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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)

(Stock Code: 1332)

PLACING OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE

Placing Agent



Freeman Securities Limited

PLACING OF UNLISTED WARRANTS

The Board is pleased to announce that on 13 May 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to grant and the Placing Agent agreed to procure not less than six Places to subscribe for 287,531,992 Warrants, on a fully-underwritten basis, at the Placing Price of HK\$0.01 per Warrant. The Subscription Price is HK\$0.76 per Warrant Share (subject to adjustment).

As at the date of this announcement, the Company has a total of 2,875,319,860 Shares in issue. Assuming there is no further issue (save for the Bonus Issue and First Warrant Shares) or repurchase of the Shares and there is no adjustment to the Subscription Price, upon the full exercise of the subscription rights attaching to the Warrants, 287,531,992 Warrant Shares will be issued, which represent approximately 10.00% of the existing issued share capital of the Company and approximately 8.33% of the issued share capital as enlarged by the issue of all the Warrant Shares and the First Warrant Shares.

SPECIFIC MANDATE

The Warrant Shares shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the SGM.

SGM

The SGM will be convened and held to consider and, if thought fit, pass the relevant resolutions to approve, among other things, the Placing Agreement and the grant of the Specific Mandate. Moreover, the Board also proposes to seek Shareholders to approve the First Placing, issue of Warrants and issue and allotment of Warrant Shares at the SGM.

In accordance to the Listing Rules, any Shareholder who has a material interest in the Placing and the First Placing shall abstain from voting on the resolutions to approve the Placing and the First Placing at the SGM. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Placing and the First Placing and will be required to abstain from voting on the relevant resolutions to approve the Placing, the First Placing and the grant of Specific Mandate at the SGM.

USE OF PROCEEDS

The maximum net proceeds from the Placing (without taking into account the exercise of the subscription rights attaching to the Warrants) will be approximately HK\$2.88 million, which will be used as the general working capital of the Group.

Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants in the future of up to a maximum amount of approximately HK\$210.97 million (after deduction of expenses) will be applied as the general working capital and as funds for future business development of the Group.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges, but the Company will apply for the listing of, and permission to deal in, the Warrant Shares on the Stock Exchange.

GENERAL

A circular containing, among other things, (i) further details relating to the Placing Agreement; (ii) further details relating to the First Placing; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 31 May 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion of Placing is subject to the fulfillment of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

13 May 2015 (after trading hours)

Parties

- (1) the Company
- (2) Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Securities to be granted

Subject to the fulfillment of the conditions precedent to the Placing Agreement, the Company has agreed to grant, and the Placing Agent has agreed to procure not less than six Places (whose ultimate beneficial owners are Independent Third Parties) to subscribe for, 287,531,992 Warrants, on a fully-underwritten basis, at the Placing Price of HK\$0.01 per Warrant. It is expected that none of the Places will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

Each of the Warrants carries the right to subscribe for one Warrant Share at the Subscription Price of HK\$0.76 per Warrant Share (subject to adjustment).

Placing commission

The Placing Agent will receive a placing commission of 3% of any Subscription Price for the Warrants received by the Company when any holder of the Warrants exercises the subscription rights. Such placing commission was determined after arm's length negotiations between the Company and the Placing Agent. The Directors are of the view that the placing commission is fair and reasonable.

Conditions precedent

Completion is subject to the fulfillment of the following conditions precedent:

- (i) the passing of resolution(s) by the Shareholders at the SGM to approve the Placing Agreement and the transactions contemplated hereunder and the issue of the Warrants and the grant of the Specific Mandate;
- (ii) the Listing Committee granting approval for the listing of and permission to deal in the Warrant Shares which may fall to be issued and allotted upon exercise of the subscription rights attached to the Warrants; and
- (iii) the obligations of the Placing Agent thereunder not being terminated in accordance with the terms of the Placing Agreement.

In the event that any of the above conditions precedent has not been satisfied or fulfilled on or before 30 June 2015 (or such later date as may be agreed between the Company and the Placing Agent in writing), the Placing Agreement shall automatically terminate with immediate effect; and neither party shall have any claim against the other save for any antecedent breaches of the terms of the Placing Agreement.

Completion

Completion shall take place no later than the second Business Day after fulfillment of the conditions of the Placing (or such later date as may be agreed between the Company and the Placing Agent).

PLACEES

The Warrants shall be offered by the Placing Agent, on a fully-underwritten basis, to not less than six Placees, which will be professional investors. The Placing Agent will use its best endeavour to ensure that the Placees and their respective ultimate beneficial owners will be independent from the Company and not connected with the Company and its connected persons.

PRINCIPAL TERMS OF THE UNLISTED WARRANTS

Number of Warrants

Pursuant to the Placing Agreement, the Company agreed to grant 287,531,992 Warrants at the Placing Price to the Placees and the Warrants will be in registered form and constituted by the Instrument.

The Warrants will rank *pari passu* in all respects among themselves.

Placing Price

The Placing Price is HK\$0.01 per Warrant.

Number of Warrant Shares issuable

As at the date of this announcement, the Company has a total of 2,875,319,860 Shares in issue. Assuming there is no further issue (save for the Bonus Issue and First Warrant Shares) or repurchase of the Shares and there is no adjustment to the Subscription Price, upon the full exercise of the subscription rights attaching to the Warrants, 287,531,992 Warrant Shares will be issued, which represent approximately 10.00% of the existing issued share capital of the Company and approximately 8.33% of the issued share capital as enlarged by the issue of all the Warrant Shares and the First Warrant Shares.

Basis for determining the Placing Price and the Subscription Price

Each Warrant carries the right to subscribe for one Warrant Share at the Subscription Price of HK\$0.76 per Warrant Share (subject to adjustment):

The Subscription Price being HK\$0.76 per Warrant Share represents:

- (i) the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 5.47% to the average of the closing prices of HK\$0.804 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day;
- (iii) a discount of approximately 3.80% to the average of the closing prices of HK\$0.79 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the Last Trading Day.

The aggregate of the Issue Price of HK\$0.01 per Warrant and the Subscription Price of HK\$0.76 per Warrant Share, i.e. HK\$0.77, represents:

- (i) a premium of approximately 1.32% over the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 4.23% to the average of the closing prices of HK\$0.804 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day;
- (iii) a discount of approximately 2.53% to the average of the closing prices of HK\$0.79 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the Last Trading Day.

The initial Subscription Price of the Warrants is subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the Subscription Price shall not at any time fall below the par value of the Shares.

Both the Placing Price and the Subscription Price is determined after arm's length negotiations between the Company and the Placing Agent, taking into account the recent trading prices of the Shares. The Board is of the opinion that the Placing Price and the Subscription Price are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

Subscription period

The subscription rights attaching to the Warrants can be exercised at any time during a period of 24 months after the issue of the relevant Warrants.

Mandatory Exercise Rights

The Company has the right to request any Warrant holders who hold any unexercised Warrants on the expiry of the Subscription Period to fully exercise the subscription rights attaching to these unexercised Warrants.

Application for listing

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges, but the Company will apply to the Listing Committee the listing of, and permission to deal in, the Warrant Shares on the Stock Exchange.

Ranking of the Warrant Shares

The Warrant Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares as at the date of allotment of the Warrant Shares.

Transferability

The Warrants are transferable in whole or in part but at integral multiples of 1,000,000 Warrants.

Voting rights of the Warrants

The holder(s) of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder(s) of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

SPECIFIC MANDATE

The Warrant Shares shall be allotted and issued under the Specific Mandate to be granted to the Directors by the Independent Shareholders at the SGM.

REASONS FOR THE ISSUE OF WARRANTS AND USE OF PROCEEDS

The principal activities of the Company are investment holding and provision of corporate management services and its subsidiaries are 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.

The net proceeds from the Placing are up to approximately HK\$2.88 million which will be used as the general working capital of the Group. Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants in the future of up to a maximum amount of approximately HK\$210.97 million (after deduction of expenses) will also be applied as the general working capital and as funds for future business development of the Group. The net price per Warrant is therefore approximately HK\$0.73.

The Directors consider that the issue of the Warrants to the Placees would attract the requisite funding for general working capital and future business development of the Group and would provide the Group with an opportunity to raise further funds when the Placees exercise the subscription rights attaching to the Warrants.

In view of the above, the Directors consider that the Placing is an appropriate method of raising further funds for the Company in the circumstances and that the terms of the Placing Agreement which have been arrived at after arm's length negotiations between the Company and the Placing Agent are fair and reasonable and the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
21 April 2015 and 29 April 2015	The First Placing	Approximately HK\$197.88 million	The net proceeds from the Placing are up to approximately HK\$2.88 million which will be used as the general working capital of the Group. Any additional net proceeds from the issue of the First Warrant Shares of a maximum amount of approximately HK\$195 million will also be applied as the general working capital and as funds for future business development of the Group.	The First Placing has not yet been completed as at the date of this announcement

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 2,875,319,860 Shares in issue and no share options granted and outstanding, the Company has no other outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the Subscription Price; and (iii) immediately after the full exercise of the subscription rights attaching to the Warrants and First Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the Subscription Price), save for the Bonus Shares are as follows:

Name of Shareholders	As at the date of this Announcement		Immediately after completion of the Placing		Immediately after completion of the Placing and the First Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Amazing Bay Limited (<i>Note 1</i>)	1,167,713,120	40.61%	1,167,713,120	36.92%	1,167,713,120	33.84%
Dr. Lam How Mun Peter (<i>Note 2</i>)	318,520	0.01%	318,520	0.01%	318,520	0.01%
Ms. Poon Ho Yee Agnes (<i>Note 2</i>)	104,000	0.00%	104,000	0.00%	104,000	0.00%
placees (<i>Note 3</i>) (under First Placing)	–	0.00%	–	0.00%	287,531,980	8.33%
Placees (under Placing)	–	0.00%	287,531,992	9.09%	287,531,992	8.33%
Existing public shareholders	1,707,184,220	59.38%	1,707,184,220	53.98%	1,707,184,220	49.49%
	<u>2,875,319,860</u>	<u>100.00%</u>	<u>3,162,851,852</u>	<u>100.00%</u>	<u>3,450,383,832</u>	<u>100.00%</u>

Notes:

- 1,167,713,120 of such Shares were held through Amazing Bay Limited, a company wholly-owned by Ms. Lo Ki Yan Karen (“Ms. Lo”). Accordingly, Ms. Lo was deemed to be interested in the same number of Shares held through Amazing Bay Limited.
- Dr. Lam How Mun Peter is the non-executive Director of the Company and Ms. Poon Ho Yee Agnes is the executive Director of the Company.
- Placees refer to those placees under the First Placing and their respective ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued.

As at the date of this announcement, save for Bonus Shares to be issued and allotted upon the Bonus Issue as announced by the Company in the announcement dated 23 March 2015 and the First Warrant and First Warrant Shares as announced by the Company in the announcements dated 21 April 2015 and 29 April 2015, there are no securities with subscription rights outstanding and not yet exercised and which are required to be aggregated with the Warrant Shares in accordance with Rule 15.02(1) of the Listing Rules. Assuming (i) the full exercise of the subscription rights attaching to the 287,531,992 Warrants at the Subscription Price of HK\$0.76; (ii) completion of the First Placing and issue of the First Warrant Shares; and (iii) no Shares are further issued (save for the Bonus Shares) and repurchased, an aggregate of 575,063,972 Warrant Shares and the First Warrant Shares will be issued, representing (i) approximately 20.00% of the existing share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Warrant Shares and First Warrant Shares. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

Shareholders and potential investors should be aware of and take note that the Completion is subject to the fulfillment of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SGM

The SGM will be convened and held to consider and, if thought fit, pass the relevant resolutions to approve, among other things, the Placing Agreement and the grant of Specific Mandate. Moreover, the Board also proposes to seek Shareholders to approve the First Placing, issue of Warrants and issue and allotment of Warrant Shares at the SGM.

In accordance to the Listing Rules, any Shareholder who has a material interest in the Placing and the First Placing shall abstain from voting on the resolutions to approve the Placing and the First Placing at the SGM. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Placing and the First Placing and will be required to abstain from voting on the relevant resolutions to approve the Placing, the First Placing and the grant of Specific Mandate at the SGM.

A circular containing, among other things, (i) further details relating to the Placing Agreement; (ii) further details relating to the First Placing; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 31 May 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 28 May 2014
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares to the qualifying Shareholders whose name appear on the register of members of the Company on the record date on the basis of one Bonus Share for every four existing Shares (as detailed in the circular of the Company dated 10 April 2015)
“Bonus Share(s)”	the new Share(s) proposed to be allotted and issued pursuant to the Bonus Issue
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which banks generally in Hong Kong are open for business
“Company”	Qualipak 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: 1332)
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Directors”	the director(s) of the Company
“First Placing”	the placing of unlisted warrants under the General Mandate as announced by the Company on 21 April 2015 and 29 April 2015
“First Warrants”	287,531,980 unlisted transferrable warrants to be issued by the Company under the First Placing pursuant to the placing agreement executed between the Company and the Placing Agent on 21 April 2015 and supplemented by a supplemental agreement dated 29 April 2015
“First Warrant Shares”	the new Share(s) to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the First Warrants
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot and issue and deal with 20% of the then issued share capital of the Company as at the date of the AGM representing 287,531,980 Shares (taking into account of the share subdivision undertaken by the Company as announced on 2 December 2014 and effective on 2 January 2015)
“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

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are independent of and not connected with the Company or any Director, chief executive, substantial shareholder (as defined under the Listing Rules) or connected persons of the Company or any of its subsidiaries or any of their respective associates
“Independent Shareholders”	the Shareholders other than those who are required to abstain from voting at the SGM under the Listing Rules in relation to the resolution(s) approving the Placing, the First Placing and the grant of Specific Mandate and the transactions contemplated thereunder and their respective associates
“Instrument”	the instrument constituting the Warrants to be executed by the Company on Completion
“Last Trading Day”	13 May 2015, being the last trading day of the Shares on the Stock Exchange before the issue of this announcement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	professional investors procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Placing Agreement
“Placing”	the offer by way of a private placement of the Warrants procured by the Placing Agent to selected professional investors on the terms and conditions set out in the Placing Agreement

“Placing Agent”	Freeman Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 13 May 2015 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on the fourteenth Business Day after the date of the Placing Agreement (or such other date as maybe agreed by the Company and the Placing Agent)
“Placing Price”	HK\$0.01 per Warrant
“SGM”	the special general meeting of the Company to be held and convened for the purposes of considering, and if thought fit, approving the Placing, the First Placing and the grant of Specific Mandate
“Share(s)”	ordinary shares with par value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Share(s)
“Specific Mandate”	the specific mandate for the issue of the Warrant Shares to be granted to the Directors by the Independent Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	an initial subscription price of HK\$0.76 per Warrant Share (subject to adjustment) at which the holder of the Warrants may subscribe for the Warrant Shares

“Warrants”	287,531,992 unlisted transferrable warrants to be issued by the Company at the Placing Price pursuant to the Placing Agreement, entitling the holder thereof to subscribe for one Warrant Share at the Subscription Price (subject to adjustment) at any time during a period of 24 months of the issue of the Warrants
“Warrant Share(s)”	the new Share(s) to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants
“%”	per cent

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

Hong Kong, 13 May 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