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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 22 July 2015 (after trading hours), the Company entered into the Subscription Agreement with each of the Subscribers for the subscription of an aggregate of 30,000,000 new Shares at the Subscription Price of HK\$2.95 per Subscription Share for an aggregate consideration of HK\$88,500,000.

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 Subscription, the Subscription Shares represents 10.3 % of the existing issued share capital of the Company and approximately 9.3% of its enlarged share capital. The Subscription Shares will be issued under the General Mandate and will rank equally with the existing Shares.

The Subscription Price of HK\$2.95 per Subscription Share represents (i) a discount of approximately 15.7% to the closing price of HK\$3.50 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 19.6% to the average closing price of HK\$3.67 per Share as quoted on the Stock Exchange over the 5 consecutive trading days of the Shares immediately preceding the date of this announcement. The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the recent trading prices of the Shares and the Group's existing financial position.

The net proceeds from the Subscription are estimated to be approximately HK\$88.5 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 Subscription is conditional upon, inter alia, the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares.

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

THE SUBSCRIPTION AGREEMENT

Date

22 July 2015

Parties

Issuer: the Company

Subscribers: Not less than six Subscribers, being individuals, corporates, institutional or other professional investors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscribers and their ultimate beneficial owners (if applicable) are Independent Third Parties. It is expected that none of the Subscribers will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Subscription.

Number of Subscription 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 Subscription, a total of 30,000,000 Subscription Shares represents (i) 10.3% of the issued share capital of the Company of 291,195,000 Shares as at the date of this announcement and (ii) approximately 9.3% of its issued share capital of 321,195,000 Shares as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares will be approximately US\$3,000 (approximately HK\$23,250).

Subscription Price

The Subscription Price is HK\$2.95 per Subscription Share, representing:

- (a) a discount of approximately 15.7% over the closing price of HK\$3.50 per Share as quoted on the Stock Exchange on 22 July 2015, being the date of this announcement; and
- (b) a discount of approximately 19.6% over the average of the closing prices of approximately HK\$3.67 per Share for the five consecutive trading days of the Shares immediately preceding the date of this announcement.

Based on estimated expenses of approximately HK\$7,000 for the Subscription, the Company will be able to raise net proceeds of approximately HK\$88.5 million from the Subscription. Therefore the net price per Subscription Share is approximately HK\$2.95 per Subscription Share.

The Subscription Price was determined after arm's length negotiations between the Company and each of the Subscribers 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 Subscription 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 Subscription Shares

The Subscription 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 Subscription Shares.

Conditions precedent to the Subscription

Completion of the Subscription 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 Subscription Shares;

If the above conditions precedent are not fulfilled by 5 August 2015 (or such other date as the parties may agree), all rights, obligations and liabilities of the parties thereunder in relation to the Subscription shall cease and determine and none of the parties shall have any claim against any other in respect of the Subscription, save for any antecedent breaches thereof.

Completion

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

GENERAL MANDATE

The Subscription 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 25 August 2014 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 that date, of which 14,180,929 Shares have been utilised in relation to the issue of the HK\$58,000,000 in principal amount of the convertible notes on 17 December 2014, leaving 33,819,071 Shares under the General Mandate unutilised. As the Subscription Shares are to be issued under the aforesaid General Mandate, the issue of the Subscription 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 Subscription Shares.

USE OF PROCEEDS OF THE ISSUE OF THE SUBSCRIPTION SHARES

The net proceeds from the issue of the Subscription Shares after deducting necessary related expenses are estimated to be approximately HK\$88.5 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 Subscription in full (assuming no further Shares will be issued or repurchased from the date of this announcement to the date of completion of the Subscription) are as follows:-

	As at the date of this announcement		Immediately upon completion of the Subscription	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Directors:				
Mr. Lau Ho Ming Peter (Note 1)	121,436,000	41.70	121,436,000	37.81
Mr. Ng Kam Seng	240,000	0.08	240,000	0.07
Mr. Poon Pak Ki, Eric	150,000	0.05	150,000	0.05
Madam Li Man Yee, Stella (Note 1)	720,000	0.25	720,000	0.23
Mr. Leung Po Wing Bowen Joseph	72,000	0.03	72,000	0.02
Public Shareholders:				
The Subscribers (Note 2)	-	-	30,000,000	9.34
Other public Shareholders	168,577,000	57.89	168,577,000	52.48
Total (Note 3)	<u>291,195,000</u>	<u>100.00</u>	<u>321,195,000</u>	<u>100.00</u>

Notes:

- 120,716,000 shares are held by a company registered in the name of Smart Investor Holding Limited ("Smart Investor"), 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 of the Company and the spouse of Mr. Lau Ho Ming, Peter. Another 720,000 shares are held by Mr. Lau Ho Ming, Peter personally. Madam Li Man Yee, Stella also holds 720,000 shares personally. Both Mr. Lau Ho Ming, Peter and Madam Li Man Yee are deemed to be interested in all of the above 122,156,000 shares in aggregate.

2. *None of the Subscribers is expected to become a substantial Shareholders of the Company immediately after the completion of the Subscription.*
3. *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 20,771,000 Shares.*

As disclosed in the above shareholding table, immediately after the completion of the Subscription, 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 conducted the following equity fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at date of announcement
20 August 2014	Placing of 48,000,000 Shares at an issue price of HK\$1.25 per Share	HK\$59.3 million	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	Used as general working capital and partial cash settlement for consideration paid in the acquisition of Pulse MediaTech Limited Group in December 2014
11 December 2014	Issue of HK\$58,000,000 convertible notes	HK\$58 million	As part of the consideration for the acquisition of Pulse MediaTech Limited Group	Used as intended

REASONS FOR THE SUBSCRIPTION

The Group is engaged in two core business segments: toy OEM manufacturing business and the information technology business.

The Group's toy division manufactures products for its customers according to their

specifications and the products are sold by its toy customers under their own brand names. The Group's key toy customers mainly comprise internationally reputable toy brands. Headquartered in Hong Kong, the Group has a production base which is located in Foshan, Guangdong Province, the People's Republic of China. The Group's information technology business is conducted through its wholly-owned subsidiaries, the Pulse MediaTech Limited Group, which is engaged in the development and provision of electronic publishing technologies, the development of mobile applications and other information technology solutions.

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 Subscription 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 and pursue its business diversification strategies. The Directors consider that the terms of the Subscription 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 Subscription is subject to the fulfillment of conditions precedent under the Subscription Agreement. As the Subscription 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 the Main Board
“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 25 August 2014 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, of which 14,180,929 Shares have been utilised in relation to the allotment and issue of shares upon the conversion of the HK\$58,000,000 in principal amount of the convertible notes which were issued by the Company on 17 December 2014

“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
“Main Board”	the Main Board of the Stock Exchange
“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
“Subscribers”	the subscribers of the Subscription Shares under the Subscription Agreements
“Subscription”	the subscription of the Subscription Shares pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreements dated 22 July 2015 between the Company and each of the Subscribers
“Subscription Price”	HK\$2.95 per Subscription Share
“Subscription Shares”	a total of 30,000,000 new Shares to be subscribed by the Subscribers in accordance with the terms and conditions of the Subscription Agreement
“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\$7.75

By Order of the Board
Quali-Smart Holdings Limited

Lau Ho Ming, Peter
Executive Chairman

Hong Kong, 22 July 2015

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. Wang Zhao, as non-executive Directors; and Mr. Leung Po Wing, Bowen Joseph GBS, JP and Mr. Chan Siu Wing, Raymond as independent non-executive Directors.

** for identification purposes only*