

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

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

Quali-Smart Holdings Limited

(滙達富控股有限公司*)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1348)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 20 November 2015 (after trading hours), the Company entered into the Subscription Agreement with each of the Subscribers for the subscription of an aggregate of 40,500,000 new Shares at the Subscription Price of HK\$3.88 per Subscription Share for an aggregate consideration of HK\$157,140,000.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the Subscription Shares represents 12.6 % of the existing issued share capital of the Company and approximately 11.2% 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\$3.88 per Subscription Share represents (i) a discount of approximately 7.4% to the closing price of HK\$4.19 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 8.1% to the average closing price of HK\$4.22 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.

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

20 November 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 40,500,000 Subscription Shares represents (i) 12.6% of the issued share capital of the Company of 321,195,000 Shares as at the date of this announcement and (ii) approximately 11.2% of its issued share capital of 361,695,000 Shares as enlarged by the Subscription Shares. The aggregate nominal value of the Subscription Shares will be approximately US\$4,050 (approximately HK\$31,388).

Subscription Price

The Subscription Price is HK\$3.88 per Subscription Share, representing:

- (a) a discount of approximately 7.4% over the closing price of HK\$4.19 per Share as quoted on the Stock Exchange on 20 November 2015, being the date of this announcement; and
- (b) a discount of approximately 8.1% over the average of the closing prices of approximately HK\$4.22 per Share for the five consecutive trading days of the Shares immediately preceding the date of this announcement.

Crosby Securities Limited acts as the arranger for the Subscription and shall charge an arranger fee equivalent to 2.5% of the gross proceeds. Based on estimated expenses of approximately HK\$3.9 million for the Subscription, the Company will be able to raise net proceeds of approximately HK\$153.2 million from the Subscription. Therefore the net price per Subscription Share is approximately HK\$3.78 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) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Subscription Shares (and such approval not being subsequently revoked or withdrawn);
- (b) the current listing of the Shares not having been withdrawn, the Shares continuing to be traded on the Stock Exchange on and prior to the date of Completion (save for (i) any temporary trading halt or suspension in trading in connection with transactions contemplated under the Subscription Agreement; or (ii) such other period or in such other circumstances as the Subscribers may agree) and neither the Stock Exchange nor the SFC having indicated that it will object to such continued listing for any reason;
- (c) each of the warranties under the Subscription Agreement remaining true, complete and accurate and not misleading at the Completion as if repeated at the Completion and at all times between the date of the Subscription Agreement and the Completion;
- (d) the Company having duly performed and observed all of the obligations, undertakings, covenants and agreements required to be performed and observed by it prior to Completion under the Subscription Agreement; and
- (e) there having been no material adverse changes prior to Completion.

The Subscribers may jointly waive (in full or in part) any of the conditions precedent set out in paragraphs (b), (c), (d) and (e) above. The condition precedent set out in paragraph (a) cannot be waived by the Company or the Subscribers.

If the above conditions precedent are not fulfilled by 4 December 2015, being the fourteenth calendar day after the date of the Subscription Agreement (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 28 August 2015 to allot and issue up to 64,239,000 Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on that date. None of the General Mandate has been utilised as of the date of this announcement. 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\$153.2 million, which will be used for financing the repayment of the promissory note issued as partial consideration for the acquisition of CSL, the increase of the regulated capital of the Crosby Group, the expansion of the Crosby Group's businesses in institutional brokerage, securities margin financing and principal finance, and as general working capital.

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 Completion (assuming no further Shares will be issued or repurchased from the date of this announcement to the date of Completion) are as follows:-

	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Directors:				
Mr. Lau Ho Ming Peter (Note 1)	121,436,000	37.81	121,436,000	33.57
Mr. Ng Kam Seng	240,000	0.07	240,000	0.07
Mr. Poon Pak Ki, Eric	150,000	0.05	150,000	0.04
Madam Li Man Yee, Stella (Note 1)	720,000	0.23	720,000	0.20

Mr. Leung Po Wing Bowen Joseph	72,000	0.02	72,000	0.02
-----------------------------------	--------	------	--------	------

Public Shareholders:

The Subscribers (Note 2)			40,500,000	11.20
Other public Shareholders	198,577,000	61.82	198,577,000	54.90
Total (Note 3)	<u>321,195,000</u>	<u>100.0</u>	<u>361,695,000</u>	<u>100.00</u>

Notes:

1. 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 Shareholder of the Company immediately after Completion.
3. Save for the above, as at the date of this announcement, the Company also has outstanding convertible notes of HK\$58,000,000 in outstanding principal amount which can be converted into 14,180,929 Shares and outstanding share options granted under its share option scheme of 20,771,000 Shares.

As disclosed in the above shareholding table, immediately after 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
22 July 2015	Issue and allotment of 30,000,000 Shares by way of subscription at a subscription price of HK\$2.95 per Share	HK\$88.5 million	For general working capital of the Group, future development of the Group's businesses and/or other appropriate investments as	Allocated as to (i) HK\$37.6 million for the settlement of the cash consideration paid in the subscription of shares of CSL and the

			may be identified by the Directors	acquisition of the remaining shares of CSL and CAM as disclosed in the announcement dated 19 August 2015; (ii) HK\$30.0 million investments in listed securities traded on the Stock Exchange; (iii) HK\$0.3 million in general working capital of the Group; and (iv) HK\$20.6 million remains unutilised
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 has been engaged in two core business segments: toy OEM manufacturing business and the information technology business. After the completion of the acquisition of the Crosby Group as disclosed in the announcement of the Company dated 19 August 2015, the Group will also engage in the businesses of the provision of brokerage services, investment advisory, advising on corporate finance and asset management through the Crosby Group.

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.

As explained in the Company's 2015 Annual Report and the profit warning announcement of the Company dated 23 September 2015, the Group's existing operations in the Toy Divisions are expected to continue to face substantial challenges in the coming year. The first loss of the Group after its listing would likely lead to a re-positioning of its toy business this year and it has become increasingly important for the Group to pursue its business diversification strategy to enhance and strengthen the Group's overall business growth and performance.

As disclosed in the announcement of the Company dated 19 August 2015, the Company has entered into an agreement to acquire the entire issued share capital of CSL not already owned by the Company and the entire issued share capital of CAM. These transactions together would allow the Group to enter into the financial services industry in Hong Kong promptly under the Crosby Group, an already established institution with a long-standing history, and capture the growth opportunities in the financial services industry given the increasing demand of financial services in the Greater China region with the increasing cooperation between the stock markets in Hong Kong and China, including but not limited to the launch of the Shanghai-Hong Kong Stock Connect program and the mutual recognition of funds between Hong Kong and the Mainland China this year. As a condition precedent to the completion of the acquisition of CSL, the Group needs to confirm the availability of financings to finance the repayment of the promissory notes to be issued for the acquisition of CSL. Besides, after the completion of the acquisition of the Crosby Group, the Group intends to further expand the business scopes of the Crosby Group into an independent, institutional-focused investment banking platform, and hence would require additional capital to increase its regulated capital to cope with the expanded businesses. The Directors consider that the Subscription would allow the Group to achieve the above objectives and 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

“CAM”	Crosby Asset Management (Hong Kong) Limited
“CSL”	Crosby Securities Limited
“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
“Completion”	completion of the Subscription
“Crosby Group”	CSL and CAM
“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 on 28 August 2015 to issue and allot up to 64,239,000 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
“Main Board”	the Main Board of the Stock Exchange
“SFC”	The Securities and Futures Commission in Hong Kong
“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 20 November 2015 between the Company and each of the Subscribers
“Subscription Price”	HK\$3.88 per Subscription Share
“Subscription Shares”	a total of 40,500,000 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, 20 November 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, Mr. Chan Siu Wing, Raymond and Mr. Wong Wah On, Edward as independent non-executive Directors.

** for identification purposes only*