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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF A SUBSIDIARY

THE DISPOSAL AND THE CONDITIONAL AGREEMENT

On 16 February 2015 (after trading hours), Qualipak Development, a direct wholly owned subsidiary of the Company, as Vendor and Million Brilliance as Purchaser entered into the Conditional Agreement pursuant to which Qualipak Development has agreed to sell and Million Brilliance has agreed to purchase the Sale Shares together with assignment of the Loan for a Consideration of HK\$90 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.

THE DISPOSAL

On 16 February 2015 (after trading hours), Qualipak Development, a direct wholly owned subsidiary of the Company, as Vendor and Million Brilliance as Purchaser entered into the Conditional Agreement pursuant to which Qualipak Development has agreed to sell and Million Brilliance has agreed to purchase the Sale Shares together with assignment of the Loan for a Consideration of HK\$90 million.

THE CONDITIONAL AGREEMENT

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

Parties:

- (1) Vendor: Qualipak Development, a direct wholly owned subsidiary of the Company
- (2) Purchaser: Million Brilliance

The Purchaser is an indirect wholly owned subsidiary of Purchaser Guarantor. The principal activity of the Purchaser is investment holding.

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

Sale and purchase of the Sale Shares and assignment of the Loan

The Sale Shares represents the entire issued share capital of Empire New Assets as at the date of this announcement. Empire New Assets is the sole legal and beneficial owner of the Property. The principal activity of Empire New Assets is the holding of the Property. The Property is known as 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong. The gross floor area and the saleable area of the Property are approximately 10,963 square feet and 8,551 square feet respectively.

The Loan amounted to approximately HK\$32,216,000 as at 31 December 2014.

Consideration and manner of payment

The aggregate Consideration for the sale of the Sale Shares together with the assignment of the benefit of and interest in the Loan shall be HK\$90 million.

HK\$10.1 million has been paid as the Deposit by the Purchaser upon the execution of the Conditional Agreement and the remaining balance in the sum of HK\$79.9 million, upon Completion, will be satisfied by Purchaser Guarantor by way of allotment and issue of 850,000,000 Consideration Shares, credited as fully paid to the Vendor at an issue price of HK\$0.094 per Consideration Share, free from all encumbrances and with all rights attached to them on the Completion Date. The Consideration Shares shall rank pari passu in all respects with Guarantor Shares in issue on the date of allotment and issue including the right to all dividends, distributions and other payments made or to be made for which the record date falls on or after the date of such allotment and issue.

The issue price of the Consideration Shares of HK\$0.094 each represents:

- (i) a discount of approximately 19.66% to the closing price of HK\$0.117 per Guarantor Share on 16 February 2015, being the date of the Conditional Agreement; and
- (ii) a discount of approximately 13.12% to the average closing price of HK\$0.1082 per Guarantor Share for the five trading days of the Guarantor Shares immediately prior to 16 February 2015, being the date of the Conditional Agreement.

Based on the issued share capital of Purchaser Guarantor as the date of this announcement, the Consideration Shares represent approximately 13.24% of the existing issued share capital of Purchaser Guarantor and approximately 11.70% of the issued share capital of Purchaser Guarantor as enlarged by the issue of the Consideration Shares. As at the date of this announcement, the Company does not hold any issued ordinary shares of the Purchaser Guarantor, assuming no purchase and sale of Guarantor Shares by the Company before Completion, the Company will hold 850,000,000 Guarantor Shares, representing 11.70% of the issued share capital of Purchaser Guarantor as enlarged by the issue of the Consideration Shares.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the prevailing market price of comparable properties and properties at nearby location; (ii) the amount of net liabilities of Empire New Assets of approximately HK\$365,000 as per its unaudited statement of financial position as at 31 December 2014 (after taking into account of the Loan); and (iii) the Loan amounted to approximately HK\$32,216,000 as at 31 December 2014.

Upon Completion, the Consideration Shares will be accounted for as equity investments at fair value through profit or loss grouped under current assets of the Group, which are stated at fair value.

Conditions precedent

Completion shall be subject to and conditional upon (i) the approvals of the Conditional Agreement and transactions contemplated thereunder by the shareholders of the Company and the Purchaser Guarantor respectively in accordance with the Listing Rules, if required; (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consideration Shares; and (iii) obtaining of all consents or waiver from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Conditional Agreement and any of the transactions contemplated thereunder.

Termination

If the above-mentioned conditions precedent is not fulfilled on or before 5:00 p.m. on 15 April 2015 (or such later date as may be agreed between the Vendor and the Purchaser in writing), (i) the Conditional Agreement shall terminate 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 fourteen days after the date on which the above-mentioned conditions precedent shall have been satisfied; or (ii) on such other date as the Vendor and Purchaser may agree in writing. If for any cause (other than the default of the Vendor) the Purchaser fails to complete the purchase of the Sale Shares and assignment of the Loan in accordance with the terms of the Conditional Agreement after the conditions precedent have been satisfied, the Deposit so paid by the Purchaser to the Vendor shall be absolutely forfeited to the Vendor as damages without further notice and the Vendor may rescind the sale and resell the Sale Shares and the Loan at such terms which it may think fit.

INFORMATION ON EMPIRE NEW ASSETS AND THE PROPERTY

Empire New Assets is a company incorporated in the British Virgin Islands with limited liability and the investment vehicle of the Company for the holding of the Property. The Property is known as 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong. The gross floor area and the saleable area of the Property are approximately 10,963 square feet and 8,551 square feet respectively.

Based on the unaudited statement of financial position of Empire New Assets as at 31 December 2014, the amount of net liabilities of Empire New Assets was approximately HK\$365,000 (after taking into account of the Loan of approximately HK\$32,216,000) and the carrying value of the Property was approximately HK\$29,394,000.

According to its audited financial statements, the net loss before and after taxation and extraordinary items of Empire New Assets are as follows:

	For the year ended 31 December	
	<u>2013</u>	<u>2012</u>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net loss before taxation and extraordinary items	129	9
Net loss after taxation and extraordinary items	189	69

Empire New Assets will cease to be a subsidiary of the Company 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.

Pursuant to the licence agreement entered into between Empire New Assets and Qualipak Manufacturing Limited, the Company's subsidiary dated 31 December 2014, the former has granted the latter a licence to use, occupy and enjoy the Property having the like right of the entrance and passage in the Property insofar as the same are necessary for the proper use and enjoyment of the Property for the period from 1 January 2015 to 31 December 2015 (both dates inclusive) subject to the terms, conditions and covenants contained in the aforesaid agreement. Upon Completion, the licence agreement remains valid in force.

INFORMATION ON THE PURCHASER AND THE PURCHASER GUARANTOR

The Purchaser is an indirect wholly owned subsidiary of Purchaser Guarantor. The principal activity of the Purchaser is investment holding. Purchaser Guarantor and its subsidiaries prior to the date of this announcement, are principally engaged in supply and procurement of commodities, provision of finance and securities investments.

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 the design, development, manufacture and sale of packaging products and point-of-sales display units.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has been actively taking steps in expanding the Group's business apart from the packaging business. The Property is an office in a high-grade commercial building located in North Point, Hong Kong. The Disposal is expected to be a good opportunity for the Group realising the investment in property while allowing it to reallocate resources to expand the income stream and explore treasury investment business with the objective to maximise the return to the shareholders. The Disposal will also increase the profit and total consolidated equity of the Group as disclosed in the financial effect section below, and is in line with the Group's long-term development strategy.

Taking into account the prevailing market price of comparable properties and properties at nearby location, the Directors consider the terms of the Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Based on the preliminary assessment of the unaudited financial statements of Empire New Assets as at 31 December 2014, the Group is expected to recognise a net profit of approximately HK\$56,989,000 (subject to audit) upon the Completion, which represents the Consideration of HK\$90,000,000 less the total amount of the Loan of approximately HK\$32,216,000 as advanced by Qualipak Development to Empire New Assets as at 31 December 2014 and the amount of net liabilities of Empire New Assets of approximately HK\$365,000 as at 31 December 2014 and taking into consideration of the estimated transaction cost of approximately HK\$1,160,000 for the Disposal and assignment of the Loan. As the Consideration will be settled partly by Consideration Shares, the Group's net profit arising from the Disposal may be adjusted according to the market price of the Consideration Shares at the Completion Date.

The net cash proceeds of approximately HK\$8,940,000 from the Disposal will be used by the Group for general working capital purposes.

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.

DEFINITIONS

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

“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 and the assignment of the Loan pursuant to the Conditional Agreement
“Completion Date”	the date of Completion
“Conditional Agreement”	the conditional agreement dated 16 February 2015 entered into between Qualipak Development and Million Brilliance in relation to, amongst other things, the sale and purchase of the entire issued share capital in Empire New Assets and the assignment of the Loan
“Consideration”	consideration for the Disposal pursuant to the Conditional Agreement, comprising (i) Deposit and (ii) Consideration Shares
“Consideration Share(s)”	850,000,000 Guarantor Shares to be allotted and issued to the Vendor, credited as fully paid
“Deposit”	a deposit of HK\$10.1 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 together with the assignment of the Loan subject to the terms and conditions of the Conditional Agreement
“Empire New Assets”	Empire New Assets Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of the Company and is the sole legal and beneficial owner of the Property
“Group”	the Company and its subsidiaries
“Guarantor Shares”	The shares of HK\$0.01 each in the capital of the Purchaser Guarantor
“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
“Independent Third Parties”	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
“Listing Committee”	The listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the outstanding unsecured and non-interest bearing shareholder’s loan advanced by the Qualipak Development to Empire New Assets which is repayable on demand

“Million Brilliance” or “Purchaser”	Million Brilliance Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of Purchaser Guarantor
“Property”	the commercial property known as 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
“Purchaser Guarantor”	Mission Capital Holdings Limited (Stock Code: 1141), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Qualipak Development” or “Vendor”	Qualipak Development Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company
“Sale Shares”	one hundred shares of US\$1.00 each in the issued share capital of Empire New Assets, representing the entire issued share capital of Empire New Assets as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of the United States of America

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

Hong Kong, 16 February 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