



IMAGI Announces 2011 Annual Results

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To become a Branded Family Entertainment Powerhouse in the Greater China area and beyond with the newly acquired TE Group

Hong Kong (June 21, 2011) – IMAGI International Holdings Limited (“IMAGI” and together with its subsidiaries, “the Group”; HKSE Stock Code: 585) today reported its audited consolidated annual results for the year ended 31 March 2011.

Annual Results for the year ended 31 March 2011

The Group reported the following:

- Revenue amounted to HK\$8.6 million and loss for the year was HK\$623.6 million
- Excluding the accounting losses due to the redemption of prints and advertising loan, a bridge loan and convertible loan notes, the loss for the year was significantly narrowed down by 89.9% to HK\$122.2 million, of which HK\$81.2 million was attributable to the provision for impairment loss relating to Astro Boy and Gatchaman
- The Restructuring commenced in May 2010 (including the above-mentioned provision) wiped the Group’s past slate clean. Astro Boy and Gatchaman will no longer have any adverse financial effect on the Group beyond last financial year
- Administrative expenses substantially reduced by 68.3% to HK\$27.5 million as the Group closed its studio in the United States and streamlining the one in Hong Kong in the first quarter of 2010

Strong Financial Position and Debt-free

- Bank balances amounted to HK\$167.2 million and a current ratio of 10.5 as at 31 March 2011
- Subsequent to the year end, the cash and bank balances further increased by HK\$123.8 million as a result of the exercise of the options granted in May 2010
- After repaying its core creditors in May 2010, the Group has become debt-free

On 13 April 2011, the Group completed its acquisition of the Toon Express Group (the “TE Group”) which marks a major milestone in achieving its vision to become a major Asian brand company through the management of proprietary animated cartoon brands in the Greater China region and beyond. However, as the acquisition was completed after 31 March 2011, the results of TE Group were not reflected in the results of last financial year.

IMAGI’s Chairman Francis Leung Pak To said, “The acquisition will enable the Group to build a bigger and much more solid consumer products licensing business in Greater China and international markets. Over the past few months, we have formed a new management team and carried out a restructuring programme to focus our resources on Greater China and self-owned animated cartoon brands. We are pleased to report that the restructuring of the Group’s previous operations has been completed and its financial and accounting effects have been fully reflected in the results of the year ended 31 March 2011. Moving ahead, TE Group is now our main operating entity and we are now looking forward to a brighter future.”

A Brighter Future with the newly acquired TE Group

Mr. Soh Szu Wei, CEO of IMAGI said, “Looking ahead, the Group is turning over a new leaf in its business development. Together with its existing expertise in the production and distribution of internationally acclaimed stereoscopic 3D CGI full featured movies, the Group is well positioned to become a branded family entertainment powerhouse in the Greater China area and beyond. TE Group has already established a strong merchandising foothold in China with Pleasant Goat and Big Big Wolf. The Group intends to leverage its first mover advantage, leadership position as well as the strong connections of our two partners to expand into the broader merchandising, lifestyle, media, entertainment and services markets”.

TE Group is now partnering with Creative Power Entertaining Limited Liability Company (“CPE”), TE Group’s strategic media content partner, and Disney Enterprises, Inc. (“Disney”). TE Group granted Disney an exclusive right as the “Master Licensee” to manage its merchandise licensing business for 10 years from 1 January 2011. TE Group charges Disney royalties according to the kinds of products in addition to a minimum guarantee which is adjusted periodically. This minimum guarantee can minimise business exposure of TE Group on a global basis and at the same time, is an incitement for its licensees to generate as much licensing income as possible. This agreement with Disney opens up a worldwide network of licensees and allows TE Group to benefit from Disney’s economies of scale.

In October 2010, CPE granted Buena Vista International (“BVI”), an affiliate of Disney, a license to telecast the 100 episodes of the TV series “Pleasant Goat and Big Big Wolf: Joys of the Seasons” on pay TV nonexclusively in China, and exclusively in 52 territories including Hong Kong, Macau, Taiwan, Australia, New Zealand, Korea, India and Southeast Asia, in English and 17 other local languages. This signals the beginning of a long-term distribution relationship with a global giant and allows TE Group to tap into overseas markets rapidly.

ABOUT IMAGI

IMAGI International Holdings Limited (“IMAGI”) (Stock Code: 585) is a listed company on the main board of the Hong Kong Stock Exchange. **IMAGI** is principally engaged in the production, distribution and marketing of computer graphic imaging (“CGI”) animated motion pictures with both licensed classic anime properties and original designs; licensing of ancillary rights of CGI animation pictures and provision of creative and design to integration services in all CGI products.

Its wholly owned subsidiary, **Toon Express Group** (“TE Group”) is a leading brand manager in China’s animation industry. It manages popular animation brands in the PRC, such as “Pleasant Goat and Big Big Wolf (喜羊羊與灰太狼)”, “Happy Family”, “Cookie Master”, “Planet of 7 Colors” and “Legendary Soccer Kid”, with a focus on the consumer products licensing business.

TE Group has key commercial arrangements with two contractual partners, being Creative Power Entertaining LLC (“CPE”) and Disney Enterprises, Inc (“Disney”). CPE is engaged in the development, production and distribution of AV Programmes of the above brands. It is also involved in publication, content development and licensing as well as stage shows and mobile carnival operations. Through these arrangements, TE Group is able to develop a unique business model with an aim to tap into different business segments of the family entertainment industry in China as well as other parts of the world.

Both CPE and TE Group jointly cooperate and coordinate brand activities to ensure maximum brand value. CPE owns the copyrights (contents) in the forms of television programmes, movies, publications, and stage shows, while TE Group holds the distribution and licensing rights of the animation brands.

For further information, please visit, <http://www.imagi.com.hk>, www.toonexpress.com and www.toonwiz.com

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