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KARRIE INTERNATIONAL HOLDINGS LIMITED

嘉利國際控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1050)

ISSUE OF UNLISTED WARRANTS PURSUANT TO GENERAL MANDATE

The Board is pleased to announce that on 17 October 2013 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers. Under the Subscription Agreement, the Company has agreed to issue and the Subscribers have agreed to subscribe for aggregate number of 210,000,000 Warrants at the Issue Price of HK\$0.001 per Warrant. Each Warrant carries the right to subscribe at any time during the Exercise Period for one Subscription Share at the Subscription Price of HK\$0.315, subject to adjustment, per Subscription Shares. The Subscription Shares will be issued under the General Mandate.

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

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, the Subscription shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

Shareholders and potential investors should note that the completion of the issue of Warrants is subject to the fulfillment of the condition under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTION AGREEMENT

Date

17 October 2013 (after trading hours)

Parties

The issuer : the Company

The Subscribers : 鄭錦華 (Zheng Jinhua*), 董紀良 (Dong Jiliang*), 董家添 (Dong JiaTian*), 余梅花 (Yu Meihua*), 尤典原 (You Dianyuan*), 周琳富 (Zhou Linfu*) and 傅建興 (Fu Jianxing*).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscribers and its ultimate beneficial owner are not connected person (as defined in the Listing Rules) of and is independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries at the date of this announcement, the Subscribers does not hold any Shares.

Number of Warrants

Pursuant to the Subscription Agreement, the Subscribers has agreed to subscribe and the Company has agreed to issue a total of 210,000,000 Warrants in integral multiples of 1,000,000 Warrants. Each Warrant carries the right to subscribe at any time during the Exercise Period for one Subscription Share at the Subscription Price of HK\$0.315, subject to adjustment, per Subscription Share.

Each of the Warrants carries the right to subscribe for one Subscription Share at the Subscription Price. The Subscribers will subscribe the following number of Warrants

Name of Subscribers	Number of Warrants	Number of Subscription Shares fall to be issued
鄭錦華 (Zheng Jinhua*)	30,000,000	30,000,000
董紀良 (Dong Jiliang*)	30,000,000	30,000,000
董家添 (Dong JiaTian*)	30,000,000	30,000,000
余梅花 (Yu Meihua*)	30,000,000	30,000,000
尤典原 (You Dianyuan*)	30,000,000	30,000,000
周琳富 (Zhou Linfu*)	30,000,000	30,000,000
傅建興 (Fu Jianxing*)	30,000,000	30,000,000

Conditions of the Subscription

Completion of the Subscription Agreement is subject to the fulfillment of the condition that the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall reasonably object) the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants by the Subscribers.

If the condition of the Subscription Agreement is not fulfilled by the Company (which shall not be waived by the Subscribers) on or before at 5:00 p.m. on 25 November 2013 (or such other date as the parties may agree), the Subscription Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Completion

Completion shall take place on the Completion Date after the fulfillment of the condition referred to in the section headed “Conditions of the Subscription” in this announcement.

PRINCIPAL TERMS OF THE WARRANTS

Number of Warrants	210,000,000 Warrants. The Warrants will be issued to the Subscribers upon completion in registered form and constituted by a Certificate. The Warrants will rank <i>pari passu</i> in all respects among themselves.
Issue Price	The Issue Price is HK\$0.001 per Warrant. The net issue price, after deduction of the relevant expenses, is approximately HK\$0.001 per Warrant.
Number of Subscription Shares issuable	As at the date of this announcement, the Company has a total of 1,996,195,200 Shares in issue. Assuming there is no further issue 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, 210,000,000 Subscription Shares will be issued, which represent approximately 10.52% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.
Subscription Price	Subject to adjustments, the Subscription Price is HK\$0.315 per Subscription Share, which represents: (i) a premium of approximately 21.15% over the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 17.54% over the average of the closing price of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.268;

The aggregate of the Issue Price and the Subscription Price of HK\$0.316 represents:

- (i) a premium of approximately 21.54% over the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 17.91% over the average of the closing price of Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.268;

The Issue Price and the Subscription Price were determined after arm's length negotiations between the Company and the Subscribers, taking into account the recent trading prices of the Shares. The Directors are of the opinion that the Issue Price and the Subscription Price are fair and reasonable and in the best interest of the Company.

Adjustments to the Subscription Price

The Subscription Price will be subject to adjustments in certain events, including:

- (i) an alteration to the nominal value of the Shares as a result of consolidation or subdivision;
- (ii) issue of Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves, other than Shares issued in lieu of a cash dividend;
- (iii) payment or making of any capital distribution to the Shareholders; and
- (iv) offer to the Shareholders for subscription by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the current market price on the date of the announcement of the terms of the offer or grant.

To the best of the Board's knowledge, information and belief, the Board confirmed that the above are normal anti-dilutive adjustment events.

Exercise Period and lot size

The subscription rights attaching to the Warrants to be issued can be exercised at any time during a period of 5 years from the date of issue of the Warrants. Subscription for the Warrants must be for an integral multiple thereof.

Transferability of Warrants

The Warrants shall be in registered form and are transferable, with the Company's consent, only to Independent Third Parties of the Company in integral multiples of 1,000,000 Warrants. Apart from the aforesaid, there are no restrictions on the transfer of the Warrants from the Subscribers to other parties.

The Company will comply with the applicable Listing Rules and to make necessary announcement(s), where appropriate, if and when the Subscribers make any transfer of the Warrants to other parties requiring disclosure.

Ranking of the Subscription Shares	The Subscription shares, when issued and fully paid, will rank pari passu in all respects with the existing issued Shares as at the date of allotment and issue of the relevant Subscription Shares.
Voting rights	The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of it being the holder of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.
Rights of holder(s) of Warrants during the Exercise Period on winding-up	If an effective resolution is passed during the Exercise Period for the voluntary winding-up of the Company and such winding-up is not for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement, the holder(s) of the Warrants shall be entitled at any time within six weeks after the passing of such resolution to exercise the Warrants. Subject to the foregoing, if the Company is wound up, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse.
Application for Listing	Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued pursuant to the General Mandate. The maximum number of new Shares which could be issued under the General Mandate is 399,239,040 Shares. As at the date of this announcement, save for the proposed issue of the Subscription Shares upon exercise of the subscription rights attaching to the Warrants, the Company has not utilized the General Mandate. Accordingly, the issue of the Warrants and the issue of the Subscription Shares upon exercise of the subscription rights attaching to the Warrants are not subject to the Shareholders' approval.

REASONS FOR THE ISSUE OF WARRANTS AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and sales of computer casings, office automation products, video cassette housings, moulds, plastic and metal parts, provision of electronic manufacturing services, and provision of wedding, travel, hotel and catering services.

The Board considers that the issue of Warrants, with a subscription price at a premium, represents an opportunity to raise additional funds for the Company to cater for its future needs while broadening the Shareholder and capital base of the Company. In addition, the Warrants are not interest bearing and will not result in any immediate dilution effect on the shareholding of the existing Shareholders. The net proceeds from the subscription of Warrants are approximately HK\$210,000 which will be applied as the general working capital of the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscription Shares will not exceed 20% of the issued share capital of the Company.

Assuming the full exercise of the subscription rights attaching to the Warrants, the total gross and net funds to be raised, including the funds raised by the subscription of Warrants, are approximately HK\$66,360,000 and HK\$66,150,000.

It is intended that the net proceeds from the full exercise of Warrants of approximately HK\$65,940,000 will be applied as general working capital of the Group. Assuming the full exercise of the subscription rights attaching to the Warrants, the net price to the Company of each Warrant, which is calculated by dividing the aggregate net proceeds from the subscription of Warrants and the exercise of the subscription rights attaching to the Warrants by the total number of the Warrants, is approximately HK\$0.314. As at the date of this announcement, the Company did not have any specific development and investment plans.

The Directors also consider that the Subscription Agreement was entered into on normal commercial terms after arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreement (including the Issue Price and the Subscription Price) are fair and reasonable so far as the interests of the Company and its Shareholders as a whole are concerned.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,996,195,200 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (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) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
New Sense Enterprises Limited	487,608,000	24.43	487,608,000	22.10
Castfast Properties Development Co., Ltd.	330,000,000	16.53	330,000,000	14.96
The Wedding City Co. Limited	260,000,000	13.02	260,000,000	11.78
Ho's family (<i>Note 1</i>)	413,270,000	20.70	413,270,000	18.73
Directors (<i>Note 2</i>)	6,104,000	0.31	6,104,000	0.28
Other Public Shareholders	499,213,200	25.01	499,213,200	22.63
Subscribers	—	—	210,000,000	9.52
Total	<u>1,996,195,200</u>	<u>100.00</u>	<u>2,206,195,200</u>	<u>100.00</u>

Notes:

1. Ho's family comprises Mr. Ho Cheuk Fai, Chairman and Chief Executive Officer, Mr. Ho Cheuk Ming, Non-executive Director and Deputy Chairman and Ms. Ho Po Chu.
2. Directors represent Directors of the Company excluding Mr. Ho Cheuk Fai and Mr. Ho Cheuk Ming.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activity by issue of equity securities in the past twelve months from the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Subscription Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities 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. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement, the Company does not have any securities with subscription rights outstanding and not yet exercised.

Assuming (i) full exercise of the subscription rights attaching to the Warrants; and (ii) no Shares are further issued and repurchased, an aggregate of 210,000,000 Subscription Shares will be issued, which represent (a) approximately 10.52% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 9.52% of the issued share capital as enlarged by the issue of the Subscription Shares. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

GENERAL

Shareholders and potential investors should note that the completion of the issue of Warrants is subject to the fulfillment of the conditions under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

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| “Associates” | has the meaning ascribed to it under the Listing Rules; |
| “Board” | the board of Directors of the Company; |
| “Business Day” | a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon and public holiday) on which licensed banks are generally open for business in Hong Kong; |

“Certificate”	a certificate to be issued in respect of the Warrants substantially in the form of the Instrument;
“Company”	Karrie International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange.
“Completion”	completion of the Subscription in accordance with the terms and conditions of this Agreement on the Completion Date;
“Completion Date”	any time within three (3) Business Day following the date on which the condition precedent is fulfilled;
“Exercise Period”	for a period of five (5) years commencing from the date of issue of the Warrants;
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 6 September 2013;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Instrument”	the deed poll constituting the Warrants to be executed by the Company;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company or any of its subsidiaries or their respective associates in accordance with the Listing Rule;
“Issue Price”	HK\$0.001, being the price per Warrant payable in full on application and subscription under the Subscription;
“Last Trading Day”	17 October 2013, being the last trading day for the Shares prior to the publication of this announcement;
“Listing Committee”	has the same meaning ascribed thereto in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFC”	Hong Kong Securities and Futures Commission;
“Shares”	ordinary shares of par value of HK\$0.10 each in the share capital of the Company;
“Shareholders”	the holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscribers”	collectively 鄭錦華 (Zheng Jinhua*), 董紀良 (Dong Jiliang*), 董家添 (Dong JiaTian*), 余梅花 (Yu Meihua*), 尤典原 (You Dianyuan*), 周琳富 (Zhou Linfu*) and 傅建興 (Fu Jianxing*);
“Subscription”	the subscription for the Warrants at the Issue Price pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 17 October 2013 and entered into between the Company and the Subscribers;
“Subscription Price”	HK\$0.315, being the price payable per Warrant;
“Subscription Shares”	the 210,000,000 new Shares falling to be allotted and issued by the Company upon the exercise of all the subscription rights attached to the Warrants;
“Warrants”	210,000,000 unlisted warrants issued by the Company, in registered form, in units of HK\$0.001 each of subscription rights entitling the holder thereof to subscribe for one new Shares at an initial subscription price of HK\$0.315 per Share subject to adjustment, at any time during the Exercise Period, subject to the terms and conditions set out in the Instrument;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board of
Karrie International Holdings Limited
HO CHEUK FAI
Chairman

Hong Kong, 17 October 2013

As at the date of this announcement, the executive Directors are: Mr. Ho Cheuk Fai, Mr. Lee Shu Ki, Ms. Chan Ming Mui, Silvia and Mr. Zhao Kai; the Non-executive Directors are: Mr. Ho Cheuk Ming and Mr. Ho Kai Man; the Independent Non-executive Directors are: Mr. So Wai Chun, Mr. Chan Sui Sum, Raymond and Mr. Fong Hoi Shing.

* *For identification purpose only*