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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)

(1) BUSINESS UPDATE:
THE EXECUTION OF THE STRATEGIC ALLIANCE MEMORANDUM BETWEEN
THE COMPANY AND ENERCHINA;
(2) DISCLOSEABLE TRANSACTION:
A SHARE SWAP BETWEEN THE COMPANY AND ENERCHINA EFFECTED
THROUGH
(i) ISSUE OF IMAGI SUBSCRIPTION SHARES TO ENERCHINA UNDER
GENERAL MANDATE; AND
(ii) ACQUISITION OF ENERCHINA SUBSCRIPTION SHARES FROM
ENERCHINA

BUSINESS UPDATE

On 16 March 2017 (after trading hours), the Company and Enerchina entered into a non-legally binding Strategic Alliance Memorandum, under which Enerchina had agreed (i) to provide the Company with technical and business assistance to establish and develop the infra-structure and the frame-work to further the Company's financial services business; and (ii) to co-operate with each other to promote mutually beneficial business opportunities.

* for identification purpose only

THE SHARE SWAP AGREEMENT

On 16 March 2017 (after trading hours), the Company and Enerchina 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 Enerchina shall issue and allot, 378,000,000 Enerchina Subscription Shares under the Enerchina General Mandate, representing approximately 3.50% of the existing issued share capital of Enerchina as at the date of this announcement and approximately 3.38% of the issued share capital of Enerchina as enlarged by issuing the Enerchina Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to the Company (or its nominee) at a price of HK\$0.27 per Enerchina Subscription Share, free from all Encumbrances, for a total consideration of HK\$102,060,000; and
- (ii) Enerchina shall subscribe for, and the Company shall issue and allot, the 113,400,000 Imagi Subscription Shares under the General Mandate, representing approximately 19.69% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.45% 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 Enerchina (or its nominee) at a price of HK\$0.90 per Imagi Subscription Share, for a total consideration of HK\$102,060,000.

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, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

STRATEGIC ALLIANCE MEMORANDUM

On 16 March 2017 (after trading hours), the Company and Enerchina entered into a non-legally binding Strategic Alliance Memorandum, under which Enerchina had agreed (i) to provide the Company with technical and business assistance to establish and develop the infra-structure and the frame-work to further the Company's financial services business; and (ii) to co-operate with each other to promote mutually beneficial business opportunities.

The scope of the Alliance (as hereinafter defined) is set out as follows:

- (i) The Parties agree to work together in a strategic and non-exclusive alliance for the purpose of the promotion, advancement and development of their financial services businesses (the "Alliance").
- (ii) The Parties shall have the following responsibilities under the Alliance:
 - (a) to identify and implement projects that are of mutual interest to the Parties;
 - (b) to provide assistance on human resources management and recruitment to the other Party when necessary;
 - (c) to exchange and refer business opportunities as the Parties think appropriate;
 - (d) to share market intelligence for the benefits and risk management of the businesses of the Parties; and
 - (e) to inform and discuss with the other Party of the progress of the projects mutually undertaken by the Parties.

The Company had first announced on 28 January 2016 that the Company intends to develop an integrated financial services business and in many subsequent announcements the Company had designated this new integrated financial services business as one of its principal line of businesses. The Company had already begun in earnest this new line of business and had already been engaged in areas including proprietary trading, money lending and securities brokerage. Since this is a new line of business for the Company, the Company can 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 Company had also on 8 June 2016 announced its intention to redomicile back to Hong Kong and one of the reasons and one of the anticipated benefits being that would allow the Company better opportunities for its financial services business to take advantage of the CEPA and expand into China. The Company also noted that Enerchina had already formed joint ventures with Chinese partners and initiated the application to operate financial services in China under the CEPA. The Alliance would allow the Company to benefit from Enerchina's experience in this regard.

THE SHARE SWAP AGREEMENT

On 16 March 2017 (after trading hours), the Company and Enerchina 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 Enerchina shall issue and allot, 378,000,000 Enerchina Subscription Shares under the Enerchina General Mandate, representing approximately 3.50% of the existing issued share capital of Enerchina as at the date of this announcement and approximately 3.38% of the issued share capital of Enerchina as enlarged by issuing the Enerchina Subscription Shares pursuant to the Share Swap Agreement, credited as fully paid to the Company (or its nominee) at a price of HK\$0.27 per Enerchina Subscription Share, free from all Encumbrances, for a total consideration of HK\$102,060,000; and
- (ii) Enerchina shall subscribe for, and the Company shall issue and allot, the 113,400,000 Imagi Subscription Shares under the General Mandate, representing approximately 19.69% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.45% 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 Enerchina (or its nominee) at a price of HK\$0.90 per Imagi Subscription Share, free from all Encumbrances, for a total consideration of HK\$102,060,000.

All of the above shall take place simultaneously.

As Mr. Chow Chi Wah Vincent, the independent non-executive Director, is the executive director and company secretary of Enerchina, he will and has abstained from voting on the Share Swap Agreement.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed herein, Enerchina 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.

Conditions

The respective obligations of the Company and Enerchina 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 Enerchina Subscription Shares;
- (ii) the simultaneous completion of the Imagi Subscription and the Enerchina Subscription;
- (iii) no partial completion of either Imagi Subscription or Enerchina Subscription should be permitted; and
- (iv) 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 transaction contemplated thereunder.

If the Conditions have not been fulfilled on or before 5:00 p.m. on 31 March 2017 (or such other date as the Company and Enerchina may agree in writing), the Share Swap Agreement shall lapse and become null and void and the Company and Enerchina 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, Enerchina has agreed to subscribe, and the Company has agreed to allot and issue to Enerchina or its nominee 113,400,000 Imagi Subscription Shares, for a total consideration of HK\$102,060,000 which will be settled by Enerchina by the issuance of the Enerchina Subscription Shares. The Imagi Subscription Shares represents approximately 19.69% 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 22,954,200 Shares currently held by Enerchina Group, representing approximately 3.98% of the existing issued share capital of the Company, Enerchina Group will hold 136,354,200 Shares, representing in aggregate approximately 19.78% 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 the 113,400,000 Imagi Subscription Shares of HK\$0.04 per Share is HK\$4,536,000. 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\$0.90 per Imagi Subscription Share represents:

- (i) a premium of approximately 3.45% to the closing price of HK\$0.87 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 0.53% over the average closing price of approximately HK\$0.9048 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The subscription price for the Imagi Subscription Shares was determined after arm's length negotiation between the Company and Enerchina by reference to the recent trading performance of the Shares. 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\$102,060,000 will be settled by Enerchina by the issuance of the Enerchina Subscription Shares.

General Mandate

The Imagi Subscription Shares will be issued under the General Mandate pursuant to which the Directors are allowed to issue up to 113,704,314 Shares (representing 20% of the issued share capital of the Company as at the date of the special general meeting on 28 October 2016 and being adjusted for the Share Consolidation that became effective on 13 March 2017). Up to the date of this announcement, no Share has been issued under the General Mandate.

Application for listing

An application will be made 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.

ENERCHINA SUBSCRIPTION

Pursuant to the Share Swap Agreement, the Company has agreed to subscribe, and Enerchina has agreed to allot and issue to the Company or its nominee, 378,000,000 Enerchina Subscription Shares, for a total consideration of HK\$102,060,000 which will be settled by the Company by the issuance of the Imagi Subscription Shares. The Enerchina Subscription Shares represents approximately 3.50% of the existing issued share capital of Enerchina as at the date of this announcement, and immediately after the Completion, assuming no other changes in the issued share capital of Enerchina from the date of this announcement, and taking into account the 212,797,249 shares of Enerchina currently held by the Group (representing approximately 1.97% of the existing issued share capital of Enerchina), the Company will in aggregate hold 590,797,249 shares of Enerchina represents approximately 5.29% of the entire issued share capital of Enerchina as enlarged by issuing the Enerchina Subscription Shares that fall to be issued pursuant to the Share Swap Agreement.

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

Subscription price for the Enerchina Subscription Shares

The subscription price of HK\$0.27 per Enerchina Subscription Share represents:

- (i) a premium of approximately 1.89% as compared to the closing price of HK\$0.265 per share of Enerchina on the Last Trading Day;
- (ii) a discount of approximately 4.59% over the average of the closing price of approximately HK\$0.283 per share of Enerchina as quoted on the Stock Exchange for the five consecutive trading days of the shares immediately prior to the Last Trading Date;
- (iii) a discount of approximately 61.92% to the latest audited consolidated net asset value per share of Enerchina of approximately HK\$0.709 as at 31 December 2015; and
- (iv) a discount of approximately 56.10% to the latest unaudited consolidated net asset value per share of Enerchina of approximately HK\$0.615 as at 30 June 2016.

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

The aggregate subscription price of the Enerchina Subscription Shares in sum of HK\$102,060,000 will be settled by the Company by the issuance of the Imagi Subscription Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company's equity fund raising exercises over the past 12-month period immediately preceding the date of this announcement are set out below:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of proceeds
8 June 2016	Placing of 505,352,508 new Shares at a price of HK\$0.23 per Share	HK\$112.23 million	Partial repayment of the principal amount payable under the promissory note issued by the Company with principal amount of HK\$225 million ("PN") in favour of Unimagi Investment Limited ("Unimagi")	Partial settlement of the consideration for buy-back of shares of Unimagi (as disclosed in the Company's announcement dated 30 June 2016 under the paragraph of "Change of Use of Proceeds of Placing")
8 July 2016	Open offer on the basis of one offer share for every two Shares held on the record date	HK\$270.47 million	HK\$225 million to fund the repayment of PN and HK\$45.47 for the replenishment of working capital of the Company	The net proceeds was used as intended

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:

	As at the date of this announcement		Immediately upon completion of the Imagi Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Kitchell Osman Bin (<i>Note 1</i>)	975,000	0.17	975,000	0.14
Choi Ka Wing (<i>Note 1</i>)	600,000	0.10	600,000	0.09
Satinu Resources Group Ltd.	47,500,000	8.25	47,500,000	6.89
Advance Beauty Holdings Limited	44,175,200	7.67	44,175,200	6.41
Enerchina or its nominee	22,954,200	3.98	136,354,200	19.78
Other public Shareholders	459,817,172	79.83	459,817,172	66.69
Total	576,021,572	100.00	689,421,572	100.00

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 business and integrated financial services business, computer graphic imaging, cultural and entertainment business.

INFORMATION OF ENERCHINA

Enerchina is an investment holding company and its subsidiaries are principally engaged in investment holdings, provision of securities brokerage services, placing & underwriting, corporate finance advisory, trading & investment of securities, provision of margin financing, money lending, investment advisory and management.

Set out below is the audited consolidated financial information of Enerchina Group:

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Profit before tax	864,084	657,368
Profit after tax	713,071	511,276

As at 30 June 2016, the unaudited consolidated net asset value of Enerchina Group was approximately HK\$4,422 million.

REASONS FOR AND BENEFITS OF THE SHARE SWAP

In the announcement made by the Company on 28 January 2016, the Company has advised Shareholders and potential investors that the Group intends to develop an integrated financial services business including provision of securities brokerage services, placing and underwriting services, corporate finance advisory services, investment advisory and management services, margin financing and money lending business, securities investment and proprietary trading so that they will become the principal businesses of the Group. The Company also refers to execution of the Strategic Alliance Memorandum between the Company and Enerchina on the date of this announcement.

The Company believes that the Strategic Alliance Memorandum is in line with the aforesaid new strategy of the Company and the Share Swap will 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 Enerchina as a substantial shareholder of the Company and at the same time it allows for the Company to acquire an attractive investment in Enerchina without the need to utilise any of the Company's existing resources.

The Directors further believe that the acquisition of the Enerchina Subscription Shares is an attractive investment to the Company.

The Directors consider that the terms of the Share Swap Agreement are fair and reasonable, are 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
“CEPA”	Closer Economic Partnership Arrangement (commonly known as “CEPA”) between the Government of Hong Kong and the Central Government of the People’s Republic of China
“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 Enerchina Subscription Shares pursuant to the Share Swap Agreement respectively
“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
“Enerchina”	Enerchina 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
“Enerchina General Mandate”	the general mandate granted by the shareholders of Enerchina at the annual general meeting of Enerchina on 19 May 2016 to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of Enerchina in issue as at 19 May 2016
“Enerchina Group”	Enerchina and its subsidiaries

“Enerchina Subscription”	the subscription of the Enerchina Subscription Shares by the Company or its nominees pursuant to the Share Swap Agreement
“Enerchina Subscription Shares”	the 378,000,000 new ordinary shares of HK\$0.01 each of Enerchina to be issued and allotted under the Enerchina General Mandate by Enerchina to the Company or its nominee(s) pursuant to the Share Swap Agreement
“General Mandate”	the general mandate granted by the Shareholders at the special general meeting on 28 October 2016 to allot, issue and deal with up to maximum of 20% of the aggregate share capital of the Company in issue as at 28 October 2016
“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 Enerchina or its nominees pursuant to the Share Swap Agreement
“Imagi Subscription Shares”	the 113,400,000 Shares to be allotted and issued by the Company under the General Mandate to Enerchina or its nominees pursuant to the Share Swap Agreement
“Last Trading Day”	16 March 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party” or “Parties”	the Company and Enerchina, named parties to the Strategic Alliance Memorandum and the Share Swap Agreement
“Share Consolidation”	the consolidation of every eight (8) Shares in issue as at 10 March 2017 into one (1) consolidated Share
“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 Enerchina in exchange for the Enerchina Subscription Shares in accordance with the terms and conditions of the Share Swap Agreement
“Share Swap Agreement”	a share swap agreement dated 16 March 2017 entered into between the Company and Enerchina 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 Enerchina
“subsidiary (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, 16 March 2017

At the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Kitchell Osman Bin (*Acting Chairman*)
Mr. Wong Yat Fai
Mr. Shimazaki Koji
Ms. Choi Ka Wing

Independent non-executive Directors:

Mr. Chow Chi Wah Vincent
Dr. Kwong Kai Sing Benny
Mr. Miu Frank H.
Dr. Santos Antonio Maria