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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 Group is expected to record a substantial decrease in consolidated net profit for the year ended 31 March 2015 as compared to consolidated net profit for the corresponding period ended 31 March 2014.

Furthermore, the Directors are in discussions with the Group's auditor to determine whether a provision for doubtful debt concerning certain outstanding accounts receivable and inventory related to a customer of the Group's OEM Business Division in the United States which is in uncertain financial conditions. Based on currently available information, the Group's total exposure to this customer amounts to about HK\$15 million. While discussions on settlement with this customer continue, if a provision for the full amount of the exposure to this customer is required to be made, the Group would record a consolidated net loss for the year ended 31 March 2015, as opposed to consolidated net profit for the year ended 31 March 2014.

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. The Board expects that the announcement of the annual results of the Group for the year ended 31 March 2015 will be published in June 2015 in compliance with the requirements under the Listing Rules.

**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). Reference is also made to the

interim profit warning announcement of the Company dated 25 September 2014 (the “**Interim PWA**”).

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 Group is expected to record a substantial decrease in consolidated net profit for the year ended 31 March 2015 as compared to consolidated net profit for the corresponding period ended 31 March 2014. Although the consolidated revenue and gross profit of the Group for the year ended 31 March 2015 are expected to increase slightly when compared with the corresponding period last year, the Group is expected to have a substantial decrease in consolidated net profit due to the following reasons:

- (1) as mentioned in the Interim PWA, the Board has expected the consolidated net profit for the full year ended 31 March 2015 would likely decrease in view of the decrease in the consolidated net profit for the six months ended 30 September 2014, as traditionally the majority of the orders in the toy manufacturing industry are already placed and delivered during the second and third quarters of the Company’s financial year. Based on currently available information, the consolidated net profit for the Group’s toy OEM business (the “**Group’s OEM Business Division**”) during the year ended 31 March 2015 is expected to decrease by about HK\$5.4 million as a result of (i) an increase in selling expenses related to bulky finished goods; (ii) a decline in the net gain on derivative financial instruments arising from Renminbi forward contracts under the prevailing exchange rate; (iii) a decrease in moulding income; (iv) an increase in finance costs and depreciation charge for the Group’s headquarters newly acquired last year; and (v) an increase in staff costs arising from the equity settled share-based payment expenses related to the grant of share options, amongst others; and
- (2) the Company completed the acquisition of the PMT Group in December 2014 and started consolidating the results of Pulse MediaTech Limited and its subsidiaries (the “**PMT Group**”) since the date of completion. Based on currently available information, the Group is expected to record additional consolidated net loss of about HK\$2.3 million for the year ended 31 March 2015 arising from consolidating the results of the PMT Group since the completion of its acquisition by the Company and the finance costs associated with the promissory note issued for the acquisition of the PMT Group.

The Directors are also in discussions with the auditor and valuer of the Group to determine if there will be any amortization charges or impairment loss for goodwill arising from the acquisition of the PMT Group and the finance costs arising from the convertible notes issued for the acquisition of the PMT Group. Such items when finalised may contribute to further decrease in the consolidated net profit of the Group for the year ended 31 March 2015 other than as set out above.

Furthermore, the management of the Group has been in discussions with a customer of the Group’s OEM Business Division in the United States which is in uncertain financial conditions to agree on the settlement of certain outstanding accounts receivable arising from this customer. The Directors are in discussions with the Group’s auditor to determine whether a provision for doubtful debt related to this customer should be made. Based on currently available information, the Group’s total exposure to this customer amounts to about HK\$15 million. If a provision for the full amount of the exposure to this customer is required to be made, the Group would record

a consolidated net loss for the year ended 31 March 2015, as opposed to consolidated net profit for the year ended 31 March 2014.

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. The audited consolidated final results of the Group may be subject to adjustments following further review by the Board, discussions with the auditor and valuer of the Company and completion of the required auditing procedures. Details of the final audited annual results of the Group for the year ended 31 March 2015 are expected to be published before 30 June 2015 in compliance with the requirements of the Listing Rules.

**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, 24 March 2015

*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; three non-executive Directors: Madam Li Man Yee, Stella, Mr. Chu Sheng Yu, Lawrence and Mr. Wang Zhao; 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*