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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 preliminary information currently available, the consolidated net loss attributable to owners of the Company for the year ended 31 March 2022 (“**FY2022**”), before taking into consideration any potential impairment loss on goodwill which may be incurred for FY2022, is expected to widen by about 30% as compared with the consolidated net loss attributable to owners of the Company of about HK\$35.6 million for the corresponding period ended 31 March 2021 (“**FY2021**”).

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 attributable to the owners of the Company for FY2022, before taking into consideration any potential impairment loss on goodwill which may be incurred for FY2022, is expected to widen by about 30% as compared with the consolidated net loss attributable to the owners of the Company of about HK\$35.6 million for FY2021.

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 during FY2022, which has led to a decrease in revenues in the Group’s Toy Division and 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 during FY2022 owing to global supply chain issues and substantial inflationary pressures across a broad category of commodities in FY2022, which, together with rising salary and utilities costs, has caused a deterioration in the gross profit of the Group’s Toy Division by about HK\$20 million. Besides, the Group’s Financial Services Division is also expected to record a widening in segment loss for FY2022 because of an increase in consultancy fees paid in its investment management and advisory business and a substantial decline in revenue contribution from its underwriting and bond placement businesses. As such, the Group is expected to record a widening of its consolidated net loss attributable to the owners of the Company, before taking into consideration any potential impairment loss on goodwill which may be incurred for FY2022, by about 30% when compared with the consolidated net loss attributable to the owners of the Company in FY2021.

As at 30 September 2021, the Group had goodwill of about HK\$130.2 million related to its Financial Services Division on its consolidated statement of financial position. During the annual audit review process, the Directors will discuss with the auditor and valuer of the Company to determine if there will be any impairment loss on goodwill arising from the Group’s Financial Services Division. Such items when finalised may contribute to further significant increase in the consolidated net loss attributable to the owners of the Company for FY2022 other than as set out above.

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 annual results of the Group for FY2022 are expected to be published on or before 30 June 2022.

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, 31 March 2022

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.