

TARGET

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QUALI-SMART HOLDINGS LTD: IS ANY EXCUSE BETTER THAN NONE ?

With the lone exceptions of the 2013 Financial Year and the 2014 Financial Year, Quali-Smart Holdings Ltd (滙達富控股有限公司) (Code: 1348, Main Board, The Stock Exchange of Hongkong Ltd) has an unbroken record of eight, consecutive Financial Years of losing money.

The Net Losses Attributable to Shareholders in respect of those eight Financial Years of losses, aggregated not less than \$HK476,062,000.00.

Quali-Smart Holdings Ltd sought and obtained the purple toga of office, so to speak, on the premier equity market of The **H**ong**k**ong **S**pecial **A**dministrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**) on or about Tuesday, January 22, 2013.

Management of the Company caused to make a Public Announcement soon after announcing its suggestive intentions to be a publicly listed company by pitching a Global Offering of its Shares on the Main Board of The Stock Exchange of Hongkong Ltd.

On or about January 22, 2013, Senior Management announced that it had grossed approximately \$HK90 million, having obtained investors to subscribe to 60 million Public Offer Shares at \$HK1.50 Per Offer Share.

That sum of \$HK90 million, however, was whittled down to about \$HK64 million, Management having retired all expenses in respect of the flotation on the Main Board of The Stock Exchange of Hongkong Ltd, as well as other expenses with regard to the Company's cash-raising operations.

The Net Proceeds of the Global Offering were, initially, claimed to be utilised as to \$HK33.60 million for importing and employing major equipment and machinery, \$HK19.20 million for the construction of a new factory building, \$HK4.90 million for reorganising the Company, which included improving the existing design team and enhancing the Company's research and development capabilities, and \$HK6.30 million to boost the Company's Working Capital as well as utilisations with regard to other general corporate purposes.

Trading in the shares of the Company commenced on Wednesday, January 23, 2013.

On or about 67 days later after trading in the shares of the Company had commenced, that was on or about March 31, 2013, the Company announced a Net Profit Attributable to Shareholders of \$HK22,691,000.00.

One Financial Year later, the Company announced a Net Profit Attributable to Shareholders of about \$HK20,189,000.00.

And that was that, as far as the Company's profits went!

Thereafter, Management of Quali-Smart Holdings Ltd reported only Net Losses Attributable to Shareholders for the next eight consecutive Financial Years.

The 2022 Annual Report Of Quali-Smart Holdings Ltd

On Friday, July 29, 2022, Management of Quali-Smart Holdings Ltd announced that the Company had suffered a Net Loss Attributable to Shareholders of about \$HK94,374,000.00.

That was an historic record loss for the Company.

At Page 47 of the 2022 Annual Report, that which could only be described as an abridged '*Consolidated Statement Of Profit Or Loss And Other Comprehensive Income*', was presented to shareholders.

It is hereby copied, verbatim, with inclusions of some additional calculations, being this medium's interpolations/extrapolations in order to clarify some of the statistics that the table had presented:

	For The Financial Year, Ended March 31		Percentage Income/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	448,655	485,788	(7.64)
Gross Profit	54,438	71,588	(23.96)
Gross Profit Margin*	12.13 percent	14.74 percent	(17.71)
Loss Before Income Tax Expenses	(94,290)	(34,191)	175.77
Net Loss And Total Comprehensive Income For The Year	(94,374)	(35,628)	164.89
Loss Per Share Attributable To Shareholders Of The Company	(6.40 cents)	(2.42 cents)	164.46

* These are **TARGET**'s calculations.

At Page 49 of the 2022 Annual Report, it was stated that Total Equity (Shareholders' Funds), with regard to the 2022 Financial Year, had come in at \$HK198,710,000.00 (2021: \$HK293,084,000.00), representing a decrease, Year-On-Year, of about 32.20 percent.

Under the Notes to the Accounts of the Company, found at Pages 72 through to 79 of the 2022 Annual Report, one was informed, to a much-greater extent, as to the situation at Quali-Smart Holdings Ltd.

At Page 72 of the 2022 Annual Report, Management of the Company had broken down its operating divisions into:

- (a) The manufacture and sales of toys; and,
- (b) Securities brokerage, securities margin financing, investment advising, corporate finance and asset management services (“**Financial services**”).

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