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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)

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(1) INSIDE INFORMATION

This announcement is made by Imagi International Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”, each a “**Director**”) of the Company (the “**Board**”) would like to inform shareholders of the Company that the Company recently has not been able to reach Mr. Shan Jiuliang (“**Mr. Shan**”), the Company’s chairman and an executive Director. Mr. Shan last attended a Board meeting on 15 October 2015 (the “**October Board Meeting**”), and he has not attended any subsequent Board meetings.

The Board considers that the Company should make this announcement because Mr. Shan also failed to attend the Company’s Board meeting held on 11 December 2015 (the “**Most Recent Board Meeting**”) and has not responded to the Company’s various requests in relation to subject numbers (2), (3) and (4) set out in the heading of this announcement above.

The Most Recent Board Meeting was originally scheduled for 27 November 2015, but was postponed to 11 December 2015 at Ms. Zhang Peng’s (“**Ms. Zhang**”) request to allow Mr. Shan an opportunity to attend it. Ms. Zhang is Mr. Shan’s wife and is also an executive Director. The Company has not received any notifications from Mr. Shan or any government authorities about his whereabouts.

* *for identification purpose only*

The Most Recent Board Meeting was attended by Mr. Leung Pak To, a non-executive Director, and Mr. Chan Yuk Sang, Mr. Cheng Yuk Wo and Dr. Lam Lee G all of whom are independent non-executive Directors (the “**Attending Directors**”). Neither Ms. Zhang, an executive Director, nor Mr. Wen Di, a non-executive Director, attended the Most Recent Board Meeting. Ms. Zhang requested absence of attendance of the Most Recent Board Meeting due to hospitalization.

In the light of the above, it was resolved at the Most Recent Board Meeting that the special committee established at the Board meeting held on 19 November 2015 (the “**Special Committee**”) to protect the Company’s interest and assets will now also manage the day-to-day business of the Company until when decided further by the Board. The Special Committee comprises all Attending Directors and it is of the view that the unavailability of Mr. Shan does not materially affect the business of the Company.

As at the date of this announcement, apart from a deposit of RMB71 million held by Xiamen Sunflower Mingde Business Service Co. Ltd. (廈門盛福明德商務服務有限公司) (“**Xiamen Sunflower**”), a wholly-owned subsidiary of the Company, with Bank of China Xiamen Hi-Tech Park Branch (the “**Bank**”), representing approximately 9.7% of the Company’s total assets as at 30 June 2015 (see paragraph (4) below), all the assets of the Company are in Hong Kong.

(2) **POTENTIAL CONTINUING CONNECTED TRANSACTION**

The Company would also like to inform shareholders of the Company that the Attending Directors became aware on 9 October 2015 that a tenancy agreement (the “**Tenancy Agreement**”) was entered into on 1 August 2015 between a company in which Mr. Shan and Ms. Zhang indirectly hold equity interest of 35% and 51.83% respectively, namely Xiamen Cross-Strait Financial Assets Trading Centre Company Limited* (廈門兩岸金融資產交易中心股份有限公司) (“**Xiamen Cross-Strait**”), as the lessor, and Xiamen Sunflower as the lessee. A copy of the Tenancy Agreement was made available to the Attending Directors for the first time on 14 October 2015.

Under the Tenancy Agreement, Xiamen Cross-Strait was to sublease a property with a gross floor area of 1,400 square metres to Xiamen Sunflower for a term of two years, from 1 August 2015 to 31 July 2017, for a rent of RMB2,688,000 per annum. Such rent was determined with reference to (i) the monthly rent (RMB98 per square metre); (ii) the monthly property management fee (RMB20 per square metre); (iii) the monthly public facility maintenance costs (RMB2 per square metre); and (iv) the monthly management fee to be charged by Xiamen Cross-Strait (RMB40 per square metre). The annual cap, as calculated based on the aggregate amount of the rent under the Tenancy Agreement, for each of the three financial years ending 31 December 2015, 31 December 2016 and 31 December 2017 would be RMB1,120,000, RMB2,688,000 and RMB1,568,000 respectively.

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On 10 August 2015, Xiamen Sunflower paid to Xiamen Cross-Strait a total sum of RMB6,000,000, representing two years' rent paid in advance and a deposit of RMB624,000, purportedly under the Tenancy Agreement.

At the October Board Meeting, the Attending Directors (including all the independent non-executive Directors) considered the level of annual rent payable by Xiamen Sunflower and its current needs for office space and took the view that (i) the terms of Tenancy Agreement are not fair and reasonable; and (ii) the transaction under the Tenancy Agreement is not on normal commercial terms and not in the interests of the Company or its shareholders as a whole. Accordingly, it was resolved at the October Board Meeting that the Tenancy Agreement be revoked.

Mr. Shan, who attended the October Board Meeting, agreed to take steps to revoke the Tenancy Agreement. On 22 October 2015, the Company sent to Mr. Shan a draft agreement confirming the invalidity of the Tenancy Agreement (“**Confirmation Agreement**”). However, despite numerous attempts to follow up with Mr. Shan, the Company has so far not received the signed Confirmation Agreement from him.

The Company's PRC legal adviser has advised the Company that the fact that (i) the Board other than Mr. Shan was not aware of the Tenancy Agreement at the time when it was executed; and (ii) the Board had not approved, authorised or ratified it, does not invalidate the Tenancy Agreement.

The Company has been pursuing, and will continue to pursue, Mr. Shan for the return of the signed Confirmation Agreement, and will also take steps in the PRC to seek to recover the RMB6,000,000 that was paid by Xiamen Sunflower to Xiamen Cross-Strait purportedly under the Tenancy Agreement.

When the Tenancy Agreement was entered into, both Mr. Shan and Ms. Zhang were executive Directors of the Company, and Xiamen Cross-Strait was indirectly held as to 35% by Mr. Shan and 51.83% by Ms. Zhang, respectively. Xiamen Cross-Strait is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the terms of the Tenancy Agreement is more than 0.1% but are all less than 5%, the Tenancy Agreement is subject to the reporting, announcement and annual review requirements, but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Accordingly, the Company is providing the requisite information in this announcement under Chapter 14A of the Listing Rules.

It was stated in the Company's interim report published on 9 September 2015 that the Company is principally engaged in computer graphic imaging, cultural and entertainment business and investment business.

Xiamen Sunflower is a wholly-owned subsidiary of the Company incorporated in the People's Republic of China (the "PRC") on 26 February 2015. According to the registered record in the National Enterprise Credit Information System* (全國企業信用信息公示系統) set up by the State Administration for Industry and Commerce of the PRC, it is principally engaged in advisory services in relation to business information, enterprise management, investment and social economics (excluding financial business), as well as supply chain management.

According to the registered record in the National Enterprise Credit Information System, (i) Xiamen Cross-Strait is a limited liability company incorporated in the PRC on 24 December 2014; (ii) it is principally engaged in the research and development, portfolio design and consultancy services in relation to financial products, as well as the provision of financial assets trading services and other related services; and (iii) Mr. Shan and Ms. Zhang indirectly holds 35% and 51.83% of the equity interest of Xiamen Cross-Strait, respectively.

(3) SHORT-TERM LOAN

On 9 October 2015, it was brought to the attention of the Attending Directors that on the instructions of Mr. Shan, a loan in the amount of HK\$10,000,000 for a term of six months ("**Short-term Loan**") was extended by a wholly-owned subsidiary of the Company to an independent third party on 6 August 2015. At the October Board Meeting, it was resolved, and Mr. Shan agreed, that Mr. Shan should provide to the Company as soon as possible a copy of the relevant loan agreement and details of the borrower, and procure appropriate collateral or guarantee for the loan. Despite various written follow-ups from the Company to Mr. Shan, Mr. Shan has not provided to the Company any updates on those matters. The Special Committee continues to follow up with Mr. Shan on those matters.

(4) BANK STATEMENTS OF XIAMEN SUNFLOWER

Despite many rounds of discussions between the Company and Mr. Shan's personal assistant who is not an employee of the Company or any of its subsidiaries, the Company has not been able to obtain a copy of Xiamen Sunflower's monthly bank statements with the Bank for September, October and November 2015. As a result, the Company has not been able to provide the complete set of monthly update containing consolidated management accounts of Company and its subsidiaries to the Board as required under the Listing Rules since September 2015.

The Company estimates that Xiamen Sunflower's account with the Bank should contain approximately RMB65 million. Mr. Shan, as Xiamen Sunflower's current legal representative, is the sole authorised signatory of Xiamen Sunflower's bank account.

The Company has taken legal advice from its PRC counsel on possible actions that the Company might be able to take to obtain Xiamen Sunflower's bank statements and to change Mr. Shan as the legal representative of Xiamen Sunflower.

The Company has changed the authorised signatories of the Company's accounts with its banks in Hong Kong and is in the process of changing the authorised signatories of the accounts of its subsidiaries with various banks in Hong Kong.

(5) PROPOSED RESIGNATION OF A NON-EXECUTIVE DIRECTOR

The Company announces that it received by courier on 27 October 2015 an undated letter of resignation from Mr. Wen Di (“**Mr. Wen**”), resigning his position as a non-executive Director of the Company. The Company has attempted to reach Mr. Wen to ascertain the effective date of his resignation letter but so far has not received any confirmation from him of the effective date. The Company has not been able to reach him since 8 November 2015, and the last Board meeting he attended was on 27 August 2015.

The Company will continue to reach out to Mr. Wen to confirm the effective date of his proposed resignation as a non-executive Director.

The Company has sent this announcement to all the Directors for their comments and approval before its publication. The Company has not received any reply from either Mr. Shan or Mr. Wen. Ms. Zhang responded that “she thought many parts of this announcement are inconsistent with the facts, she disagreed with the contents of this announcement; and she did not agree with the publication of this announcement prior to checking clearly the facts”. In this regard, the Company has repeatedly requested Ms. Zhang to elaborate and identify the parts or contents of this announcement which she believes are inconsistent with the facts or which she disagrees. Prior to the publication of this announcement, she has not responded to any of such requests.

The Company will disclose any material developments in connection with the above matters in further announcement(s), in accordance with regulatory requirements.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

(6) APPOINTMENT OF COMPANY SECRETARY

The Company refers to an announcement dated 7 November 2014 in relation to, among others, the appointment of Ms. Cheng Ka Yan as (i) the acting company secretary of the Company; and (ii) the authorised representative of the Company for the purpose of Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Board is pleased to announce that Ms. Cheng Ka Yan has been appointed as company secretary of the Company with effect from 11 December 2015. Ms. Cheng is a member of Hong Kong Institute of Certified Public Accountants.

By order of the Board
Imagi International Holdings Limited
Cheng Ka Yan
Company Secretary

Hong Kong, 17 December 2015

As at the date of this announcement, the Board comprises Mr. Shan Jiuliang as the Chairman and executive director; Ms. Zhang Peng as 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.