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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for 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 AND CONNECTED TRANSACTION
ACQUISITION OF GOLD PROSPECT CAPITAL RESOURCES LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set out on page 10 of this circular. A letter from Veda Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 11 to 18 of this circular.

The EGM to be held at Unit 101, First Commercial Building, 33–35 Leighton Road, Causeway Bay, Hong Kong at 10:00 a.m. on Wednesday, 22 January 2014. The notice of EGM, is set out on pages EGM-1 and EGM-2 of this circular. A form of proxy for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong branch registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the meeting or any adjournment thereof (as the case may be), should you so wish.

* *For identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Quali-Smart Holdings Limited, an exempted 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
“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, namely Mr. Leung Po Wing, Bowen Joseph <i>GBS JP</i> , Mr. Chan Siu Wing, Raymond and Mr Chu, Raymond, was 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 resolution regarding the Transaction
“Independent Financial Adviser”	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders regarding the Transaction

DEFINITIONS

“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
“Latest Practicable Date”	31 December 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Li”	Madam Li Man Yee, Stella, a non-executive Director and a controlling shareholder of the Company, and 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, and 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
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the initial public offer of the Shares and the placing of the Shares as set out in the Prospectus
“Smart Investor”	Smart Investor Holdings Limited, one of the substantial Shareholders, and is beneficially owned as to 67.4% by Mr. Lau and 32.6% by Madam Li
“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

LETTER FROM THE BOARD

QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1348)

Executive Directors:

Mr. Lau Ho Ming, Peter (*Chairman*)

Mr. Poon Pak Ki, Eric

Mr. Ng Kam Seng

Non-executive Directors:

Madam Li Man Yee, Stella

Mr. Chu Sheng Yu, Lawrence

Independent non-executive Directors:

Mr. Leung Po Wing, Bowen Joseph *GBS JP*

Mr. Chan Siu Wing, Raymond

Mr. Chu, Raymond

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Workshop 3 on 19th Floor

Cheung Tat Centre

No. 18 Cheung Lee Street

Chai Wan

Hong Kong

6 January 2014

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF GOLD PROSPECT CAPITAL RESOURCES LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 11 December 2013 in relation to, *inter alia*, the Transaction.

The purpose of this circular is to provide you with, among others, (i) further details in relation to the Transaction; (ii) the valuation report on the Property; and (iii) the notice of the EGM.

* *For identification purpose only*

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date

11 December 2013

Parties

Purchaser: The Company

Vendors: Mr. Lau and Madam Li

The Vendors are Mr. Lau and Madam Li, the spouse of Mr. Lau. As Mr. Lau is the Executive Chairman and a controlling Shareholder and Madam Li is a non-executive Director and a controlling Shareholder, 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, HK\$44.5 million will be used to settle all the unsecured, interest-free shareholder loans of the same amount (as at 30 November 2013) owed by Gold Prospect to companies owned by the Vendors and the residual HK\$9.9 million will be used to purchase the entire issued share capital of Gold Prospect from the Vendors, at completion of the Transaction. The total aggregate amount to be received by the Vendors and companies owned by the Vendors at completion of the Transaction shall be about HK\$54.4 million. After completion of the Transaction, 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.

LETTER FROM THE BOARD

Conditions precedent to the Sale and Purchase Agreement

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 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 with limited liability 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 at 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.

LETTER FROM THE BOARD

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 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, Guandong Province, the People's Republic of China.

The Group currently owns 1,061 sq.ft. of gross floor area in a 20-year old industrial building in Chai Wan, Hong Kong and rents another 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.

LETTER FROM THE BOARD

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%. 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, and Madam Li, a non-executive Director and a controlling Shareholding 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 controlling shareholders and which owns 50.3% of the issued share capital of the Company as of the Latest Practicable Date, shall abstain from voting at the EGM. As at the Latest Practicable Date, save as disclosed herein, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no other Shareholder who has a material interest in the Transaction whereby the Shareholder and his associates will be required to abstain from voting on the resolution to be proposed at the EGM.

Shareholders and potential investors should note that the completion of the Transaction is subject to the passing of the resolution 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.

EGM

The EGM will be convened and held at Unit 101, First Commercial Building, 33–35 Leighton Road, Causeway Bay, Hong Kong at 10:00 a.m. on Wednesday, 22 January 2014 to consider and, if thought fit, to approve the Transaction.

A form of proxy for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjournment thereof (as the case may be), should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

LETTER FROM THE BOARD

Your attention is drawn to the Letter from the Independent Board Committee to the Independent Shareholders as set out on page 10 of this circular and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 11 to 18 of this circular in respect of the Transaction. The Independent Board Committee, having taking into account the advice from the Independent Financial Adviser, considers that the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

By Order of the Board
QUALI-SMART HOLDINGS LIMITED
Ng Kam Seng
Executive Director

QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1348)

Workshop 3 on 19th Floor
Cheung Tat Centre
No. 18 Cheung Lee Street
Chai Wan
Hong Kong

6 January 2014

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF GOLD PROSPECT CAPITAL RESOURCES LIMITED**

We have been appointed as members of the Independent Board Committee to advise you in respect of the terms of the Transaction, details of which are set out in the “Letter from the Board” in the circular (the “**Circular**”) of the Company dated 6 January 2014, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We wish to draw your attention to the letter of advice from Veda Capital Limited as set out on pages 11 to 18 of the Circular, which contains its advice and recommendation to us as to whether or not the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, as well as the principal factors and reasons for its advice and recommendation.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of Veda Capital Limited, as stated in its aforementioned letter of advice, we are of the opinion that the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,

For and on behalf of the Independent Board Committee

Leung Po Wing, Bowen Joseph *GBS JP* **Chan Siu Wing, Raymond** **Chu, Raymond**
Independent non-executive Directors

* *For identification purpose only*

LETTER FROM VEDA CAPITAL LIMITED

The following is the full text of the letter from Veda Capital Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Transaction, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3711, 37/F
Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

6 January 2014

*To the Independent Board Committee and the Independent Shareholders of
Quali-Smart Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF GOLD PROSPECT CAPITAL RESOURCES LIMITED

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction, details of which are set out in the circular of the Company to the Shareholders dated 6 January 2014 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

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.

As set out in the Letter from the Board in the Circular (the “**Board Letter**”), 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, and Madam Li, a non-executive Director and a controlling Shareholding and the spouse of Mr. Lau. Therefore, the Transaction is subject to

LETTER FROM VEDA CAPITAL LIMITED

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 controlling shareholders, which owns 50.3% of the issued share capital of the Company as of the Latest Practicable Date, 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.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to (i) whether the Transaction is an ordinary usual course of business; (ii) whether the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned; (iii) whether the Transaction is in the interests of the Company and the Independent Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolution to approve the Transaction at the EGM.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

1. Information on Gold Prospect

Gold Prospect is an investment holding company incorporated in Hong Kong with limited liability 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 at 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 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.

2. Financial information of the Group

The Company listed on Main Board of the Stock Exchange on 23 January 2013. Set out below are the financial highlights of the Group showing the financial performance of the Group in the recent financial periods:

(i) *For the six months ended 30 September 2013*

As set out in the Company's interim report for the six months ended 30 September 2013 ("**Interim Report 2013**"), the Group recorded an unaudited revenue of approximately HK\$533.49 million, representing a slight increase of approximately 0.13% from that for the six months ended 30 September 2012 of an unaudited

LETTER FROM VEDA CAPITAL LIMITED

revenue of approximately HK\$532.81 million. As noted from the Interim Report 2013, the revenue remained stable despite a decrease in sales to the Group's top customer, which is offset by an increase in sales to its second largest customer.

The Group recorded an unaudited profit of approximately HK\$22.58 million for the six months ended 30 September 2013, representing an increase of approximately 10.15% when compared with an unaudited profit of approximately HK\$20.5 million for the six months ended 30 September 2012. As noted from the Interim Report 2013, the increase in profit was mainly due to the increase in other income and gains as more new moulds were made for existing customers and there was a decrease in administrative expenses due to the absence of the one-off financial impact from the listing expenses and underwriting fees which occurred for the six months ended 30 September 2012.

As at 30 September 2013, the Group's total current assets were approximately HK\$448.42 million (31 March 2013: HK\$296.29 million), with cash and cash equivalents amounted to approximately HK\$76.74 million (31 March 2013: HK\$80.39 million).

(ii) *For the year ended 31 March 2013*

As set out in the Company's annual report for the year ended 31 March 2013 (“**Annual Report 2013**”), the Group recorded revenue of approximately HK\$794.10 million, representing a decrease of approximately 9.42% from that for the year ended 31 March 2012 of a revenue of approximately HK\$876.67 million. As noted from the Annual Report 2013, the decrease of revenue was mainly attributable to the decrease in sales orders from several existing customers which adopted a more conservative approach in placing orders with their suppliers, including the Group. This was mitigated by the introduction of a new major customer which became one of the top 5 customers of the Group by revenue.

The Group recorded profit of approximately HK\$22.69 million for the year ended 31 March 2013, representing a decrease in profit of approximately 52.41% when compared with a profit of approximately HK\$47.68 million for the year ended 31 March 2012. As noted from the Annual Report 2013, the reduction in profit was mainly due to the one-off financial impact from the expenses and underwriting fees related to the global offering of approximately HK\$16.1 million and net loss on derivative financial instruments of approximately HK\$0.1 million for dealing with the Renminbi exchange risk arising from normal operations of the Group as compared with net gain of approximately HK\$8.2 million in the previous financial year.

3. Background and reasons for 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 set out in the Board Letter, 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 (the "**Office**") and rents another 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 "**Rental Offices**"). 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.

As further set out in the Board Letter, 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.

As set out in the prospectus of the Company dated 11 January 2013 (the "**Prospectus**"), the Company maintains the administration, finance, procurement, sales and marketing functions in the headquarters in Hong Kong and the production base in Foshan City, Guangdong Province, PRC.

We noted from the Interim Report 2013 that with the aim of further developing the business of the Group and continuing its growth, the Group will continue to focus on further expanding its production capacity, improving the production efficiency, strengthening and expanding the customer base, and enhancing the design and product development capabilities.

We also noted from the Prospectus that the Rental Offices consists of four workshops which occupy total gross floor area of 3,344 sq.ft. and a private car parking space. We have also reviewed the rental agreements of the Rental Offices and observed that the leasing terms of the Rental Offices commenced from 1 April 2012 and will expire on 31 March 2015. The aggregate annual rental amount of the Rental Offices is HK\$618,000. As further noted from the Prospectus, the historical aggregate annual rental

LETTER FROM VEDA CAPITAL LIMITED

amount of the Rental Offices for the three financial years ended 31 March 2012 was HK\$378,000. After the previous leases agreements of the Rental Offices expired on 31 March 2012, the parties have reviewed the rental rate of the relevant properties based on the prevailing market rates and as a result of the general increase in market rental rates, the current rental amount of the Rental Offices are higher than the previous rental amount, which represents an increase of approximately 63.49%.

As noted from the Board Letter, the Property is wholly-owned by Gold Prospect and as noted from the valuation report (the “**Valuation Report**”) prepared by an independent valuer in relation to the market value of the Property, the Property consists of a workshop unit with a gross floor area of 12,883 sq.ft. and three car parking spaces.

Having considered that (i) the Company maintains the administration, finance, procurement, sales and marketing functions in the headquarters in Hong Kong and the aims of the Company to further expand its business; (ii) the Company can own the Property with larger gross floor area for the use of headquarters in Hong Kong upon completion of the Transaction; and (iii) as the Company will no longer use the Office and the Rental Offices, the Company can receive income by the disposal of or lease out the Office and also save the rental expenses for the Rental Offices which may increase according to the market rates upon the expire of relevant leasing terms, we concur with the view of the Directors that the Transaction is in the interests of the Company and the Independent Shareholders as a whole.

4. Consideration for the Transaction

The total aggregate consideration for the Transaction is HK\$69,888,000 (the “**Consideration**”), of which about HK\$15.5 million will be used by Gold Prospect to settle the entire outstanding balance of the current mortgage loan (the “**Mortgage Loan**”) of the same amount (as at 30 November 2013) secured by the Property, HK\$44.5 million will be used to settle all the unsecured, interest-free shareholder loans of the same amount (as at 30 November 2013) owed by Gold Prospect to companies owned by the Vendors and the residual HK\$9.9 million will be used to purchase the entire issued share capital of Gold Prospect from the Vendors, at completion of the Transaction. The total aggregate amount to be received by the Vendors and companies owned by the Vendors at completion of the Transaction shall be about HK\$54.4 million (the “**Consideration to the Vendors**”). After completion of the Transaction, 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,

LETTER FROM VEDA CAPITAL LIMITED

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.

We noted from the unaudited management account of Gold Prospect that the net asset value of Gold Prospect as at 30 November 2013 amounted to approximately HK\$43.73 million (the "NAV"). The current liabilities of Gold Prospect amounted to approximately HK\$15.54 million which is the Mortgage Loan. The book value of the Property was approximately HK\$59.18 million as at 30 November 2013 which has not been revalued based on current market prices and is based on the original cost of purchase of the Property of HK\$56.3 million and accrued transaction expenses of about HK\$2.9 million. As noted from the Valuation Report, the fair value of the Property as at 11 December 2013 was HK\$69.90 million. If the value of the Property is revalued to the fair value of the Property of HK\$69.9 million as reflected in the Valuation Report, the unaudited net asset value of Gold Prospect would have amounted to HK\$54.5 million (the "Adjusted NAV").

In order to assess the fairness and reasonableness of the Consideration, we have compared the Consideration to the Vendors of HK\$54.4 million with the Adjusted NAV of HK\$54.5 million and observed that the Consideration to the Vendors is slightly below the Adjusted NAV.

In view that (i) Gold Prospect is an investment holding company and the principal asset is the Property; (ii) the value of the Property is evaluated by an independent valuer according to the market value; and (iii) the Consideration to the Vendors is slightly below the Adjusted NAV, we consider the Consideration is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

5. Financial effect of the Transaction

(i) Net asset value

Upon completion of the Transaction, Gold Prospect shall become an indirect wholly-owned subsidiary of the Company. As advised by the Company, it is expected that the net assets of the Group would not be materially affected upon completion of the Transaction.

LETTER FROM VEDA CAPITAL LIMITED

(ii) *Earnings*

As advised by the Company, the Company will use the Property as the Company's headquarter in Hong Kong and it is expected that the Transaction would have a positive impact to the financial performance of the Group by saving the rental expenses.

In light of the above, we consider the Transaction is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Notwithstanding the Transaction is not in an ordinary and usual course of the Company, having considered the above-mentioned principal factors and reasons, we consider that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transaction and the terms thereof are in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Transaction to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

The following is the text of a letter and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 11 December 2013 of the property interests.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

6 January 2014

The Board of Directors
Quali-Smart Holdings Limited
Workshop 3, 19/F Cheung Tat Centre
18 Cheung Lee Street
Chai Wan

Re: Workshop C on 19th Floor with Car Parking Spaces Nos. P60 & P68 on 3rd Floor and Heavy Goods Vehicle Parking Space No. HGV9 on 1st Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong

Dear Sirs,

In accordance with your instruction to value the property interests as at 11 December 2013 (the “**valuation date**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at the valuation date.

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

We have valued the property interests by direct comparison approach assuming sale of the property interests in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

The site inspection was carried out on 14 December 2013 by Shirley Yuen, who is a probationer of RICS with 2 years' experience in the valuation of properties in Hong Kong and the PRC.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HK\$).

Our valuation certificate is hereby attached.

Yours faithfully,
for and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Gilbert C.H. Chan

MRICS MHKIS RPS(GP)

Director

Note: Gilbert C. H. Chan is a Chartered Surveyor who has 20 years' experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 11 December 2013</u>
			<i>HKD</i>
Workshop C on 19th Floor with Car Parking Spaces Nos. P60 & P68 on 3rd Floor and Heavy Goods Vehicle Parking Space No. HGV9 on 1st Floor TML Tower	The property comprises a workshop unit on 19th Floor, 2 car parking spaces on 3rd Floor, and 1 heavy goods vehicle parking space on 1st Floor of a 32-storey industrial building named TML Tower which was completed in 2013.	Upon inspection, the property was vacant.	69,900,000
No. 3 Hoi Shing Road Tsuen Wan New Territories Hong Kong	The property has a gross floor area of approximately 12,883 sq.ft. (1,196.86 sq.m.) and a saleable area of approximately 9,497 sq.ft. (882.29 sq.m.).		
1308/110000 shares of Section A of Tsun Wan Inland Lot No. 29, Sub-section 1 of Section A of Tsun Wan Inland Lot No. 34, The Remaining Portion of Section B of Tsun Wan Inland Lot No. 29, and The Remaining Portion of Sub-section 2 of Section A of Tsun Wan Inland Lot No. 34	The property is held under Conditions of Sale Nos. UB5098 and UB5136 for a common term of 75 years renewable for a further term of 24 years commencing from 1 July 1898 and thereafter statutorily extended to 30 June 2047 without premium but subject to payment of annual Government rent at 3% of the rateable value for the time being of the lots.		

Notes:

1. Pursuant to our land search record, the registered owner of the property is Great Champ (Cayman) Limited vide Memorial No. 10122001990023 dated 23 November 2010 regarding TWIL 29 S.A, TWIL 34 S.A SS.1, TWIL 29 S.B R.P. and TWIL 34 S.A SS.2 R.P.

However, by virtue of Assignments which are pending registration in Land Registry, the property has been assigned to Gold Prospect Capital Resources Limited.

2. Pursuant to our land search record, the property is subject to the following encumbrances:
 - i. Debenture and Mortgage (regarding TWIL 29 S.A, TWIL 34 S.A SS.1, TWIL 29 S.B R.P. and TWIL 34 S.A SS.2 R.P.) vide Memorial No. 10122102480020 dated 6 December 2010 in favour of the Hong Kong and Shanghai Banking Corporation Limited for all moneys;
 - ii. Assignment of Rental Proceeds (regarding TWIL 29 S.A, TWIL 34 S.A SS.1, TWIL 29 S.B R.P. and TWIL 34 S.A SS.2 R.P.) vide Memorial No. 10122102480043 dated 6 December 2010 in favour of the Hong Kong and Shanghai Banking Corporation Limited;
 - iii. Agreement for Sale and Purchase (regarding Workshop C on 19th floor of the property) vide Memorial No. 11080802110054 dated 29 July 2011 in favour of Best Maxfield Limited for a consideration of \$40,967,940;

- iv. Occupation Permit No. NT 35/2013 (OP) vide Memorial No. 13081900280015 dated 13 August 2013;
 - v. Supplemental Agreement (regarding Workshop C on 19th floor of the property) vide Memorial No. 1210050230064 dated 24 September 2012 in favour of Best Maxfield Limited for a new consideration of \$40,953,458;
 - vi. Preliminary Sale and Purchase Agreement (regarding Workshop C on 19th floor of the property) vide Memorial No. 12113001590018 dated 5 November 2012 in favour of Calder Enterprises Limited for a consideration of \$51,532,000; and
 - vii. Nomination (regarding Workshop C on 19th floor of the property) in favour of Gold Prospect Capital Resources Limited (Beneficial owner) vide Memorial No. 12113001590025 dated 21 November 2012.
3. Pursuant to our land search record, the property is subject to the following deeds pending registration:
- i. Deed of Mutual Covenant and Management Agreement (Registration Withheld) vide Memorial No. 13090902020031 dated 28 August 2013;
 - ii. Partial Release of Debenture and Mortgage and Assignment of Rental Proceeds vide Memorial No. 13091801440024 dated 3 September 2013;
 - iii. Assignment (regarding Workshop C on 19th floor of the property) vide Memorial No. 13100201110118 dated 5 September 2013 in favour of Gold Prospect Capital Resources Limited for a consideration of \$51,532,000;
 - iv. Mortgage (regarding Workshop C on 19th floor of the property) vide Memorial No. 13100201110127 dated 5 September 2013 in favour of Hang Seng Bank Limited to secure all moneys in respect of general banking facilities;
 - v. Rental Assignment (regarding Workshop C on 19th floor of the property) vide Memorial No. 13100201110135 dated 5 September 2013 in favour of Hang Seng Bank Limited;
 - vi. Agreement of Sale and Purchase (regarding Car Parking Space No. P60 on 3rd Floor of the property) vide Memorial No. 13101601380013 dated 25 September 2013 in favour of Gold Prospect Capital Resources Limited for a consideration of \$1,200,000;
 - vii. Agreement of Sale and Purchase (regarding Heavy Goods Vehicle Parking Space No. HGV9 on 1st Floor of the property) vide Memorial No. 13101601380036 dated 30 September 2013 in favour of Gold Prospect Capital Resources Limited for a consideration of \$2,400,000;
 - viii. Agreement of Sale and Purchase (regarding Car Parking Space No. P68 on 3rd Floor of the property) vide Memorial No. 13101601380026 dated 2 October 2013 in favour of Gold Prospect Capital Resources Limited for a consideration of \$1,200,000;
 - ix. Assignment (regarding Car Parking Space No. P60 on 3rd Floor of the property) vide Memorial No. 13111300840037 dated 1 November 2013 in favour of Gold Prospect Capital Resources Limited for a consideration of \$1,200,000;
 - x. Assignment (regarding Car Parking Space No. P68 on 3rd Floor of the property) vide Memorial No. 13112800630068 dated 8 November 2013 in favour of Gold Prospect Capital Resources Limited for a consideration of \$1,200,000; and
 - xi. Assignment (regarding Heavy Goods Vehicle Parking Space No. HGV9 on 1st Floor of the property) vide Memorial No. 13120500700032 dated 15 November 2013 in favour of Gold Prospect Capital Resources Limited for a consideration of \$2,400,000.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

Name of Director	Number of Shares and underlying shares held				Total	Percentage of issued share capital
	Personal interests	Corporate interests	Family interests	Other interests		
Lau Ho Ming, Peter	—	120,716,000 (Note)	—	—	120,716,000	50.3%
Li Man Yee, Stella	—	—	120,716,000 (Note)	—	120,716,000	50.3%

Note: These Shares are registered in the name of Smart Investor. As Mr. Lau controls 67.4% of the voting power of Smart Investor, by virtue of the provisions in Part XV of the SFO, Mr. Lau is deemed to be interested in all the Shares held by Smart Investor. Madam Li is the spouse of Mr. Lau. By virtue of the provisions of Part XV of the SFO, Madam Li is deemed to be interested in all the Shares in which Mr. Lau is interested or deemed to be interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name	Capacity	Total number of Shares held	Percentage of shareholding
Smart Investor	Beneficial Owner	120,716,000	50.3%
Silver Pointer Limited	Beneficial Owner	33,600,000	14.0%

Save as disclosed above, as at the Latest Practicable Date, the Directors of the Company were not aware of any person who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Save as disclosed above, as at the Latest Practicable Date, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

The controlling Shareholders of the Company, being Smart Investor, Mr. Lau and Madam Li, entered into a deed of non-competition in favour of the Company dated 10 January 2013 as set out in the section of "Connected Transactions and Relationship with the Controlling Shareholders" under the Prospectus. As at the Latest Practicable Date, each of Smart Investor, Mr. Lau and Madam Li confirmed their compliance of all the undertakings provided under the deed of non-competition and none of the Directors or their respective associates had an interest in a business which competes or may compete with the business of the Group or had any other conflict of interest which any such person has or may have with the Group.

5. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, the date to which the latest published audited consolidated financial statements of the Group have been made up.

6. INTERESTS IN CONTRACTS AND ASSETS

Saved as disclosed in this circular, as at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries since 31 March 2013, the date to which the latest published audited financial statements of the Group were made up.

Save as the continuing connected transactions disclosed in the "Continuing Connected Transactions" section on page 13 of the Annual Report 2013 of the Company or disclosed otherwise in this circular, there had been no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted at the Latest Practicable Date.

7. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Professional valuation firm
Veda Capital Limited	Licensed corporation for type 6 (advising on corporate finance) regulated activity as defined under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports or opinions and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the above experts have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts have any direct or indirect interests in any assets which had been, since 31 March 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

8. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company is situated at Workshop 3 on 19th Floor, Cheung Tat Centre, 18 Cheung Lee Street, Chai Wan, Hong Kong.
- (c) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Workshop 3 on the 19th Floor, Cheung Tat Centre, 18 Cheung Lee Street, Chai Wan, Hong Kong during normal business hours on any business day from, the date of this circular up to and including the date of the EGM:

- (a) the Sale and Purchase Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders;
- (c) the letter from Veda Capital Limited to the Independent Board Committee and the Independent Shareholders;
- (d) the letter and valuation certificate prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix I to this circular;
- (e) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1348)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders (the “**Meeting**”) of Quali-Smart Holdings Limited (the “**Company**”) will be held at Unit 101, First Commercial Building, 33–35 Leighton Road, Causeway Bay, Hong Kong on Wednesday, 22 January, 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution which will be proposed as an:

ORDINARY RESOLUTION

- 1 “**THAT** the terms and conditions of the sale and purchase agreement dated 11 December 2013 (the “**Agreement**”, a copy of which has been produced to the Meeting marked “**A**” and signed by the chairman of the Meeting for the purpose of identification) entered into between Mr. Lau Ho Ming, Peter and Madam Li Man Yee, Stella (the “**Vendors**”) and the Company (the “**Purchaser**”) in relation to the purchase of the entire issued share capital of Gold Prospect Capital Resources Limited by the Purchaser from the Vendors and the settlement of all the debts and liabilities of Gold Prospect Capital Resources Limited for a total aggregate consideration of HK\$69,888,000 be and are hereby approved, ratified and confirmed; and the board of directors of the Company (the “**Board**”) be and is hereby generally and unconditionally authorised to do all such acts and things and execute all such documents as it considers necessary or expedient or desirable in connection with or to give effect to the Agreement and to implement the transactions contemplated thereunder pursuant to the terms and conditions of the Agreement and to agree to such variation, amendments or waivers of matters relating thereto as are, in the opinion of the Board, in the interests of the Company.”

By Order of the Board
QUALI-SMART HOLDINGS LIMITED
Cheung Chung Yee, Fendi
Company Secretary

Hong Kong, 6 January 2014

* *For identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- 1 A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not be a member of the Company.
- 2 The form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority shall be delivered to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the Meeting or any adjourned meeting.
- 3 Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, at the Meeting in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- 4 Delivery of the form of proxy shall not preclude a member from attending and voting in person at the Meeting and in such event, the form of proxy shall be deemed to be revoked.
- 5 The register of members of the Company will be closed from Monday, 20 January 2014 to Wednesday, 22 January 2014, both days inclusive, during which period no transfer of Shares will be effected. In order to ascertain the right to attend the Meeting, all share transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 17 January 2014.
- 6 A circular containing important information concerning the ordinary resolution, as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, will be despatched to shareholders of the Company.