

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.

QUALI-SMART HOLDINGS LIMITED

滙達富控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1348)

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rule 13.09 and 13.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of Quali-Smart Holdings Limited (the “**Company**”) has noted the increase in trading price and volume of the shares in the Company (the “**Shares**”) over the past few days. The Board, after having made such enquiry with respect to the Company as is reasonable in the circumstances and save as disclosed below, wishes to confirm that it is not aware of any reasons for such movements in the trading price and volume of the Shares or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed under Part XIVA of the SFO.

The Board would like to reiterate the statements made in the profit warning announcement dated 25 September 2014 that the Company together with its subsidiaries (the “**Group**”) is expected to record a decrease in its net profit for the six months ending 30 September 2014 as compared to the net profit of approximately HK\$22.6 million for the period ended 30 September 2013 mainly as a result of (i) an increase in warehouse rental expenses leading to a decrease in gross profit; (ii) an expected decrease in net gain on derivative financial instruments arising from Renminbi forward contracts under the prevailing exchange rate; (iii) a decrease in moulding income; (iv) additional finance costs and depreciation charge for the property newly acquired last year; and (v) an increase in staff costs, especially arising from the equity settled share-based payment expenses related to the grant of share options. The Board also expects the net profit for the full year ending 31 March 2015 would also likely decrease in view of the expected decrease in net profit for the six months ended 30 September 2014, as traditionally the majority of the orders in the toy manufacturing industry are placed and delivered during the second and third quarters of the Company’s financial year.

The Company is also under negotiation with Mr. Wang Zhao (王鑾) in relation to his possible proposed appointment to the Board as a non-executive Director of the Company (the “**Possible Appointment**”). As of the date of this announcement, the Company has not entered into any written agreement with Mr. Wang Zhao with respect to the Possible Appointment and as such the Possible Appointment may or may not proceed.

The Board also wishes to state that the management of the Company is in very preliminary discussion with an independent third party regarding a potential acquisition of equity interest of a company which may constitute a notifiable transaction (the “**Potential Transaction**”) of the Company if materialised. The management of the Company is planning to conduct preliminary assessment work on the Potential Transaction and no binding terms or agreements have been reached with any counterparty in respect of the Potential Transaction as at the date of this announcement. As such, the Potential Transaction may or may not proceed and further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

Save as disclosed above, the Company confirms that there are no other negotiations or agreements relating to any intended appointments of Directors or transactions which are discloseable under the Listing Rules.

As the Possible Appointment or the Potential Transaction may or may not proceed or materialize, shareholders and potential investors are advised to exercise caution in dealing in the shares in the Company.

This announcement is made by the order of the Board. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

By order of the Board
Quali-Smart Holdings Limited
LAU Ho Ming, Peter
Executive Chairman

Hong Kong, 29 October 2014

As at the date of this announcement, the Board consists of three executive Directors: Mr. Lau Ho Ming, Peter (Executive Chairman), Mr. Poon Pak Ki, Eric and Mr. Ng Kam Seng; two non-executive Directors: Ms. Li Man Yee, Stella and Mr. Chu Sheng Yu, Lawrence; and three independent non-executive Directors: Mr. Leung Po Wing, Bowen Joseph GBS, JP, Mr. Chan Siu Wing, Raymond and Mr. Chu, Raymond.

** For identification purposes only*