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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](http://www.qualipakhk.com)*

**(Stock Code: 1332)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF A SUBSIDIARY**

#### **THE DISPOSAL AND THE CONDITIONAL AGREEMENT**

On 4 May 2015 (after trading hours), Big Focus, an indirect wholly owned subsidiary of the Company, as Vendor and Yee Chan Chian as Purchaser entered into the Conditional Agreement pursuant to which Big Focus has agreed to sell and Yee Chan Chian has agreed to purchase the Sale Shares for a Consideration of HK\$7.5 million. Details of the Conditional Agreement are set out under the paragraph headed “The Conditional Agreement” below.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Conditional Agreement, constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders’ approval requirement, under Rule 14.33 of the Listing Rules.

As at the date of this announcement, the Purchaser and his spouse are interested in 49% of the issued share capital of Theme Production which is treated as a 51% subsidiary of the Company. The Purchaser is a substantial shareholder of Theme Production and therefore a connected person of the Company at the subsidiary level under Rule 14A.06 of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the Disposal, together with the transactions contemplated under the Conditional Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal and the transactions contemplated under the Conditional Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is exempted from the circular, independent financial advice and independent shareholders’ approval requirements under Rule 14A.101 of the Listing Rules.

## **THE DISPOSAL**

On 4 May 2015 (after trading hours), Big Focus, an indirect wholly owned subsidiary of the Company, as Vendor and Yee Chan Chian as Purchaser entered into the Conditional Agreement pursuant to which Big Focus has agreed to sell and Yee Chan Chian has agreed to purchase the Sale Shares for a Consideration of HK\$7.5 million.

## **THE CONDITIONAL AGREEMENT**

Set out below are the principal terms of the Conditional Agreement:

### **Agreement date:**

4 May 2015

### **Parties:**

Vendor: Big Focus, an indirect wholly owned subsidiary of the Company

Purchaser: Yee Chan Chian

The Purchaser and his spouse own 490,000 shares of Theme Production, representing 49% of the entire issued share capital of Theme Production as at the date of this announcement (24% of the entire issued share capital of Theme Production is personally owned by the Purchaser while the remaining 25% is personally owned by his spouse).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Purchaser and his spouse are interested in 49% of the issued share capital of Theme Production which is treated as a 51% subsidiary of the Company. The Purchaser is a substantial shareholder of Theme Production and therefore a connected person of the Company at the subsidiary level under Rule 14A.06 of the Listing Rules.

### **Sale and purchase of the Sale Shares**

The Sale Shares represents 510,000 shares of Theme Production, which is equivalent to 51% of the entire issued share capital of Theme Production as at the date of this announcement. Theme Production is incorporated in Hong Kong with limited liability. The principal activity of Theme Production is engaged in trading of display units.

### **Consideration and manner of payment**

The aggregate Consideration payable for the sale of the Sale Shares shall be HK\$7.5 million.

HK\$3 million has been paid as the Deposit by the Purchaser upon the execution of the Conditional Agreement and the balance in the sum of HK\$4.5 million shall be payable upon the Completion by a cheque drawn on a bank in Hong Kong, payable to Big Focus (or its nominee as it may direct) and post-dated to 31 October 2015.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, after taking into account the Group's net investment in Theme Production of approximately HK\$2,055,000 as at 31 December 2014 and represented a premium of approximately HK\$5,445,000.

## Conditions precedent

Completion shall be subject to and conditional upon (i) the approval of the Conditional Agreement and transactions contemplated thereunder by the Shareholders in accordance with the Listing Rules, if necessary; and (ii) all consents or approval of any relevant governmental authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which if required for the entry into and the implementation of the Conditional Agreement having been obtained, including all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which if required for the entering into and the implementation of the Conditional Agreement having been made.

## Termination

If the above-mentioned conditions precedent is not fulfilled on or before 5:00 p.m. on 31 May 2015 (or such other date as may be agreed between the Vendor and the Purchaser in writing), (i) the Conditional Agreement shall be terminated and save in respect of any antecedent breaches, the parties shall have no further claims against each other under the Conditional Agreement for costs, damages, compensation or otherwise; and (ii) the Vendor shall within three Business Days refund the Deposit so paid by the Purchaser to the Vendor or its nominee pursuant to the Conditional Agreement to the Purchaser in full without any interest.

## Completion

Completion shall take place (i) within five Business Days after the date on which all of the above-mentioned conditions precedent shall have been satisfied and on a Business Day to be agreed between the Vendor and the Purchaser, or failing which, on the last day of the aforesaid period of five Business Days; or (ii) such other time and date as the parties hereto may agree.

## INFORMATION ON THEME PRODUCTION

Theme Production is a company incorporated in Hong Kong with limited liability with current issued share capital of HK\$1,000,000 which is owned as to 51% by the Vendor and as to 49% by the Purchaser and his spouse. Its principal activity is engaged in trading of display units.

Based on the audited statement of financial position of Theme Production as at 31 December 2014, the amount of net assets of Theme Production was approximately HK\$4,029,000.

According to its audited financial statements, the net profit before and after taxation and extraordinary items of Theme Production are as follows:

	<b>For the year ended 31 December</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit before taxation and extraordinary items	2,526	8,544
Net profit after taxation and extraordinary items	2,125	7,137

Theme Production will cease to be a subsidiary of the Group and its assets and liabilities and its profits and losses will no longer be consolidated into the consolidated financial statements of the Company after Completion.

## **INFORMATION ON THE COMPANY AND THE GROUP**

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

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

In view of the Group's long term business plans and strategy as disclosed on the "Business Update" announcement dated 8 January 2015, the Group has been seeking to diversify its core business by developing new businesses in "Green Business" and treasury investment. The Group also aims to rationalize its assets by increasing their productivity and returns. The Board considered that the Disposal offers an opportunity for the Group to accelerate returns from its investments in Theme Production, and enables the Group to further streamline its business and commit the available resources of the Group to its existing and prospective businesses.

The Directors (including the Independent Non-Executive Directors) consider that the terms of the Conditional Agreement have been negotiated on an arm's length basis and on normal commercial terms and terms thereof are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

## **FINANCIAL EFFECT OF COMPLETION OF THE CONDITIONAL AGREEMENT AND THE USE OF THE PROCEEDS FROM THE DISPOSAL**

Based on the preliminary assessment of the audited financial statements of Theme Production as at 31 December 2014, the Group is expected to recognise a net profit of approximately HK\$5,195,000 (subject to audit) upon the Completion which represents the Consideration of HK\$7,500,000 less the amount of net investment in Theme Production of approximately HK\$2,055,000 as at 31 December 2014 and taking into consideration of the estimated transaction cost of approximately HK\$250,000 for the Disposal.

The net proceeds from the Disposal of approximately HK\$7,250,000 will be used by the Group for general working capital purpose.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Conditional Agreement, constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders' approval requirement, under Rule 14.33 of the Listing Rules.

As at the date of this announcement, the Purchaser and his spouse are interested in 49% of the issued share capital of Theme Production which is treated as a 51% subsidiary of the Company. The Purchaser is a substantial shareholder of Theme Production and therefore a connected person of the Company at the subsidiary level under Rule 14A.06 of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the Disposal, together with the transactions contemplated under the Conditional Agreement; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal and the transactions contemplated under the Conditional Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As none of the Directors is regarded as having a material interest in the Disposal, none of the Directors is required to abstain from voting on the Board resolution approving the Conditional Agreement and the transactions contemplated thereafter.

## DEFINITIONS

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

“Big Focus” or “Vendor”	Big Focus Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for business, other than:- (i) a Saturday; (ii) a Sunday; and (iii) public holiday
“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
“Completion”	the completion of the sale and purchase of the Sale Shares pursuant to the Conditional Agreement
“Conditional Agreement”	the conditional agreement dated 4 May 2015 entered into between Big Focus and Yee Chan Chian in relation to, amongst other things, the sale and purchase of 510,000 shares in Theme Production
“Consideration”	consideration payable by the Purchaser to the Vendor for the Disposal pursuant to the Conditional Agreement
“Deposit”	a deposit of HK\$3 million payable by the Purchaser to the Vendor pursuant to the Conditional Agreement upon the signing of the Conditional Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares subject to the terms and conditions of the Conditional Agreement
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Sale Shares”	510,000 shares of HK\$1.00 each in the issued share capital of Theme Production, representing 51% of the entire issued share capital of Theme Production as at the date of this announcement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Theme Production”	Theme Production House Limited, a company incorporated in Hong Kong with limited liability and principally engaged in trading of display units
“Yee Chan Chian” or “Purchaser”	Mr. Yee Chan Chian, the purchaser to the Conditional Agreement who owns 240,000 shares of HK\$1.00 each in the issued share capital of Theme Production, representing 24% of the entire issued share capital of Theme Production as at the date of this announcement

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

Hong Kong, 4 May 2015

As at the date of this announcement, the Board comprised 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