

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.*

## **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 TRANSACTION: ACQUISITION OF PULSE MEDIATECH LIMITED AND ITS SUBSIDIARIES INVOLVING THE ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

#### **DISCLOSEABLE TRANSACTION**

After trading hours on 11 December 2014, the Company, the Vendor and the Guarantor entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to or procure one of its wholly-owned subsidiaries to purchase the entire issued share capital of PMT for a total consideration of HK\$92,000,000, inclusive of the repayment of HK\$7,000,000 of loans and payables to the Vendor and its associates by the PMT Group and settlement of third-party payables.

The total consideration for the Transaction shall be satisfied by the Company upon Completion in the following manner:

- (i) as to HK\$7,000,000 in cash to the Vendor;
- (ii) as to HK\$58,000,000 by the issuance of the Convertible Notes to the Vendor ; and
- (iii) as to HK\$20,000,000 by the issuance of the Promissory Notes to the Vendor.

Subject to Completion having taken place, the Company shall, by way of a shareholder's loan in an aggregate amount of HK\$7,000,000 to PMT, pursuant to which approximately HK\$5.3 million shall be paid to the Vendor and its associates as settlement of all the outstanding related party loans and payables owed to them by the PMT Group and approximately HK\$1.7 million shall be paid to third parties for settlement of certain other outstanding payables.

The PMT Group is primarily engaged in the provision of digital publishing and design technologies, production and distribution of electronic books and the development of mobile application solutions and mobile games. It is also the owner and operator of various websites including an e-bookstore in Hong Kong. As at the date of this announcement, the entire issued share capital of PMT is owned by the Vendor.

The Transaction is subject to the fulfilment of conditions precedent as detailed in the paragraph headed "Conditions precedent" in this announcement. Upon Completion, PMT and its subsidiaries will become subsidiaries of the Company.

## **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%. As such, the Transaction is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors should note that the completion of the Transaction is subject to the fulfilment of the conditions as set out in the paragraph headed “Conditions precedent” in this announcement. As the Transaction may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on 10 December 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 12 December 2014.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 29 October 2014 in respect of the potential acquisition of equity interests in a company.

After trading hours on 11 December 2014, the Company, the Vendor and the Guarantor entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to or procure one of its wholly-owned subsidiaries to purchase the entire issued share capital of PMT for a total consideration of HK\$92,000,000, inclusive of the repayment of HK\$7,000,000 of loans and payables owed to the Vendor and its associates by the PMT Group and settlement of third party payables.

## **THE SALE AND PURCHASE AGREEMENT**

Date: 11 December 2014

Parties: (1) The Company  
(2) The Vendor  
(3) The Guarantor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) and their respective associates is an Independent Third Party.

The Guarantor, as the ultimate beneficial shareholder of the Vendor and the management of the PMT Group, entered into the Sale and Purchase Agreement as a party to guarantee the performance of the Vendor of its obligations under the Sale and Purchase Agreement.

### **Consideration and terms of payment**

The total consideration for the Transaction is HK\$92,000,000, comprising of (i) the repayment of HK\$7,000,000 of loans and payables to the Vendor and its associates and settlement of third-party payables immediately after Completion; and (ii) the purchase price of HK\$85,000,000 payable by the Company to the Vendor upon Completion in the following manner:

- (i) as to HK\$7,000,000 in cash to the Vendor;
- (ii) as to HK\$58,000,000 by the issuance of the Convertible Notes to the Vendor ; and
- (iii) as to HK\$20,000,000 by the issuance of the Promissory Notes to the Vendor.

Subject to Completion having taken place, the Company shall, by way of a shareholder's loan in an aggregate amount of HK\$7,000,000 to PMT, pursuant to which approximately HK\$5.3 million shall be paid to the Vendor and its associates as settlement of all the outstanding related party loans and payables owed to them by the PMT Group and approximately HK\$1.7 million shall be paid to third parties for settlement of certain other outstanding payables. As such, immediately after Completion, the PMT Group shall have no outstanding loans and payables owed to the Vendor and its associates.

The total consideration for the Transaction was determined on normal commercial terms and after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to (i) the product development capabilities and technical know-how of the PMT Group; (ii) its existing relationships with customers and strategic partners in the Greater China region; (iii) the commercial potential and prospects of its existing application and software tools; (iv) the market comparables in similar businesses and recent similar merger and acquisition transactions; (v) the prevailing market price of the Shares; and (vi) the reasons and benefits of the Transaction as stated under the section headed "Reasons for and Benefits of the Transaction" in this announcement. The Directors are of the view that the terms of the Transaction are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The cash portion of the total consideration for the Transaction of HK\$14,000,000 shall be financed by part of the net proceeds from the placing of Shares by the Company completed on 8 September 2014.

### **Conditions precedent**

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment (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 all consents, approvals and authorizations, if required, in relation to the Transaction as contemplated under the Sale and Purchase Agreement, the issue of the Convertible Notes and the issue and allotment of the Conversion Shares;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares;
- (iii) the Company being reasonably satisfied with the due diligence results in respect of the matters of the PMT Group;
- (iv) each of the Vendor and the Guarantor having obtained all necessary consent and approval relating to the Transaction; and
- (v) the representations, warranties and undertakings given by the Vendor and the Guarantor under the Sale and Purchase Agreement remaining true and accurate and not misleading.

The Company may waive the conditions precedent (iii) and (v) above by written notice to Vendor and the Guarantor either in whole or in part. The conditions precedent (i), (ii) and (iv) above are not capable of being waived by the parties.

If the conditions above have not been fulfilled or waived (as the case may be) on or before 15 January 2015 or such other date as the parties may agree in writing, the Sale and Purchase Agreement shall forthwith lapse immediately and cease to have any effect whatsoever save for any antecedent breach.

## **Completion**

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).

Upon Completion, PMT and its subsidiaries shall become subsidiaries of the Company.

## **Guarantee under the Sale and Purchase Agreement**

Under the Sale and Purchase Agreement, the Guarantor has irrevocably, and unconditionally, as primary obligor, undertaken and guaranteed, as the Vendor's guarantor the full, prompt, complete and due performance by the Vendor of all and any of its obligations under the Sale and Purchase Agreement.

## **PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE NOTES**

Upon Completion, the Company will issue the Convertible Notes in an aggregate principal amount of HK\$58,000,000 to the Vendor or its nominee(s) to satisfy part of the consideration for the Transaction.

The principal terms and conditions of the Convertible Notes are summarized below:

- Issuer:** The Company.
- Subscriber(s):** The Vendor (or its nominee(s)).
- Principal Amount:** HK\$58,000,000.
- Maturity Date:** The second anniversary of the date of issue of the Convertible Notes, or, if that is not a business day, the first business day thereafter, or if the Company in its sole discretion elects to extend the original maturity date by serving a written notice to the holder(s) of the Notes at any time prior to such second anniversary date, the date falling on the third anniversary of the date of issue of the Convertible Notes or, if that is not a business day, the first business day thereafter.
- Conversion:** Provided that (i) any conversion of the Convertible Notes does not result in the Vendor and/or the holder(s) of the Convertible Notes and/or the parties acting in concert with any of them and/or their respective associates being interested in 30% or more of the voting rights as carried by the issued Shares of the Company or such lower percentage as may from time to time be specified in the Takeovers Code as being the level triggering a mandatory general offer obligation under the Takeovers Code on the part of the holder of the Convertible Notes which exercised the conversion rights attaching to the Convertible Notes; and (ii) any conversion of the Convertible Notes does not result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares, the holder of the Convertible Notes may convert the whole or part (in principal amounts of not less than a whole multiple of HK\$1,000,000 on each conversion or integral multiples thereof unless the amount of the outstanding principal amount of the Convertible Notes is less than HK\$1,000,000 in which case the whole (but not part only) of the principal amount shall be convertible) of the outstanding principal amount of the Convertible Notes during the period commencing from the date of the issue of the Convertible Notes up to 4:00 p.m. (Hong Kong time) on the Maturity Date.

**Interest:** The Convertible Notes shall not bear any interest.

**Security:** The Convertible Notes shall be unsecured.

**Conversion Price:** The Convertible Notes may be converted into Shares at an initial Conversion Price of HK\$4.09 per Share, representing (a) approximately 18.0% discount over the price of HK\$4.99 per Shares as last traded on the Stock Exchange on 10 December 2014, being the last trading day of the Shares prior to this announcement; (b) approximately 13.6% discount to the average closing price of approximately HK\$4.734 per Share as quoted on the Stock Exchange over the last five full trading days of the Shares ending 9 December 2014 prior to the date of this announcement or (c) approximately 14.5% discount to the average closing price of approximately HK\$4.786 per Share as quoted on the Stock Exchange over the last five trading days of the Shares ending 10 December 2014, including the last traded price of HK\$4.99 per Share on 10 December 2014, prior to the date of this announcement.

The Conversion Price shall be subject to adjustments upon the occurrence of any consolidation or sub-division of the Shares in issue or a capitalisation of profits or reserves by the ratio of the number of Shares in issue immediately after such alteration against the number of Shares in issue immediately before such alteration. Such adjustment shall be effective from the close of business in Hong Kong on the date on which the consolidation or sub-division or capitalisation becomes effective.

Other than the above, there are no other adjustments to the Conversion Price under the terms and conditions of the Convertible Notes.

The Conversion Price was determined after arm's length negotiation amongst the parties to the Sale and Purchase Agreement with reference to the recent trading prices of the Shares and the recent market sentiment of the financial markets in Hong Kong. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

**Conversion Shares:** Assuming the conversion rights attached to the Convertible Notes are exercised in full at the initial Conversion Price of HK\$4.09 per Share, the Convertible Notes may be converted into a maximum of 14,180,929 new Shares, representing:

- (i) approximately 4.9% of the issued share capital of the Company as of the date of this announcement; and
- (ii) approximately 4.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The nominal value of such Conversion Shares will be US\$0.0001 per Share and the net price for each Conversion Share will be HK\$4.09.

**Status:** The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all Shares in issue at the date of allotment and issue of such Conversion Shares.

- Redemption:**
- (1) Unless previously converted or redeemed, the Company may redeem the Convertible Notes (in whole or in part) at 100% of the principal amount of such notes at any time before the Maturity Date.
  - (2) The Company shall redeem the Convertible Notes on the Maturity Date at the redemption amount which is 100% of the principal amount of the Convertible Notes then outstanding.
  - (3) Upon the occurrence of an event of default under the terms and conditions of the Convertible Notes, holder(s) of the Convertible Notes may request the Company to redeem the Convertible Notes then outstanding at an amount which is 100% of the principal amount of the Convertible Notes then outstanding.

**Voting Rights:** The holder(s) of the Convertible Notes shall not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of the Convertible Notes.

**Transferability:** The Convertible Notes may be assigned or transferred in whole or in part (in principal amounts of not less than a whole multiple of HK\$1,000,000 on each transfer or integral multiples thereof) of its outstanding principal amount provided that a duly completed transfer form in respect of the assignment or transfer shall be served on the Company prior to such assignment or transfer. Any assignment or transfer of the Convertible Notes to a connected person of the Company shall be subject to the compliance of the requirements under the Listing Rules.

**Listing:** No application will be made for a listing on the Convertible Notes on the Stock Exchange or any other stock exchange.

**ISSUE OF CONVERSION SHARES UNDER GENERAL MANDATE AND APPLCIATION FOR LISTING**

The Conversion Shares will be issued under the General Mandate. As of the date of this announcement, none of the General Mandate has been used.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

**PRINCIPAL TERMS AND CONDITIONS OF THE PROMISSORY NOTES**

Upon Completion, the Company will issue the Promissory Notes in an aggregate principal amount of HK\$20,000,000 to the Vendor or its nominee(s) to satisfy part of the consideration for the Transaction.

The principal terms and conditions of the Promissory Notes are summarized below:

- Issuer:** The Company.
- Principal Amount:** HK\$20,000,000.
- Interest:** 5% per annum on the outstanding Principal Amount accrued and payable in arrears at Maturity.

**Maturity Date:** 18 months from the date of issuance of the Promissory Note.

Unless previously redeemed, the Promissory Notes shall be due and repayable on the Maturity Date.

**Early Redemption:** The Company may redeem the principal amounts of the outstanding Promissory Note(s) in whole or in part, together with any accrued interest related thereto, at any time before the Maturity Date. The holder(s) of the Promissory Note(s) shall have the right to request the Company for early redemption of the Promissory Note(s) in whole or in part at any time after the first six months from the date of issuance of the Promissory Note but before the Maturity Date.

**Transferability:** The holder(s) of the Promissory Notes may assign or transfer the Promissory Note(s) to a third party provided that a duly completed transfer form in respect of the assignment or transfer shall be served on the Company prior to such assignment or transfer.

**Status:** The Promissory Note(s) constitute general, unsecured and unsubordinated obligation of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.

**Listing:** No application will be made by the Company for the listing of the Promissory Notes on the Stock Exchange or any other stock exchange.

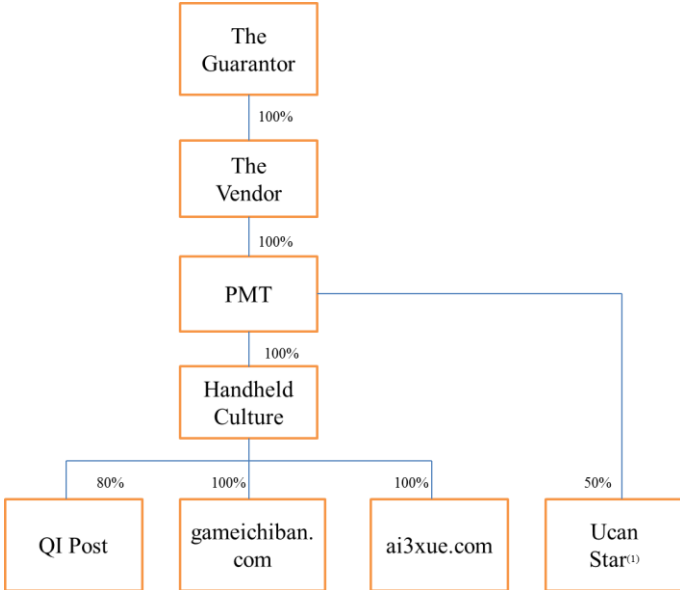
The Directors are of the view that the terms of the Promissory Note(s) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

**INFORMATION OF THE PMT GROUP**

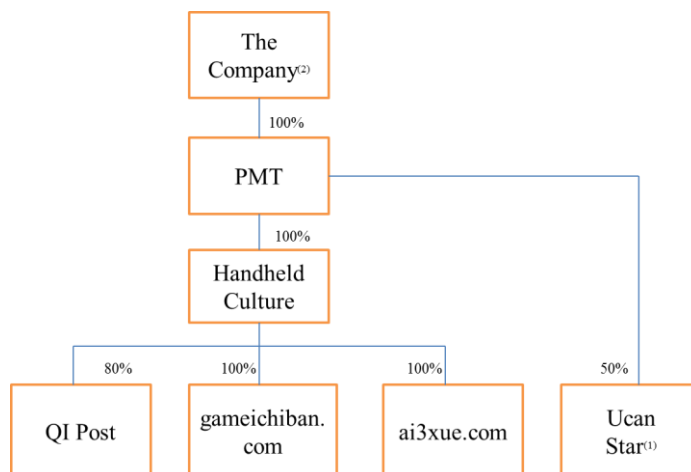
**Shareholding Structure**

Set out below is the shareholding structure of the PMT Group (i) as of the date of this announcement; and (ii) immediately after Completion:

(i) Shareholding structure of the PMT Group as of the date of this announcement:



(ii) Shareholding structure of the PMT Group immediately after Completion:



- (1) *Ucan Star is a joint venture company of PMT and has been accounted for as its associate and thus has not been a consolidated subsidiary of PMT.*
- (2) *The Company may designate a wholly-owned subsidiary as its nominee to purchase the entire issued share capital of PMT at Completion.*

## **PMT**

PMT is a company incorporated in Hong Kong on 25 February 2009 with limited liability and is engaged in the businesses of Internet and communications technology development with a focus in electronic books development, and investment holding. It has developed its own proprietary digital publishing solutions which facilitate the production of high-quality, multi-functional and media-rich interactive electronic books, covering a wide array of genres including novels, comics, magazines, amongst others. It has a strategic relationship with a well-known Chinese wuxia novel (武俠小說) writer in distributing his works through electronic books. It also has agreements with two leading Internet and mobile device enterprises in China in providing them with digital publishing technologies and electronic books to be used on their platforms. As of the date of this announcement, PMT is wholly-owned by the Vendor. It holds the entire issued share capital of Handheld Culture and 50% of the issued share capital of Ucan Star.

## **Handheld Culture**

Handheld Culture is a company incorporated in Hong Kong on 25 February 2009 with limited liability and is engaged in electronic publishing and e-Commerce platform. It owns and operates an e-bookstore in Hong Kong under the domain name [www.handheldculture.com](http://www.handheldculture.com). Many electronic books for sale in this e-bookstore have adopted the digital publishing technologies developed by PMT and serve to showcase the capabilities of the digital publishing software of PMT. Handheld Culture is also an investment holding company and holds 80% of the issued share capital of QI Post and the entire issued share capital of gameichiban.com and ai3xue.com.

## **QI Post**

QI Post is a company incorporated in Hong Kong on 12 May 2006 with limited liability and is engaged in the operation of a lifestyle social website under the domain name qipost.com. As of the date of this announcement, it is owned as to 80% by Handheld Culture.

## **gameichiban.com**

gameichiban.com is a company incorporated in Hong Kong on 9 April 2013 with limited liability and is engaged in the development of mobile and online games. As of the date of this announcement, it is wholly-owned by Handheld Culture.



## **ai3xue.com**

ai3xue.com is a company incorporated in Hong Kong on 17 April 2013 with limited liability and is engaged in e-education technology development. It is involved in the provision of e-education solutions, including the development and provision of electronic education solutions and electronic textbooks to the academic community, using the digital publishing technologies developed by PMT. As of the date of this announcement, it is wholly-owned by Handheld Culture.

## **Ucan Star**

Ucan Star is a company incorporated in Hong Kong on 9 August 2013 with limited liability and it is currently inactive. Previously, it was engaged in the online game development and entertainment portal businesses. As of the date of this announcement, it is a joint venture company owned as to 50% by PMT and is accounted for as an associate of PMT and thus is not a consolidated subsidiary of PMT.

## **Financial Information**

Extracts from the audited consolidated financial information of the PMT Group as prepared under the Hong Kong Financial Reporting Standard for Private Entities for the each of the two years ended 31 March 2013 and 2014 are set out below:

<b>Summary Audited Consolidated Income Statement</b>	<b>For the year ended 31 March</b>	
	<b>2013 (HK\$)</b>	<b>2014 (HK\$)</b>
Turnover	1,456,041	20,511,756
Gross Profit	855,294	14,154,368
Profit Before Tax	(4,237,933)	3,923,661
Profit After Tax	(4,237,933)	3,854,258

The audited consolidated net liabilities of the PMT Group as at 31 March 2014 were HK\$2,813,495.

## **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.

As explained in the Company's 2014 Annual Report and the interim result announcement dated 24 November 2014, the Directors expect that the Group will continue to face pressure in both sales volume and margins in its toy manufacturing business. The Directors also expect that the Group will continue to face a trend of increasing labour costs and processing fees in the future and labour shortages in China will continue to pose challenges to all manufacturing industries in China. To mitigate this challenging business environment, the Company has been considering to adopt a diversification strategy and investigating other business opportunities for the Group.

The Directors consider the Transaction as an opportunity for the Group to enhance its existing business model and diversify its business scopes into higher growth areas. The management of the PMT Group has over 10 years of experience in information technology business and the team has won several major information technology industry awards, including the 2012 World Summit Award, the 2011 Asia

Pacific ICT Alliance Award and the 2011 Hong Kong ICT Award, giving credibility to the quality of their works. The electronic publishing technologies of the PMT Group, including the capability to publish interactive electronic books and comics and to develop media-rich mobile games, might allow the Group to tap into its existing customer base in the children's toy markets, which includes many well-known international toy brands, to expand the Group's revenue sources with these clients and strengthen our product offerings. The PMT Group's ability to distribute electronic books online and its plan to provide electronic textbooks in the Greater China markets might also allow the Group to grow new customer base for its existing products. Furthermore, the PMT Group has a strong customer portfolio, including several blue-chip international companies in different industries in Hong Kong and China. The businesses of the PMT Group have also demonstrated higher gross margins in general when compared to the OEM business of the Group and thus might improve the overall margins of the Group's businesses. As such, the Directors are of the view that the Transaction is in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON THE SHAREHOLDINGS STRUCTURE OF THE COMPANY

Assuming the conversion rights attached to the Convertible Notes have been exercised in full at the initial Conversion Price of HK\$4.09 per Conversion Share and there is no other change in the share capital structure before such full exercise, the following table illustrates the shareholding in the Company (a) as at the date of this announcement; and (b) immediately after the conversion of the Convertible Notes in full:-

	As at the date of this announcement		Immediately upon full conversion of the Convertible Notes and the allotment and issue of the Conversion Shares in full	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Smart Investor Holdings Limited (Note 1)	120,716,000	41.92	120,716,000	40.0
Silver Pointer Limited	30,220,000	10.49	30,220,000	10.0
<b>Public:</b>				
The Vendor	-	-	14,180,929	4.7
Other public	137,064,000	47.59	137,064,000	45.3
<b>Total (Note 2)</b>	<b>288,000,000</b>	<b>100.00</b>	<b>302,180,929</b>	<b>100.00</b>

### Notes:

- Smart Investor Holdings Limited is a company owned as to 67.4% by Mr. Lau Ho Ming, Peter, an executive Director and the Executive Chairman of the Company, and 32.6% by Madam Li Man Yee, Stella, a non-executive Director and the spouse of Mr. Lau Ho Ming, Peter.
- Save for the above, as at the date of this announcement, the Company also has outstanding share options granted under its share option scheme of 10,800,000 Shares.

## LISTING RULES IMPLICATION

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%. Therefore, the Transaction is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## WARNING

**Shareholders and potential investors should note that the completion of the Transaction is subject to fulfilment of the conditions as set out in the paragraph headed “Conditions precedent” in this announcement. As the Transaction may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on 10 December 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 12 December 2014.

## DEFINITIONS

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

“ai3xue.com”	ai3xue.com Limited, a limited liability company incorporated in Hong Kong which is currently owned as to 100% by Handheld Culture, a wholly-owned subsidiary of PMT
“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
“Completion”	the completion of the Transaction in accordance with the terms and conditions of the Sale and Purchase Agreement
“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
“Convertible Notes”	HK\$58,000,000 in principal value of zero coupon convertible notes to be issued by the Company to the Vendor at Completion as partial settlement of the total consideration for the Transaction
“Conversion Price”	the initial conversion price of HK\$4.09 per Conversion Share of the Convertible Notes (subject to adjustment)
“Conversion Shares”	a maximum number of 14,180,929 new Shares to be issued by the Company upon exercise of the conversion rights of the Convertible Notes in full
“Directors”	directors of the Company
“gameichiban.com”	gameichiban.com Limited, a limited liability company incorporated in Hong Kong which is currently owned as to 100% by Handheld Culture, a wholly-owned subsidiary of PMT

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 25 August 2014 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of such annual general meeting, i.e. 48,000,000 Shares
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Chan Tik Yuen, who owns 100% of the issued share capital of the Vendor
“Handheld Culture”	Handheld Culture Limited, a limited liability company incorporated in Hong Kong which is currently owned as to 100% by PMT
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board
“Main Board”	the Main Board of the Stock Exchange
“PMT”	Pulse MediaTech Limited, a limited liability company incorporated in Hong Kong which is wholly-owned by the Vendor as of the date of this announcement
“PMT Group”	PMT and its subsidiaries
“Promissory Notes”	HK\$20,000,000 in principal value of promissory notes to be issued by the Company to the Vendor at Completion as partial settlement of the total consideration for the Transaction
“QI Post”	QI Post Limited, a limited liability company incorporated in Hong Kong which is owned as to 80% by Handheld Culture, a wholly-owned subsidiary of PMT
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Company, the Vendor and the Guarantor on 11 December 2014 in relation to the Transaction
“Share(s)”	ordinary share(s) of US\$0.0001 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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transaction”	the acquisition of the entire issued share capital of PMT pursuant to the terms and conditions of the Sale and Purchase Agreement and the settlement of certain payments of the PMT Group

“Ucan Star”	Ucan Star Limited, a limited liability company incorporated in Hong Kong which is a joint venture company currently owned as to 50% by PMT and 50% by its joint venture partner
“Vendor”	Magnum MediaTech Limited, a company wholly-owned by the Guarantor and which owns the entire issued share capital of PMT as of the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**Quali-Smart Holdings Limited**  
**Lau Ho Ming, Peter**  
*Executive Chairman*

Hong Kong, 11 December 2014

*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, Mr. Chu Sheng Yu, Lawrence and Mr. Wang Zhao 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.*

*\* for identification purpose only*