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Quali-Smart Holdings Limited (**滉達富控股有限公司^{*}**)

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1348)

PROPOSED SHARE SUB-DIVISION

The Board proposes to sub-divide each one (1) existing issued and unissued Share of US\$0.0001 each of the Company into four (4) Sub-divided Shares of US\$0.000025 each.

The Share Sub-division will become effective after the conditions set out in the paragraph headed “Conditions of the Share Sub-division” below are fulfilled. All Sub-divided Shares will rank pari passu with each other and the Share Sub-division will not result in any change in the rights of the Shareholders.

Upon the Share Sub-division becoming effective, the board lot size for trading of the Sub-divided Shares will remain unchanged at 2,000 Sub-divided Shares for each board lot.

An EGM will be convened and held to approve the Share Sub-division in which an ordinary resolution to approve the Share Sub-division will be proposed. A circular containing, amongst other things, further details of the Share Sub-division, including the trading arrangement in respect of the Sub-divided Shares, together with a notice of the EGM will be dispatched to the Shareholders on or before 18 December 2015.

PROPOSED SHARE SUB-DIVISION

The Board proposes to sub-divide each one (1) existing issued and unissued Share of US\$0.0001 each of the Company into four (4) Sub-divided Shares of US\$0.000025 each. The board lot size for trading of the Sub-divided Shares will remain unchanged at 2,000 Sub-divided Shares upon the Share Sub-division becoming effective.

As at the date of this announcement, the authorised share capital of the Company is US\$50,000 divided into 500,000,000 Shares of US\$0.0001 each of which 321,195,000 Shares have been issued and fully paid. Upon the Share Sub-division taking effect, and assuming that no further Shares will be issued or repurchased prior to the Share Sub-division becoming effective, the authorised share capital will remain at US\$50,000 but will comprise 2,000,000,000 Sub-divided Shares, of which 1,284,780,000 Sub-divided Shares of US\$0.000025 each will be in issue.

Conditions of the Share Sub-division

The Share Sub-division is conditional upon:

- (a) the passing by the Shareholders at the EGM of an ordinary resolution approving the Share Sub-division; and
- (b) the Listing Committee granting the listing of, and permission to deal in, the Sub-divided Shares, and any Sub-divided Shares which may be issued pursuant to the exercise of the Share Options granted under the Share Option Scheme and upon the exercise of the conversion rights of the Convertible Notes.

Status of the Sub-divided Shares

The Sub-divided Shares will rank pari passu in all respects with each other and the Share Sub-division will not result in any change in the relative rights of the Shareholders.

Application will be made to the Listing Committee for the listing of and the permission to deal in, the Sub-divided Shares in issue and the Sub-divided Shares to be issued pursuant to: (i) the exercise of the conversion rights to the Convertible Notes; and (ii) the subscription rights attaching to the outstanding Share Options and the subscription rights attaching to the Share Options to be granted under the Scheme Mandate.

Board lots

The existing board lot of 2,000 Shares will remain unchanged upon the Share Sub-division taking place. The value of the current board lot, based on the closing price of HK\$4.51 per Share on the date of this announcement, is HK\$9,020. Upon the Share Sub-division becoming effective, the expected value of each board lot, based on the closing price of HK\$4.51 per Share on the date of this announcement, is expected to decrease to about HK\$2,255. The Share Sub-division is not expected to result in any odd lots other than those that already existed.

Free exchange of share certificates

After the Share Sub-division has become effective, Shareholders may submit their existing share certificates for Shares to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong ("Branch Registrar"), during business hours from 7 January 2016 to 17 February 2016 (both dates inclusive), in exchange for the new share certificates for the Sub-divided Shares free of charge. Thereafter, existing certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such amount as may from time to time prescribed in the Listing Rules) payable to the Company's share registrar for each existing share certificate or new share certificate, whichever number of certificates is higher and such certificates for existing Shares will cease to be marketable with effect from 9:00 a.m. 16 February 2016 and will not be acceptable for dealing purpose. However, such share certificates will continue to be good evidence of the legal title to the Shares.

It is expected that new share certificates for Sub-divided Shares will be available for collection on or after the tenth Business Day from the date of submission of the share certificates for the existing Shares to the Branch Registrar at the above address for exchange.

Expected timetable

Set out below is the expected timetable for the Share Sub-division which is dependent on the date of fulfilment of the relevant conditions to which the Share Sub-division is subject. Shareholders and investors will be informed if any change is made to the expected timetable by further announcement of the Company.

2015

Dispatch of Circular (including the notice of the EGM) and the related form of proxy to the Shareholders On or before Friday, 18 December

Latest time for lodging transfers of Shares for entitlements to attend and vote at the EGM 4:30p.m. on Thursday, 31 December

2016

Closure of register of members of the Company Monday, 4 January to Wednesday 6 January (both dates inclusive)

Latest time for lodging form of proxy for the EGM 10:00a.m. on Monday, 4 January

Date and time of the EGM 10:00a.m. on Wednesday, 6 January

Publication of the announcement of the results of the EGM Wednesday, 6 January

Effective date of the Share Sub-division 9:00a.m. on Thursday, 7 January

First day of free exchange of the existing certificates for the new certificates for the Sub-divided Shares 9:00a.m. on Thursday, 7 January

Original counter for trading in Shares in board lots of 2,000 Shares temporarily closes 9:00a.m. on Thursday, 7 January

Temporary counter for trading in Sub-divided Shares in board lot size of 8,000 Sub-divided Shares (in the form of existing certificates) opens 9:00a.m. on Thursday, 7 January

Original counter for trading in Sub-divided Shares in board lots of 2,000 Sub-divided Shares (only new certificates for the Sub-divided Shares can be traded at this counter) reopens 9:00a.m. on Thursday, 21 January

Parallel trading in the Shares and Sub-divided Shares
(in the form of existing share certificates and new
share certificates) commences.....9:00a.m. on Thursday, 21 January

Temporary counter for trading in Sub-divided Shares
in board lot size of 8,000 Sub-divided Shares
(in the form of existing certificates) closes.....4:00p.m. on Monday, 15 February

Parallel trading in the Shares and the Sub-divided Shares
(in the form of existing share certificates and new
share certificates) ends4:00p.m. on Monday, 15 February

Free exchange of the existing certificate for the
new certificates for the Sub-divided Shares ends.....4:00p.m. on Wednesday, 17 February

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Share Sub-division will be announced as and when appropriate.

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE NOTES AND THE SHARE OPTIONS

As at the date of this announcement, there are 20,771,000 outstanding Share Options granted by the Company under the Share Option Scheme. 14,180,929 conversion shares are also expected to be issued upon the full conversion of the Convertible Notes based on the current Conversion Price. In accordance with the terms of the Share Option Scheme and the Convertible Notes, respectively, the Company will adjust (i) the exercise price and the number of outstanding Share Options; and (ii) the Conversion Price of the Convertible Notes, upon completion of the Share Sub-division. The Company will arrange its auditor or an independent financial adviser to certify the adjustments to the above outstanding Share Options and the Conversion Price of the Convertible Notes. Further announcement will be made by the Company regarding the required adjustments in due course.

REASONS FOR THE SHARE SUB-DIVISION

The Share Sub-division will decrease the nominal value and increase the total number of Shares in issue. The Share Sub-division will result in a lower trading price for each Share of the Company. As the board lot of the Sub-divided Shares will remain unchanged, the Board believes that the Share Sub-division will lower the market value of each board lot of Shares of the Company and thus lower the monetary hurdle of trading of the Shares of the Company by investors, thus improving the liquidity in trading of the Company's Sub-divided Shares.

Save for the expenses to be incurred by the Company in relation to the Share Sub-division, the Share Sub-division has no impact on the underlying assets and liabilities, business operations, management or financial position of the Group (other than the expenses in connection therewith) or the proportionate interests of the Shareholders in the Company and their respective voting rights. The Board considers that the Share Sub-division is in the interests of the Company and its Shareholders as a whole.

GENERAL

The Share Sub-division is conditional on the passing of an ordinary resolution by the Company's shareholders at the EGM.

A circular containing further details of the Share Sub-division, including the trading arrangement in respect of the Sub-divided Shares, together with a notice of the EGM, will be dispatched to the Shareholders on or before 18 December 2015.

To the best of the knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the Share Sub-division at the EGM.

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
“Convertible Notes”	the HK\$58,000,000 in principal amount of the zero coupon convertible notes due 2016 issued by the Company on 17 December 2014
“Conversion Price”	the initial conversion price of HK\$4.07 per Share of the Convertible Notes (subject to adjustment)
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for approving the Share Sub-division
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Scheme Mandate”	the maximum number of options that may be granted by the Company pursuant to the Share Option Scheme which shall not exceed 10% of all the Shares in issue as at 28 August 2015, being the date of approval of the refreshment of the Scheme Mandate by the Shareholders
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Options”	the share options granted or to be granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s) or Sub-divided Share(s) (as the case may be)
“Share Option Scheme”	the share option scheme of the Company adopted by a resolution in writing passed by the Shareholders on 3 January 2013
“Share Subdivision”	the proposed sub-division of each one (1) issued and unissued Share into four (4) Sub-divided Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-divided Shares”	ordinary share(s) of US\$0.000025 each in the share capital of the Company upon the Share Sub-division becoming effective
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States

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, 2 December 2015

As at the date of this announcement, the Board comprises Mr. Lau Ho Ming, Peter (Executive Chairman), Mr. Poon Pak Ki, Eric, Mr. Ng Kam Seng and Mr. Chu, Raymond as executive Directors; Madam Li Man Yee, Stella as a non-executive Director; 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*