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Qualipak International Holdings Limited

確利達國際控股有限公司

(Incorporated in Bermuda with limited liability)

Website: www.qualipakhk.com

(Stock Code: 1332)

VOLUNTARY ANNOUNCEMENT ON MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION

MOU IN RESPECT OF THE POSSIBLE ACQUISITION

On 18 February 2015 (after trading hours), the Purchaser entered into the MOU with the Prospective Vendor in relation to the Possible Acquisition of the entire issued capital in the Target by the Company or its nominated subsidiary. The Target indirectly and effectively owns and controls 97% of PN Stone. The Target Group are principally engaged in research, development, production and distribution of LED epitaxial wafers and display chips, backlight chips (外延片和顯示用芯片、背光源芯片), high power LED chips (高亮度大功率照明芯片) and solid-state lighting products (半導體照明產品) in the PRC.

To the best of the Directors' information and belief having made all reasonable enquiry, the Prospective Vendor and its ultimate beneficial owner are Independent Third Parties.

The MOU does not create legally binding obligations on the parties in relation to the Possible Acquisition but is legally binding as to the cost, exclusivity, confidentiality and certain miscellaneous provisions.

Reference is made to the recent announcement of the Company dated 8 January 2015. As part of its investment strategy, the Group has been focusing on identifying and exploring suitable projects and/or investments with good profit potential for acquisition in the "GREEN" sector. The Board believes that the Possible Acquisition, if materialized, offers an excellent opportunity for the Group consistent with the Group's "GREEN" focus. If the Possible Acquisition is successful, LED lighting will become one of the core businesses of the Group, and the Group will fully focus on LED lighting and related business and its development going forward. It is expected that the LED business will propel the future expansion of the Company and will become a major growth engine. If the Possible Acquisition materializes, the Company intends, to reflect its focus on the LED lighting business, to change its name to

China Optoelectronics Holding Group Co., Limited (中國光電控股集團有限公司). The Board is of the view that the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and Shareholders as a whole, and believes the Possible Acquisition offers a good opportunity to maximize Shareholders' return and create Shareholders' value.

The Possible Acquisition as contemplated under the MOU, if materialized, may constitute a notifiable transaction of the Company under the Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the Listing Rules in this regard.

The Board would like to emphasize that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Group with any party as at the date of this announcement (save as to certain provisions of the MOU regarding cost, exclusivity, confidentiality and certain miscellaneous matters). As the Possible Acquisition may or may not be materialized, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE MOU

The Board is pleased to announce that after trading hours on 18 February 2015, the Prospective Vendor, as potential vendor, and the Purchaser, as potential purchaser, entered into a MOU in relation to the possible sale and purchase of the entire issued share capital of the Target.

Pursuant to the MOU, the Prospective Vendor and the Purchaser anticipate that they will proceed with the Possible Acquisition in the following manner:

Assets to be Acquired

Pursuant to the MOU, the Purchaser or its nominated subsidiary shall acquire the Sale Share(s) in the Target from the Prospective Vendor. The Target indirectly and effectively owns and controls 97% of PN Stone. The Target Group is principally engaged in research, development, production and distribution of LED epitaxial wafers and display chips, backlight chips (外延片和顯示用芯片、背光源芯片), high power LED chips (高亮度大功率照明芯片) and solid-state lighting products (半導體照明產品) in the PRC.

Consideration

The consideration will be negotiated by the Prospective Vendor and the Purchaser in good faith with reference to the valuation of the Target Group to be produced by an independent accredited valuer appointed by the Purchaser. The Prospective Vendor hereby represents that the valuation of PN Stone is not less than HK\$600 million and the valuation of the Target Group (after deducting the debts of the holding companies of PN Stone) is not less than HK\$420 million.

The aggregate consideration for the Sale Share(s) is intended to be settled by cash and an unsecured promissory note (“**P-note**”) to be issued by the Purchaser. The allocation of consideration between cash and the P-note, and the terms of the P-note, shall be agreed in the SPA.

Exclusivity

The Controlling Shareholder and the Prospective Vendor agree that, at any time during the Exclusivity Period, it shall not, and shall procure that no person or entity controlled by it (including the Target) nor any affiliate of any of them, nor any director, officer, employee, agent, adviser or representative of any of them (collectively, “**Related Persons**”) will seek, encourage, solicit, entertain or assist in or finance, any proposals, continue any discussions with, engage in or continue to engage in any negotiations or enter into any agreement or transaction relating to, any Alternative Transaction.

In addition, during the Exclusivity Period, the Controlling Shareholder and the Prospective Vendor shall not, and shall procure that no person or entity controlled by her (including the Target) nor any affiliate of any of them nor any of their respective Related Persons shall, furnish, or permit to furnish, any information to any party relating to an Alternative Transaction except as otherwise required by law.

Due Diligence

Upon execution of the MOU, the Controlling Shareholder and the Prospective Vendor shall, and shall cause each person or entity controlled by her (including the Target) and each affiliate of any of them and each of their respective Related Persons, to provide to the Purchaser and its directors, officers, employees and advisors (including legal counsel and financial advisors) all information, and access to all facilities and personnel, required by the Purchaser in order to perform due diligence on the Target, each of the Target’s subsidiaries and controlled entities and their businesses, including assessments and analyses relating to any financial, legal, technical, environmental, and operational matters.

Formal Agreement

It is intended that the Prospective Vendor and the Purchaser will proceed to the negotiation for a legally-binding agreement prior to the expiration of the Exclusivity Period (i.e. SPA). As a condition to the completion of the SPA, the Target shall continue to own a wholly-foreign owned enterprise (“**WFOE**”) which has 97% effective control and ownership of PN Stone.

The Possible Acquisition is subject to the negotiation and execution of the SPA.

REASONS FOR, AND BENEFITS OF, THE POSSIBLE ACQUISITION

The principal activities of the Company are investment holding and provision of corporate management services and its subsidiaries are principally engaged in the design, development, manufacture and sale of packaging products and point-of-sales display units, securities investment and trading business as well as money lending business.

LED backlight and lighting products is well-known for its energy-efficiency and environmentally friendliness. They contain no poisonous mercury or breakable filaments and are energy efficient. They have extremely long lifetime that is unaffected by cycling on and off and radiate almost no heat. The efficacy of the LED lighting products is far above that of the other types of electric lighting.

Moreover, LED is not only a light-emitting device but is also an electronic component subject to digital control. The combined use of LED light source and intelligent control can be very simple and convenient. The use of LED lighting could facilitate future development of intelligent lighting which can satisfy the human demand for physical and psychological comfort. In this way, the value proposition of LED lighting is far beyond simple lighting.

Driven by the global trend to phase out incandescent light bulbs for general lighting in favor of more energy-efficient lighting and more environmentally friendly alternatives in most of the developed and developing countries, popularity of LED lighting is growing. According to statistics of the China Solid State Lighting Alliance (國家半導體照明工程研發及產業聯盟), during the period from 2007 to 2013, the market value in the PRC in relation to chips, COB chips and solid-state lighting products, etc. increased from RMB 48.3 billion to RMB 257.6 billion with a combined annual growth rate (“CAGR”) of 32.2%. It is also expected that in 2017, the LED market value in the PRC will reach RMB 748.5 billion with a CARG of 31.5%.

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GENERAL

The Possible Acquisition as contemplated under the MOU, if materialized, may constitute a notifiable transaction of the Company under the Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the Listing Rules in this regard.

The Board would like to emphasize that no legally binding agreement in relation to the Possible Acquisition has been entered into by the Group with any party as at the date of this announcement (save as to certain provisions of the MOU regarding cost, exclusivity, confidentiality and certain miscellaneous matters). As the Possible Acquisition may or may not be materialized, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“Alternative Transaction”	any transaction (other than the transaction with the Purchaser) involving the disposition in any manner, directly or indirectly of all or any part of the material assets of the Target by whatever form (including by merger, consolidation, amalgamation, scheme of arrangement, transfer or issuance of securities, transfer of assets or otherwise)
“Board”	the board of Directors

“COB”	chip-on-board
“Company”	Qualipak International Holdings Limited (Stock Code: 1332), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Controlling Shareholder”	Long Wei Betty, the ultimate beneficial owner of the Prospective Vendor
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	during the date of the MOU till 23:59 (Hong Kong time) on 19 April 2015
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) which is/are independent of and not connected (within the meaning of the Listing Rules), the Directors, the chief executives and the substantial shareholders of the Company and its subsidiaries and their respective associates
“LED”	light-emitting diode, which is a semi-conductor light source, used for lighting and illumination in diverse applications as mobile phones, computers, television sets, traffic lights, lamps, street lights
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 18 February 2015 made between the Prospective Vendor and the Purchaser
“PN Stone”	Shanghai PN Stone Company Limited* (上海博恩世通光電股份有限公司), a company established in the PRC
“Possible Acquisition”	the possible acquisition of the Sale Share(s) by the Purchaser from the Prospective Vendor as contemplated under the MOU
“PRC”	the People’s Republic of China
“Prospective Vendor”	Mistler Investments Limited, the legal and beneficial owner of 100% equity interest in the Target, each of the Prospective Vendor and the Controlling Shareholder is an Independent Third Party

“Purchaser”	the Company or its nominated subsidiary
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	ordinary share(s) in the issued share capital of the Target, representing the entire issued share capital of the Target as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“SPA”	the sale and purchase agreement to be entered into in connection with the Possible Acquisition between the Prospective Vendor and the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	the meaning ascribed thereto in the Listing Rules
“Target”	Sebbington Investments Limited, a company incorporated in the British Virgin Islands and is wholly owned by the Prospective Vendor
“Target Group”	the Target and its subsidiaries
“%”	per cent

By order of the Board
Qualipak International Holdings Limited
Lam How Mun Peter
Chairman

Hong Kong, 18 February 2015

As at the date of this announcement, the Board comprises the following Directors:-

Executive Directors

Ms. Poon Ho Yee Agnes (*Managing Director*)
Ms. Sun Dixie Hui

Non-executive Director

Dr. Lam How Mun Peter (*Chairman*)

Independent Non-executive Directors

Mr. Chan Sze Hung
Mr. Ha Kee Choy Eugene
Mr. To Shing Chuen

** for identification purpose only*