3,559**	5,084
Bank balances and cash		**727,151**	719,369
		730,710	724,453
Current liabilities			
Other payables and liabilities		**2,736**	3,042
Net current assets		**727,974**	721,411
Net assets		**920,620**	920,354
Capital and reserves			
Share capital		**9,969**	9,969
Reserves		**910,651**	910,385
Total equity attributable to owners of the Company		**920,620**	920,354

NOTES:

1. **BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. **PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except for described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

Adoption of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are mandatory effective for current interim period:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new or revised standards or amendments to standards that have been issued at the date of these condensed consolidated financial statements are authorised for issuance but are not yet effective.

3. **REVENUE AND SEGMENT INFORMATION**

The Group has been operating with only one reportable and operating segment with no revenue generated in the current and prior interim periods. The chief operating decision maker reviews the consolidated revenue as the segment revenue and the consolidated profit before tax as the segment result. Accordingly, no further segment information has been presented in the current and prior interim periods.

4. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income on available-for-sale investments	**2,727**	3,266
Interest income on bank deposits	**2,145**	4,829
Others	**519**	152
	5,391	8,247

5. OTHER LOSSES

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net foreign exchange loss	**915**	886
Cumulative loss on sale of available-for-sale investments	**358**	–
Loss on disposal of property, plant and equipment	**–**	10
	1,273	896

6. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) profit before tax has been arrived at after charging:		
Directors' emoluments	**700**	262
Contribution to retirement benefit scheme	**20**	28
Other staff costs (salaries and benefits)	**560**	1,035
Equity-settled share-based payment expense other than directors	**–**	17
Total staff costs	**1,280**	1,342
Depreciation of property, plant and equipment	**1,147**	40

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising from Hong Kong for both interim periods.

Pursuant to the relevant tax law in the People's Republic of China, the directors of the Company evaluated the possibility of whether or not that a capital gain has arisen from the disposal of the Infoport Management Limited ("Infoport", a former wholly owned subsidiary of the Company) and its subsidiaries (collectively referred to as "TE Group") during the year ended 31 December 2013. Taking into account the advice obtained from tax advisor, the directors of the Company are of the opinion that its overall investment loss position is justifiable and accordingly, no capital gain tax needs to be recognised in respect of the disposal of TE Group.

8. DIVIDENDS

No dividend was paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) earnings:		
(Loss) profit for the purposes of basic and diluted (loss) earnings per share	**(2,271)**	2,084
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**9,968,812,720**	9,979,720,123

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than the average market price of the Company's shares for both interim periods.

10. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	30 June 2015 *HK$'000* **(unaudited)**	31 December 2014 *HK$'000* (audited)
Listed investments:		
Corporate bonds listed in Hong Kong with fixed interest rates ranging from 3.3% to 4.8% (31 December 2014: from 3.3% to 4.8%) and maturity dates ranging from 18 October 2016 to 21 November 2018	**51,923**	51,453
Corporate bonds listed in Singapore with fixed interest rates ranging from 8.5% to 9.9% (31 December 2014: from 8.5% to 11.1%) and maturity dates ranging from 20 March 2017 to 10 January 2019	**15,494**	23,195
Corporate bonds listed in Europe with fixed interest rates ranging from 5.1% to 6.8% (31 December 2014: from 5.1% to 6.8%) and maturity dates ranging from 21 January 2018 to 23 January 2019	**24,698**	24,676
	92,115	99,324
Analysed for reporting purposes as non-current assets	**92,115**	99,324

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

The Group is principally engaged in computer graphic imaging ("CGI"), cultural and entertainment business and investment business.

In view of the general slowdown in consumption growth in mainland China and brand fatigue of certain animation characters owned by Infoport Management Limited ("Infoport", together with its subsidiaries, "TE Group"), the Group disposed of its entire interest in TE Group in October 2013 (the "Disposal"). After the Disposal, the Group still owns intellectual property rights in relation to certain number of CGI animation products. The Group has been engaged in planning, preparatory work and discussions internally and with external professionals to identify suitable business partners for the development of its CGI business.

In the meantime, the Group strives to seek a breakthrough or changes in the business and is now carefully planning to develop an internet-based finance new business. In order to maintain a stable return in the development phrase of the Group, we focus on relatively conservative investment strategies. The Group utilised approximately HK$92.1 million of its cash balance to acquire certain listed corporate bonds and the bond portfolio generates an average yield to maturity of about 5%.

FINANCIAL REVIEW

Review of Results

During the six months ended 30 June 2015 (the "Period under Review"), the Group did not report any revenue, cost of sales and gross profit due to the Disposal.

Other income decreased from HK$8.2 million for the last corresponding period to HK$5.4 million for the Period under Review, which mainly comprised of HK$2.7 million and HK$2.1 million interest income generated from investment in corporate bonds and from time deposits respectively. The disposal of a corporate bond of HK$8.3 million in late 2014 and the early redemption by its issuer of another corporate bond of HK$8.2 million in early 2015 both contributed to the decrease in interest income generated from investment in corporate bonds. Moreover, HK$90.0 million of cash was used in 2015 as contribution to registered capital of newly established subsidiaries and HK$78.2 million of cash was used to settle the balance payment for acquisition of properties located in Wong Chuk Hang in July 2014. As a result, the interest income generated from time deposits decreased accordingly.

Administrative expenses slightly increased by HK$1.1 million from HK$5.3 million for the last corresponding period to HK$6.4 million for the Period under Review, which was mainly due to the increase of depreciation of property, plant and equipment upon the acquisition of properties located in Wong Chuk Hang in July 2014.

The Group recorded a loss of HK$2.3 million for the Period under Review, compared with a profit of HK$2.1 million for the last corresponding period.

Liquidity and Financial Resources

The liquidity and financial position of the Group as at 30 June 2015 remained healthy and strong, with bank balances amounting to HK$727.2 million (31 December 2014: HK$719.4 million) and a current ratio of 267.1 (31 December 2014: 238.2).

As at 30 June 2015, the Group had no bank or other borrowings and therefore the gearing ratio (expressed as a percentage of total borrowings over total capital) was zero (31 December 2014: zero).

FUTURE PLANS AND PROSPECTS

The Group continues to undertake the CGI, cultural and entertainment business and apply its surplus cash to generate income from other business opportunities. Since the CGI business entails long lead time, no significant revenue is expected to be generated from this sector in 2015.

The Board is undertaking a strategic review as to how best to utilise its surplus cash to create additional value for the shareholders of the Company. A guideline regulating the internet-based finance industry in China has been issued by China’s central bank and certain government departments in July this year expressing the Chinese government’s emphasis placed on and support of internet-based finance. The management of the Company is now making an in-depth study on the guideline and reviewing certain business opportunities relating to internet-based finance business. In view of recent global financial and capital market volatility and given the Group’s strong financial position, the Group is closely monitoring the market development. Its strong financial position enables the Group to take advantage of any price dislocation which may arise in recent market volatility.

GENERAL INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices as the Board considers that good and effective corporate governance is essential for enhancing accountability and transparency of a company to the investing public and other stakeholders.

During the Period under Review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding to directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. In response to the specific enquiry made by the Company, all the directors of the Company confirmed that they fully complied with the required standard as set out in the Model Code throughout the Period under Review.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period under Review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed with the management and the independent auditor of the Company the interim results and the unaudited condensed consolidated financial statements of the Group for the Period under Review.

By order of the Board
Imagi International Holdings Limited
Shan Jiuliang
Chairman

Hong Kong, 27 August 2015

As at the date of this announcement, the Board comprises Mr. Shan Jiuliang as the Chairman and executive director; Ms. Zhang Peng as an executive director; Mr. Leung Pak To and Mr. Wen Di as non-executive directors; and Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G. as independent non-executive directors.