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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 UPDATE

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 made to the Company’s profit warning announcement dated 31 March 2022 (the “**Profit Warning Announcement**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Profit Warning Announcement.

As explained in the Profit Warning Announcement, the Group had goodwill of about HK\$130.2 million related to its Financial Services Division on its consolidated statement of financial position as at 30 September 2021 which might be subject to review by the Directors during the annual audit process to determine if there would be any impairment loss on goodwill. Based on our preliminary discussion with our auditor and valuer, the estimated amount of the possible impairment on goodwill in relation to the Group’s Financial Services Division for FY2022 would amount to approximately HK\$48.5 million. Such impairment on goodwill has arisen because of the followings:

- (A) the Board has revised the forecasts of Crosby Securities Limited (“**CSL**”) for determining the value-in-use of its cash generating units downwards as
- (i) CSL’s underwriting business has been adversely affected in FY2022 by the travel lockdown situation arising from the COVID-19 pandemic. The listing timetable on all the underwriting deals in the deal pipeline have been pushed back as a result of the inability to complete the due diligence work in preparation of the listing applications. The changes to Listing Rules in January 2022 and the anticipation of such have also impacted the IPO approving progress in FY2022; and
 - (ii) the credit crisis on China’s private enterprises in FY2022 has had and is expected to have an extended impact on the high yield debt issuances business in FY2023 and hence leading to a substantial reduction in bond placing commission forecast going forward;

and

- (B) there was a more significant decline in the recent share price of comparable companies of Crosby Asset Management (Hong Kong) Limited (“CAM”) leading to a lower recoverable amount of the cash generating units for CAM which is valued using the fair value less cost of disposal using direct comparison approach.

As a result of the above two developments, the Group is expected to record a further widening in the consolidated net loss for FY2022 to about HK\$94 million, as compared with (i) an expected consolidated net loss for FY2022 of not less than approximately HK\$46 million as stated in the Profit Warning Announcement; and (ii) the consolidated net loss of the Group of about HK\$35.6 million for the FY2021. Accordingly, this would represent a widening in the consolidated net loss for FY2022 of about 164% when compared with the same for FY2021.

The information contained in this profit warning update 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 auditor. 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, 17 June 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.