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**QUALI-SMART HOLDINGS LIMITED**  
**滙達富控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1348)**

**CONTINUING CONNECTED TRANSACTIONS**  
**RENEWAL OF RENTAL AGREEMENTS AND**  
**SIGNING OF NEW RENTAL AGREEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

On 21 March 2017 after trading hours, Qualiman Industrial, a wholly-owned subsidiary of the Company and Gold Prospect entered into Rental Agreement A pursuant to which Qualiman Industrial, as tenant, and Gold Prospect, as landlord, have agreed to renew the lease for Premise A, which serves as the headquarters of the Group, for a monthly rental of HK\$286,000 per month (exclusive of management fees and utility charges but inclusive of government rates and rents, leasehold improvements, furniture and office equipment). On the same day, Qualiman Industrial, as landlord, entered into Rental Agreement B with Office Coupe, as tenant, to renew the lease for Premise B for a monthly rental of HK\$15,000 per month (exclusive of utility charges but inclusive of government rates and rents and management fees).

On the same day, Qualiman Industrial, as tenant, entered into Rental Agreement C with Goldrich, as landlord, to lease Premise C as a director's quarter for Mr. Lau and his family for a monthly rental of HK\$168,000 per month (exclusive of utility charges but inclusive of management fees, government rates and rents, furnitures and leasehold improvement and major home appliances).

The proposed total aggregate annual cap in respect of Rental Agreement A, Rental Agreement B and Rental Agreement C for the financial years ended 31 March 2018 and 31 March 2019 shall be HK\$5,628,000 and HK\$5,628,000, respectively.

**LISTING RULES IMPLICATIONS**

Gold Prospect is a connected person of the Company as it is owned as to 50% by Mr. Lau, our Executive Chairman, and 50% by Madam Li, a non-executive Director of the Company and the spouse of Mr. Lau. Office Coupe is a connected person of the Company as it is owned as to 50% by Madam Li. Goldrich is a connected person of the Company as it is owned as to 70% by Mr. Lau and 30% by Madam Li. Accordingly, each of Rental Agreement A, Rental Agreement B and Rental Agreement C constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

On a standalone basis, the applicable percentage ratios (other than the profits ratio) in respect of Rental Agreement A on an annual basis are less than 5%. As a result, Rental Agreement A is subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

On a standalone basis, each of Rental Agreement B and Rental Agreement C is fully exempt as the applicable percentage ratios (other than the profits ratio) for each of them respectively are less than 5% and the total consideration for each continuing connected transaction is less than HK\$3,000,000. On aggregating the continuing connected transactions under Rental Agreement B and Rental Agreement C with Rental Agreement A in accordance with Rule 14A.81 of the Listing Rules, however, the applicable percentage ratios (other than the profits ratio) in respect of the above aggregated continuing connected transactions on an annual basis are less than 5%. Therefore, in addition to Rental Agreement A, Rental Agreement B and Rental Agreement C are also subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS:**

### **(A) RENTAL AGREEMENT A**

Particulars of Rental Agreement A are set out below:-

Date:	21 March 2017
Parties:	(1) Qualiman Industrial as tenant; and (2) Gold Prospect as landlord
Transaction nature:	Renewal of the lease of Premise A by Qualiman Industrial from Gold Prospect as the headquarters of the Group
Term:	Two years from 1 April 2017 to 31 March 2019 (both days inclusive)
Rental:	HK\$286,000 per month (exclusive of management fees and utility charges but inclusive of government rates and rents, leasehold improvements, furniture and office equipment).

The terms of Rental Agreement A are normal commercial terms which were arrived at after arm's length negotiations between Gold Prospect and Qualiman Industrial by reference to the prevailing rental at TML Tower of similar floors, size and views and other industrial buildings in the vicinity and the condition of the leasehold improvements of Premise A, and the terms of the previous rental agreement between Gold Prospect and Qualiman Industrial for the same premise, which carried a term of one year for a monthly rental of HK\$286,000 (exclusive of management fees and utility charges but inclusive of government rates and rents, leasehold improvements, furniture and office equipment).

### **(B) RENTAL AGREEMENT B**

Particulars of Rental Agreement B are set out below:-

Date:	21 March 2017
Parties:	(1) Qualiman Industrial as landlord; and (2) Office Coupe as tenant
Transaction nature:	Renewal of the lease of Premise B by Office Coupe from Qualiman Industrial
Term:	Two years from 1 April 2017 to 31 March 2019 (both days inclusive)
Rental:	HK\$15,000 per month (exclusive of utilities charges but inclusive of government rates and rents and management fees).

The terms of Rental Agreement B are normal commercial terms which were arrived at after arm's length negotiations between Qualiman Industrial and Office Coupe by reference to the prevailing rental at the same building where Premise B is located of similar floors, size and views and other industrial buildings in the vicinity, and the terms of the previous rental agreement between Qualiman Industrial and Office Coupe for the same premise, which carried a term of two years for a monthly rental of HK\$12,000 (exclusive of utility charges but inclusive of government rates and rents and management fees).

### **(C) RENTAL AGREEMENT C**

Particulars of Rental Agreement C are set out below:-

Date:	21 March 2017
Parties:	(1) Qualiman Industrial as tenant; and (2) Goldrich as landlord
Transaction nature:	Lease of Premise C by Qualiman Industrial from Goldrich
Term:	Two years from 1 April 2017 to 31 March 2019 (both days inclusive)
Rental:	HK\$168,000 per month (exclusive of utility charges but inclusive of management fees, government rates and rents, furnitures and leasehold improvement and major home appliances).

The terms of Rental Agreement C are normal commercial terms which were arrived at after arm's length negotiations between Qualiman Industrial and Goldrich by reference to the prevailing rental of similar residential units in the vicinity of Premise C, which will be rented by Qualiman Industrial as a director's quarter provided for Mr. Lau and his family, which is in line with the historical practice of the Group regarding the remuneration package for Mr. Lau. The Group has not leased Premise C from Goldrich in the past.

The Directors, including the independent non-executive Directors, consider the terms of each of Rental Agreement A, Rental Agreement B and Rental Agreement C are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As Mr. Lau and Madam Li have material interests in Rental Agreement A, Rental Agreement B and Rental Agreement C, they abstained from voting in the Board meetings approving such transactions.

### **AGGREGATE ANNUAL CAPS**

Based on the rentals arising from Rental Agreement A, Rental Agreement B and Rental Agreement C, the Directors propose that the aggregate annual caps, being the maximum aggregate annual value for all the rentals under the above three rental agreements, for each of the financial year ended 31 March 2018 and 31 March 2019, as below:

<i>(in HK\$)</i>	<b>Year ending 31 March 2018</b>	<b>Year ending 31 March 2019</b>
Rental Agreement A	3,432,000	3,432,000
Rental Agreement B	180,000	180,000
Rental Agreement C	2,016,000	2,016,000
<b>Aggregate Annual Cap</b>	<b>5,628,000</b>	<b>5,628,000</b>

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

Premise A is the existing headquarters of the Group in Hong Kong. The renewal of Rental Agreement A is for the continuing business needs of the Group and allows the Group to continue to house its headquarters in the existing location without discontinuance and save on relocation, decoration and other fixture expenses if it were to identify another location for its headquarters. Premise B is held by Qualiman Industrial as an investment property for rental income. The renewal of Rental Agreement B provides the Group with stable rental income without discontinuance and the associated costs on finding new tenants. Premise C is rented by Qualiman Industrial to be used as director's quarter for Mr. Lau and his family, which is in line with the historical practice of the Group regarding the remuneration package for Mr. Lau.

## **LISTING RULES IMPLICATION**

Gold Prospect is a connected person of the Company as it is owned as to 50% by Mr. Lau, our Executive Chairman, and 50% by Madam Li, a non-executive Director of the Company and the spouse of Mr. Lau. Office Coupe is a connected person of the Company as it is owned as to 50% by Madam Li. Goldrich is a connected person of the Company as it is owned as to 70% by Mr. Lau and 30% by Madam Li. Accordingly, each of Rental Agreement A, Rental Agreement B and Rental Agreement C constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

On a standalone basis, the applicable percentage ratios (other than the profits ratio) in respect of Rental Agreement A on an annual basis are less than 5%. As a result, Rental Agreement A is subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

On a standalone basis, each of Rental Agreement B and Rental Agreement C is fully exempt as the applicable percentage ratios (other than the profits ratio) for each of them respectively are less than 5% and the total consideration for each continuing connected transaction is less than HK\$3,000,000. On aggregating the continuing connected transactions under Rental Agreement B and Rental Agreement C with Rental Agreement A in accordance with Rule 14A.81 of the Listing Rules, however, the applicable percentage ratios (other than the profits ratio) in respect of the above aggregated continuing connected transactions on an annual basis are less than 5%. Therefore, in addition to Rental Agreement A, Rental Agreement B and Rental Agreement C are also subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

## **DEFINITIONS**

The following terms have the following meanings when used in this announcement, unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Quali-Smart Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company

“Gold Prospect”	Gold Prospect Capital Resources Limited, a limited liability company incorporated in Hong Kong which is ultimately owned as to 50% by Mr. Lau and 50% by Madam Li
“Group”	the Company and its subsidiaries
“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 Main Board
“Goldrich”	Goldrich International Limited, a company incorporated in Hong Kong which is owned as to 70% by Mr. Lau and 30% by Madam Li.
“Main Board”	the Main Board of the Stock Exchange
“Madam Li”	Madam Li Man Yee, Stella, a non-executive Director and a controlling shareholder of the Company, the spouse of Mr. Lau
“Mr. Lau”	Mr. Lau Ho Ming, Peter, the Executive Chairman and a controlling shareholder of the Company, the spouse of Madam Li
“Office Coupe”	Office Coupe Limited, a company incorporated in Hong Kong which is owned as to 50% by Madam Li
“Premise A”	Workshop C on 19/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong with a net floor area of 7,530.50 sq.ft.
“Premise B”	Workshop 3 on 19/F, Cheung Tat Centre, 18 Cheung Lee Street, Chai Wan, Hong Kong with a net floor area of 785 sq. ft.
“Premise C”	Unit A, House No. 3 with Garden and Car Parking Space No. 1, Evergreen Garden, No.18, Shouson Hill, Hong Kong with a net floor area of 3,668.35 sq. ft.
“Rental Agreement A”	The rental agreement entered into between Qualiman Industrial and Gold Prospect dated 21 March 2017 in relation to the leasing of Premise A by Qualiman Industrial from Gold Prospect for a term of two years from 1 April 2017 to 31 March 2019
“Rental Agreement B”	The rental agreement entered into between Qualiman Industrial and Office Coupe dated 21 March 2017 in relation to the leasing of Premise B by Office Coupe from Qualiman Industrial for a term of two years from 1 April 2017 to 31 March 2019
“Rental Agreement C”	The rental agreement entered into between Qualiman Industrial and Goldrich dated 21 March 2017 in relation to the leasing of Premise C by Qualiman Industrial from Goldrich for a term of two years from 1 April 2017 to 31 March 2019
“Share(s)”	ordinary share(s) of US\$0.000025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“sq. ft.” square feet

“%” per cent

By Order of the Board  
**Quali-Smart Holdings Limited**

**Ng Kam Seng**  
*Executive Director*

Hong Kong, 21 March 2017

*As at the date of this announcement, the Board comprises Mr. Lau Ho Ming, Peter (Executive Chairman), Mr. Poon Pak Ki, Eric, Mr. Ng Kam Seng and Mr. Chu, Raymond as executive Directors; Madam Li Man Yee, Stella as a non-executive Director; and Mr. Leung Po Wing, Bowen Joseph GBS, JP, Mr. Chan Siu Wing, Raymond and Mr. Wong Wah On, Edward as independent non-executive Directors.*

*\*for identification purpose only*