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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that, based on the information currently available, the consolidated net loss of the Group for the six months ended 30 September 2021 is expected to widen substantially to not less than HK\$17.0 million as compared with the consolidated net loss of the Group of about HK\$3.2 million for the corresponding period ended 30 September 2020.

The information contained in this profit warning announcement is based on the preliminary assessment by the management of the Company on the latest information currently available to it and is not based on any figures or information which have been reviewed or audited by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares in the Company.

This announcement is made by Quali-Smart Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available, the consolidated net loss of the Group for the six months ended 30 September 2021 (the “**Current Period**”) is expected to widen substantially to not less than HK\$17.0 million as compared with the consolidated net loss of the Group of about HK\$3.2 million for the corresponding period ended 30 September 2020 (the “**Previous Period**”).

The aforementioned expected widening in consolidated net loss is mainly driven by impacts from the ongoing global COVID-19 pandemic (the “**Pandemic**”). The Pandemic has caused significant disruptions to global logistics leading to a severe shortage in available container

shipping capacity. This has led to a substantial delay in shipment of our products to end-customers in overseas markets in recent months, which has led to an increase in our inventory and hence our storage costs. Furthermore, there has been an increase in raw material costs for plastic resin and electronic components in recent months, which, together with rising salary and utilities costs, has caused a deterioration in the gross margins of the Group's Toy Business. In addition, the Group recorded other income from the Employment Support Scheme in the Previous Period which is absent in the Current Period. As a result, the Group is expected to record a substantial decrease in consolidated revenues and a widening in the consolidated net loss for the Current Period of about 19% and 456%, respectively, when compared with the same for the Previous Period.

The information contained in this profit warning announcement is based on the preliminary assessment by the management of the Company on the latest information currently available to it and is not based on any figures or information which have been reviewed or audited by the Company's auditors. Details of the interim results of the Group for the six months ended 30 September 2021 are expected to be published before 30 November 2021.

Shareholders and potential investors are advised to exercise caution in dealing in the shares in the Company.

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

Hong Kong, 30 September 2021

As at the date of this announcement, the Board comprises four executive Directors: Mr. Lau Ho Ming, Peter (Executive Chairman), Mr. Poon Pak Ki, Eric, Mr. Chu Raymond and Mr. Ng Kam Seng; one non-executive Director: Madam Li Man Yee, Stella; and three independent non-executive Directors: Mr. Leung Po Wing, Bowen Joseph GBS, JP, Mr. Chan Siu Wing, Raymond and Mr. Wong Wah On, Edward.