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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)

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF GOLD PROSPECT CAPITAL RESOURCES LIMITED

DISCLOSEABLE AND CONNECTED TRANSACTION

On 11 December 2013 after trading hours, the Vendors and the Company entered into the Sale and Purchase Agreement pursuant to which the Vendors agreed to sell and the Company has agreed to procure one of its wholly-owned subsidiaries to purchase the entire issued share capital of Gold Prospect and cause Gold Prospect to settle all its current debts and liabilities for a total aggregate consideration of HK\$69,888,000. Gold Prospect is an investment holding company which holds the Property, which includes certain workshop unit and car parking spaces in TML Tower in Tsuen Wan, Hong Kong, which the Group intends to use as its new headquarters in Hong Kong after completion of the Transaction.

LISTING RULES IMPLICATIONS

The Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios as defined under Rule 14.06 of the Listing Rules are more than 5% but less than 25%. The Transaction also constitutes a connected transaction under Chapter 14A of the Listing Rules as the Vendors are Mr. Lau, the Executive Chairman and a controlling shareholder of the Company, and Madam Li, a non-executive Director and a controlling shareholding of the Company and the spouse of Mr. Lau. Therefore, the Transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. As each of Mr. Lau and Madam Li has a material interest in the Transaction, Smart Investor, in which Mr. Lau, and Madam Li are or deemed to be the controlling shareholders, which owns 48.3% of the issued share capital of the Company, shall abstain from voting at the EGM. Both Mr. Lau and Madam Li have also abstained from voting at the Board meeting approving the Transaction.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Transaction. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Transaction.

* *For identification purpose only*

A circular containing, among other things, (i) further details of the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Transaction; (iii) a letter of advice from the independent financial adviser of the Company to the Independent Board Committee and the Independent Shareholders in respect of the Transaction; and (iv) a notice for the convening of the EGM will be dispatched to the Shareholders no later than 6 January 2014.

Shareholders and potential investors should note that the completion of the Transaction is subject to the passing of the resolutions at the EGM. As the Transaction may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SALE AND PURCHASE AGREEMENT

Date: 11 December 2013

Parties: (1) The Vendors
(2) The Company

The Vendors are Mr. Lau and Madam Li, the spouse of Mr. Lau. As Mr. Lau is the Executive Chairman and a controlling shareholder of the Company and Madam Li is a non-executive Director and a controlling shareholder of the Company, they are both connected persons of the Company for the purpose of the Listing Rules.

The Company has conditionally agreed to procure one of its wholly-owned subsidiaries to purchase the entire issued share capital of Gold Prospect from the Vendors and cause Gold Prospect to repay all its current debts and liabilities.

Consideration and terms of payment

The total aggregate consideration for the Transaction is HK\$69,888,000, of which about HK\$15.5 million will be used by Gold Prospect to settle the entire outstanding balance of the current mortgage loan of the same amount (as at 30 November 2013) secured by the Property, with the residual amount of HK\$54.4 million to be used to settle all other liabilities and amounts owed by Gold Prospect at completion and to purchase the entire issued share capital of Gold Prospect from the Vendors. After completion, Gold Prospect shall have no liability other than the new banking facilities which shall be granted to finance the settlement of part of the total aggregate consideration for the Transaction.

The total aggregate consideration for the Transaction was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to the unaudited net asset value of Gold Prospect as at 30 November 2013 and the prevailing market prices of properties of similar nature available in the vicinity. As such, the Directors are of the view that the terms of the Transaction were concluded after arm's length negotiations and are in the interest of the Company and the Shareholders as a whole.

The total aggregate consideration for the Transaction shall be paid upon completion of the Transaction and financed by internal resources of the Group and bank facilities granted to the Group and Gold Prospect which shall be secured by the Property and guaranteed by the Group.

Conditions precedent to the Sale and Purchase Agreement and Completion

The Sale and Purchase Agreement is conditional upon the fulfillment (or waiver) of the following conditions, amongst others:

- (i) the compliance by the Company of all applicable requirements of the Listing Rules in relation to the Transaction, including where necessary, the obtaining of the Independent Shareholders' approval of the Company with respect to the Sale and Purchase Agreement and the Transaction;
- (ii) if applicable, the obtaining of all other consents, approvals and authorizations in relation to the Transaction as contemplated under the Sale and Purchase Agreement;
- (iii) if applicable, the Group being able to obtain a banking facility to satisfy part of the payment of the aggregate consideration for the Transaction; and
- (iv) the completion of a due diligence review of Gold Prospect by the Group and the confirmation of good title of the Property to the reasonable satisfaction of the Group in good faith.

Unless otherwise agreed by the parties to the Sale and Purchase Agreement, completion of the Transaction shall take place within 5 business days following the day on which all the conditions precedent to the completion of the Transaction set out above have been fulfilled or waived (as the case may be). If the conditions above have not been fulfilled or waived (as the case may be, other than condition (i) above which cannot be waived) on or before 31 March 2014 or such other date as the parties may agree in writing, the Sale and Purchase Agreement shall forthwith become null and void and cease to have any effect whatsoever save for any antecedent breach.

INFORMATION ON GOLD PROSPECT

Gold Prospect is an investment holding company incorporated in Hong Kong and which is owned as to 70% by Mr. Lau and 30% by Madam Li. Its principal asset is the Property which is currently vacant. The workshop unit of the Property has a gross floor area of 12,883 sq. ft.. The Property is part of TML Tower located in 3 Hoi Shing Road, Tsuen Wan, Hong Kong which was completed on 13 August 2013. The Group intends to use the Property as its future Hong Kong headquarters after completion of the Transaction. Gold Prospect purchased the workshop unit of the Property in November 2012 for a consideration of HK\$51.5 million and the three car parking spaces of the Property in September and October 2013 respectively for an aggregate consideration of HK\$4.8 million. The total aggregate consideration paid by Gold Prospect for the purchase of the Property amounted to HK\$56.3 million. The Property is currently vacant.

The net loss before and after taxation of Gold Prospect for the period from 4 September 2012, its date of incorporation, to 31 March 2013 based on its management accounts was HK\$5,800. Its latest unaudited net asset value was HK\$43.7 million as at 30 November 2013 of which the value of the Property was recorded at cost and after adjustments for the net amounts owed to the Vendors and their related companies.

Upon completion of the Transaction, Gold Prospect shall become an indirect wholly-owned subsidiary of the Company and its financial results shall be consolidated into the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group is a toy manufacturer offering services primarily on an OEM basis. The Group manufactures products for its customers according to their specifications and the products are sold by its customers under their own brand names. The Group's key customers mainly comprise internationally reputable toy brands. Headquartered in Hong Kong, the Group has a production base which is located in Foshan, Guangdong Province, the People's Republic of China.

The Group currently owns approximately 1,061 sq. ft. of gross floor area in a 20-year old industrial building in Chai Wan, Hong Kong and rents another approximately 3,344 sq. ft. of gross floor area in the same building from the associates of Mr. Lau and Madam Li as the headquarters of the Group in Hong Kong for workshop and ancillary office purpose. The office space in the current Hong Kong headquarters is very limited and due to the expansion of the Group, it has become necessary for the Group to locate a new headquarters in Hong Kong.

The Directors consider the Transaction as an opportunity to obtain a more long-term premise for the Group in a new industrial building in Hong Kong which will cater for its future development after becoming a listed company in Hong Kong and help protect the Group from being subject to future rental fluctuations in Hong Kong. The Group will also save on rental expenses arising from renting the existing workshop space in its current Hong Kong headquarters. The Group may consider to dispose of or lease out the current office it owns in due course after the completion of the relocation of the Group's headquarters in Hong Kong to the new premise.

The Directors, including the independent non-executive Directors, consider the terms of the Transaction 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 the Transaction, they have abstained from voting in the Board meeting approving the Transaction.

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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
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Transaction
“Gold Prospect”	Gold Prospect Capital Resources Limited, a limited liability company incorporated in Hong Kong which is currently owned as to 70% by Mr. Lau and 30% by Madam Li
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors constituted to consider the terms of the Sale and Purchase Agreement and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolutions regarding the Transaction
“Independent Shareholders”	the Shareholders who are not interested in the Transaction as contemplated under the Sale and Purchase Agreement and are not required under the Listing Rules to abstain from voting at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Madam Li”	Madam Li Man Yee, Stella, a non-executive Director and a controlling shareholder of the Company, the spouse of Mr. Lau
“Main Board”	the Main Board of the Stock Exchange
“Mr. Lau”	Mr. Lau Ho Ming, Peter, the Executive Chairman and a controlling shareholder of the Company, the spouse of Madam Li
“Property”	a workshop unit located at Workshop C on 19/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong with an aggregate gross floor area of about 12,883 sq. ft., two car parking spaces numbered P60 and P68 on 3/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong and one car parking space numbered HGV9 on 1/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong, all of which are wholly-owned by Gold Prospect
“Prospectus”	the prospectus of the Company dated 11 January 2013 in relation to the Share Offer
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Company and the Vendors on 11 December 2013 in relation to the Transaction
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Share Offer”	The initial public of the public offer shares and placing of placing shares of the Company as set out in the Prospectus
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the acquisition of the entire issued share capital of Gold Prospect and the settlement of all the debts and liabilities of Gold Prospect pursuant to the terms and conditions of the Sale and Purchase Agreement
“Vendors”	Mr. Lau and Madam Li
“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, 11 December 2013

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