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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 ACQUISITION OF
30% EQUITY INTEREST IN THE TARGET GROUP**

THE ACQUISITION

The Board is pleased to announce that on 1 November 2021 (after trading hours), Purchaser A, an indirect wholly owned subsidiary of the Company, Purchaser B, Purchaser C, Purchaser D and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell the entire equity interest in the Target Company, and Purchaser A, Purchaser B, Purchaser C and Purchaser D agreed to purchase 30%, 30%, 30% and 10% equity interest in the Target Company respectively at an aggregate consideration of HK\$160,000,000. The Consideration of HK\$48,000,000 payable by Purchaser A was settled in cash upon Completion.

Completion took place simultaneously upon the signing of the Sale and Purchase Agreement. Upon Completion, the Company is interested in 30% of the issued share capital of the Target Company and accordingly each members of the Target Group has become an associate of the Company.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

* *For identification only*

The Board is pleased to announce that on 1 November 2021 (after trading hours), Purchaser A, an indirect wholly owned subsidiary of the Company, Purchaser B, Purchaser C, Purchaser D and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell the entire equity interest in the Target Company, and Purchaser A, Purchaser B, Purchaser C and Purchaser D agreed to purchase 30%, 30%, 30% and 10% equity interest in the Target Company respectively at an aggregate consideration of HK\$160,000,000. The Consideration of HK\$48,000,000 payable by Purchaser A was settled in cash upon Completion.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

1 November 2021

Parties

- (i) China Resources Enterprise Ltd. (as Purchaser A);
- (ii) Cordoba Homes Limited (as Purchaser B);
- (iii) First Avenue Limited (as Purchaser C);
- (iv) Mr. Ki, David (as Purchaser D); and
- (v) Galaxy Vantage Limited (as the Vendor).

The Vendor is a company incorporated in the BVI with limited liability and principally engaged in investment holding. The Vendor is beneficially owned as to (i) 61.00% by Touyun Biotech Group Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 1332); (ii) approximately 27.29% by Blue River Holdings Limited (“**Blue River**”), the shares of which are listed on the main board of the Stock Exchange (stock code: 498); and (iii) approximately 11.71% by Purchaser D.

Oshidori International Holdings Limited (“**Oshidori**”), being the substantial shareholder (as defined under the Listing Rules) of the Company, owns approximately 28.53% of Blue River. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, save as disclosed aforesaid, each of the Vendor and its ultimate beneficial owners, is an Independent Third Party.

Subject matter

Pursuant to the terms and conditions of the Sale and Purchase Agreement:

- (i) Purchaser A has agreed to acquire and the Vendor has agreed to sell 60 Sale Shares, representing 30% of the issued share capital of the Target Company, at a consideration of HK\$48,000,000;
- (ii) Purchaser B has agreed to acquire and the Vendor has agreed to sell 60 Sale Shares, representing 30% of the issued share capital of the Target Company, at a consideration of HK\$48,000,000;
- (iii) Purchaser C has agreed to acquire and the Vendor has agreed to sell 60 Sale Shares, representing 30% of the issued share capital of the Target Company, at a consideration of HK\$48,000,000; and
- (iv) Purchaser D has agreed to acquire and the Vendor has agreed to sell 20 Sale Shares, representing 10% of the issued share capital of the Target Company, at a consideration of HK\$16,000,000.

Consideration:

The Consideration of HK\$48,000,000 payable by Purchaser A was settled in cash upon Completion. The Consideration was financed by the Group's internal resources.

The Consideration was determined after arm's length negotiation between Purchaser A and the Vendor with reference to the unaudited net asset value (the "NAV") of the Target Group of approximately HK\$167.37 million as at 30 September 2021. Corresponding NAV of 30% of the Target Group is approximately HK\$50.21 million, to which the Consideration represents a discount of approximately 4.40%. The considerations payable by Purchaser B, Purchaser C and Purchaser D were determined based on the same valuation of the Target Group.

In view of the above, the Directors consider that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Completion

Completion took place simultaneously upon the signing of the Sale and Purchase Agreement. Upon Completion, the Target Company is owned as to 30% by Purchaser A, as to 30% by Purchaser B, as to 30% by Purchaser C and as to 10% by Purchaser D. The completion of the sale and purchase of all the Sale Shares has also taken place simultaneously.

Upon Completion, the Company is interested in 30% of the issued share capital of the Target Company and accordingly each members of the Target Group has become an associate of the Company.

INFORMATION ON THE OTHER PURCHASERS

Purchaser B is a company incorporated in the BVI with limited liability and principally engaged in the investment holding, property holding and money lending.

Purchaser C is a company incorporated in the BVI with limited liability and principally engaged in investment holding, which is a wholly-owned subsidiary of Oshidori (being a substantial shareholder of the Company).

Purchaser D is an individual investor who possesses extensive experience in securities investment. He is currently (i) a shareholder of approximately 11.71% equity interest of the Vendor; (ii) the sole director of the Target Company; and (iii) one of the directors of Hope Securities. Purchaser D was previously the sole shareholder of the Target Company until he completed the disposal of the Target Company to the Vendor in December 2020.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for Purchaser C, each of the Other Purchasers and their respective ultimate beneficial owners (where applicable), is an Independent Third Party.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability. The principal activity of the Target Company is investment holding. Hope Securities, a wholly-owned subsidiary of the Target Company, is licensed to carry out regulated activities in 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) under the SFO.

The following is the unaudited consolidated financial information of the Target Group for the years ended 31 December 2019 and 31 December 2020, and for the nine months period ended 30 September 2021 respectively (prepared in accordance with the Hong Kong Financial Reporting Standards):

	For the nine months ended 30 September 2021 HK\$'000 (unaudited)	Year ended 31 December 2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	12,231	1,347	185
– <i>Commission income from securities brokerage</i>	918	165	140
– <i>Interest income from margin financing</i>	11,313	1,182	45
Net profit/(loss) before tax	8,288	(6,023)	(6,578)
Net profit/(loss) after tax	8,288	(6,023)	(6,578)

Based on the latest unaudited financial statements of the Target Company, the consolidated net asset value of the Target Company as at 30 September 2021 was approximately HK\$167.37 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in integrated financial services, investment holdings, computer graphic imaging business and entertainment business. The integrated financial services mainly comprise (i) securities brokerage and related services; (ii) margin financing; (iii) asset management; (iv) money lending; and (v) securities investments and proprietary trading (collectively, the “**Integrated Financial Services**”).

It has been the intention of the Group to focus on the development and expansion of the Integrated Financial Services. The Group has been proactively to explore opportunities to enhance the varieties and quality of the Integrated Financial Services so as to enhance its competitiveness. Due to the Group’s tremendous effort devoted, a remarkable milestone of the strategic plan has been achieved in October 2021, as the Group has identified an investment opportunity to acquire 51% equity interest in Supreme China Securities Limited, a local brokerage firm licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO. Following the first strategic move in October, the Acquisition marks another great step further in implementation of the Group’s business plan.

The Directors notice that the Target Group has achieved a significant improvement in its financial performance in current year, in particular, the income stream from margin financing business has grown rapidly. The revenue generated in the first nine months this year amounted to approximately HK\$12.23 million, more than 9 times that of full year of 2020. Notwithstanding the losses made in the previous two financial years, the Target Group has registered a turnaround to a net profit of approximately HK\$8.29 million for the nine months ended 30 September 2021. Further, each of the Purchasers will bring their own knowledge, skills, experience and contacts to the business of the Target Group, potentially giving it a better chance of success. Thus, the Directors anticipate that the growth momentum of the Target Group will be able to sustain and thus the Group will benefit from sharing the financial results of the Target Group in long run.

Further, in view of the business growth momentum and the experienced management team of the Target Group, the Directors believe that forming the strategic alliance with the Target Group would allow the Group to realise the operating synergies through integration of skills, knowledge, expertise and client base. The Acquisition, therefore, conforms to the Group’s development strategy of forming strategic alliance with other local financial services firms with a view to expand its coverage of the financial services industry.

Based on the foregoing, the Directors are of the view that the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 30% of the Sale Shares by Purchaser A pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	board of Directors
“Business Day(s)”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“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 Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$48,000,000 for the Acquisition
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Hope Securities”	Hope Securities Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Target Company
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange as amended from time to time
“Other Purchasers”	collectively, Purchaser B, Purchaser C and Purchaser D
“Purchaser A”	China Resources Enterprise Ltd., a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company
“Purchaser B”	Cordoba Homes Limited, a company incorporated in the BVI with limited liability
“Purchaser C”	First Avenue Limited, a company incorporated in the BVI with limited liability
“Purchaser D”	Mr. Ki, David
“Purchasers”	collectively, Purchaser A, Purchaser B, Purchaser C and Purchaser D
“Sale and Purchase Agreement”	the sale and purchase agreement entered into among the the Purchasers and the Vendor on 1 November 2021 in respect of the acquisition of the Sale Shares
“Sale Shares”	representing the entire equity interest of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Hope Capital Limited, a company incorporated in the BVI with limited liability
“Target Group”	Target Company and Hope Securities
“Vendor”	Galaxy Vantage Limited, a company incorporated in the BVI with limited liability
“%”	per cent

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

Hong Kong, 1 November 2021

At the date of this announcement, the Directors are:

Executive Directors:

Mr. Kitchell Osman Bin (*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