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## **QUALI-SMART HOLDINGS LIMITED**

**滙達富控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1348)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

#### **Placing Agent**



#### **China Everbright Securities (HK) Limited**

On 20 August 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, up to an aggregate of 48,000,000 new Placing Shares to more than six Places who are Independent Third Parties at a price of HK\$1.25 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 48,000,000 Placing Shares represents 20.0 % of the existing issued share capital of the Company and approximately 16.7% of the enlarged share capital of the Company. The Placing Shares will be issued under the General Mandate and will rank equally with the existing Shares.

The Placing Price of HK\$1.25 per Placing Share represents (i) a premium of approximately 0.8% to the closing price of HK\$1.24 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a premium of approximately 1.1% to the average closing price of HK\$1.236 per Share as quoted on the Stock Exchange over the 5 consecutive trading days of the Shares ending on the date of this announcement. The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent trading prices of the Shares and the Group's existing financial position.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the net proceeds from the Placing are estimated to be approximately HK\$59.3 million, which the Company intends to use for general working capital of the Group, future development of the Group's businesses and/or other appropriate investments as may be identified by the Directors.

Completion of the Placing is conditional upon, inter alia, the Listing Committee agreeing to grant a listing of and permission to deal in the Placing Shares.

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

## **THE PLACING AGREEMENT**

### **Date**

20 August 2014

### **Issuer**

The Company

### **Placing Agent**

China Everbright Securities (HK) Limited

The Placing Agent has conditionally agreed to place up to 48,000,000 Placing Shares, on a best efforts basis, to the Placees. The Placing Agent will receive a placing commission of 1.0% on the gross proceeds attributable to the actual number of the Placing Shares placed. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market rate.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

### **Placees**

The Placing Agent will use its best efforts to place up to 48,000,000 Placing Shares to more than six Placees who and whose ultimate beneficial owners are Independent Third Parties who are not acting in concert with other Placees in relation to the control of the Company within the meaning of the Hong Kong Code on Takeovers and Mergers.

### **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 48,000,000 Placing Shares represents (i) 20.0% of the issued share capital of the Company of 240,000,000 Shares as at the date of this announcement and (ii) approximately 16.7% of the issued share capital of the Company of 288,000,000 Shares as enlarged by the maximum number of Placing Shares. The aggregate nominal value of the maximum number of Placing Shares will be US\$4,800 (approximately HK\$37,440).

## **Placing Price**

The Placing Price is HK\$1.25 per Placing Share, representing:

- (a) a premium of approximately 0.8% over the closing price of HK\$1.24 per Share as quoted on the Stock Exchange on 20 August 2014, being the date of this announcement; and
- (b) a premium of approximately 1.1% over the average of the closing prices of HK\$1.236 per Share for the five consecutive trading days of the Shares ending on the date of this announcement.

Based on an estimated expenses of approximately HK\$650,000 for the Placing, the Company will be able to raise net proceeds of approximately HK\$59.3 million from the Placing. Therefore the net price per Placing Share is approximately HK\$1.24 per Placing Share.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent trading prices of the Shares and the Group's existing financial position. The Directors consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and are in the interests of the Company and its Shareholders as a whole.

## **Ranking of the Placing Shares**

The Placing Shares, when issued and allotted, will rank equally among themselves and with all other fully paid Shares in issue on the date of allotment and issue of such Placing Shares.

## **Conditions precedent to the Placing**

Completion of the Placing is conditional upon:—

- (a) all necessary approvals, permits and consents having been obtained and such approvals, permits and consents having not been revoked; and
- (b) the Listing Committee of the Stock Exchange having granted, or agreeing to grant the listing of and permission to deal in the Placing Shares;

If the above conditions precedent are not fulfilled within 30 days from the date of the Placing Agreement (or such other date as the parties may agree), all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other in respect of the Placing, save for any antecedent breaches thereof.

## **Completion**

Completion of the Placing shall take place on the fifth business day following the fulfillment of the conditions precedent stated above (or such other date as the Company and the Placing Agent may agree in writing).

## **Termination of the Placing Agreement**

The Placing Agent shall have the right to terminate the Placing Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the date of completion of the Placing if any of the following occurs:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect; or any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute a material omission therefrom; or any of the representations and warranties of the Company contained in the Placing Agreement becomes untrue or incorrect in any material respect; or
- (b) there develops, occurs or comes into effect:
  - i. any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in the PRC (including Hong Kong) and which in the reasonable opinion of the Placing Agent would be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or would materially prejudice the success of the Placing; or
  - ii. any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
  - iii. the instigation of any litigation or claim of material importance by any third party against any member of the Group, which has or may have material adverse effect on the business or in the financial prospects of the Group and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing;

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

## GENERAL MANDATE

The Placing Shares will be allotted and issued under the General Mandate which was granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the annual general meeting on 23 August 2013 to allot and issue up to 48,000,000 Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on the date of passing such resolution. The General Mandate has not been previously utilised prior to the issue of the Placing Shares. As the Placing Shares are to be issued under the aforesaid General Mandate, the issue of the Placing Shares is not subject to Shareholders' approval.

## APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## USE OF PROCEEDS OF THE ISSUE OF THE PLACING SHARES

The net proceeds from the issue of the Placing Shares after deducting necessary related expenses are estimated to be approximately HK\$59.3 million, which will be used as general working capital of the Group, future development of the Group's businesses and/or other appropriate investments as may be identified by the Directors.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding in the Company (a) as at the date of this announcement; and (b) immediately after the completion of the Placing in full (assuming no further Shares will be issued or repurchased from the date of this announcement to the date of completion of the Placing) are as follows:

	As at the date of this announcement		Immediately upon completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Director:</b>				
Mr. Lau Ho Ming Peter	120,716,000 <i>(Note 1)</i>	50.3	120,716,000	41.9
<b>Substantial Shareholder:</b>				
Silver Pointer Limited	33,600,000	14.0	33,600,000	11.7
<b>Public:</b>				
Placeses:	-	-	48,000,000	16.7
Other public	85,684,000	35.7	85,684,000	29.7
Total <i>(Note 2)</i>	<u>240,000,000</u>	<u>100.0</u>	<u>288,000,000</u>	<u>100.0</u>

### Notes:

1. These shares are registered in the name of Smart Investor Holdings Limited, a company owned as to 67.4% by Mr. Lau Ho Ming, Peter, 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.
2. 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.

As disclosed in the above shareholding table, immediately after the completion of the Placing, the Company will continue to comply with the public float requirement under the Listing Rules.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

## **REASONS FOR THE PLACING**

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

The Directors have considered various fund raising methods taking into consideration the current debt equity ratio of the Group and the prevailing market conditions and are of the view that the Placing represents an opportunity for the Group to enhance its working capital, lower its debt equity ratio, and strengthen its capital base and financial position for further developments. It will better prepare the Group to take advantage of future investment opportunities as they arise, which may help further expand the business scope of the Group. The Directors consider that the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

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

## **DEFINITIONS**

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

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

“Directors”	directors of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting 23 August 2013 to issue and allot up to 48,000,000 Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are independent of, and not connected with the directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the Listing Rules
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	the placees to be procured by the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Placing”	the placing of the Placing Shares in accordance with the terms and conditions of the Placing Agreement
“Placing Agent”	China Everbright Securities (HK) Limited, a licensed corporation to carry out business in types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 20 August 2014 in relation to the Placing
“Placing Price”	HK\$1.25 per Placing Share
“Placing Shares”	up to a maximum of 48,000,000 new Shares to be subscribed by the Placees in accordance with the terms and conditions of the Placing Agreement
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

*For illustrative purpose, the exchange rate used in this announcement is US\$1.00 = HK\$7.80*

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

Hong Kong, 20 August 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 and Mr. Chu Sheng Yu, Lawrence as non-executive Directors; and Mr. Leung Po Wing, Bowen Joseph GBS, JP, Mr. Chan Siu Wing, Raymond and Mr. Chu, Raymond as independent non-executive Directors.*

*\* for identification purposes only*