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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)

MAJOR TRANSACTION

DISPOSAL OF ENTIRE EQUITY INTEREST IN A SUBSIDIARY

THE DISPOSAL

On 6 June 2025 (after trading hours), the Company and the Purchaser entered into the Agreement, pursuant to which the Purchaser has agreed to acquire, and the Company has agreed to sell, the Sale Share (representing the entire issued share capital of Crosby Asia) and the Sale Loan. The Consideration for the Sale Share and the Sale Loan was arrived at after arm's length negotiations between the Company and the Purchaser on normal commercial terms and shall be equal to the NAV as at the NAV Date. Based on the latest available financial information, the Company estimates that the Consideration will be approximately HK\$11.2 million.

Upon completion of the Disposal, Crosby Asia and its subsidiaries will cease to be subsidiaries of the Company and the financial results of Crosby Asia and its subsidiaries will cease to be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Disposal and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

* For identification purpose only

A circular containing, amongst other things, (i) further details of the Agreement; (ii) financial information of Crosby Asia; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the EGM to approve the Disposal, will be despatched to the Shareholders on or before 30 June 2025.

GENERAL

It should be noted that the Completion is conditional upon the satisfaction of the conditions precedent to the Agreement, which may or may not be fulfilled. The Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares of the Company.

THE DISPOSAL

The Board announces that on 6 June 2025, after trading hours, the Company entered into the Agreement with the Purchaser in relation to the sale and purchase of (a) the Sale Share and (b) the Sale Loan.

THE SALE AND PURCHASE AGREEMENT

Date

6 June 2025

Parties

The Vendor : the Company

The Purchaser : the Purchaser

Subject Matter

Pursuant to the Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase (a) the Sale Share and (b) the Sale Loan.

Consideration and payment terms

The Consideration payable by the Purchaser to the Company was arrived at arm's length negotiations between the Company and the Purchaser on normal commercial terms and shall be equal to the NAV as at the NAV Date.

The NAV will be determined based on management accounts prepared as at the NAV Date, in accordance with Hong Kong Financial Reporting Standards. Based on the latest available financial information, the Company estimates the Consideration will be approximately HK\$11.2 million, which will be paid in cash by the Purchaser to the Company on the Completion Date by wire transfer, subject to post-Completion adjustments on a dollar-to-dollar basis based on the NAV as set out in the NAV Report if the NAV Report is not yet available by the Completion Date.

Conditions Precedent

Completion is subject to the following conditions being fulfilled (or waived by the Purchaser in writing) on or before the Long Stop Date:

- (a) compliance with all applicable laws, including but not limited to the approval by the Company's shareholders at the EGM;
- (b) regulatory approvals from the SFC under Section 132 of the SFO for the Purchaser (or its nominees) to become an ultimate sole shareholder of CSL;
- (c) no material adverse change in the business, financial condition, or operations of Crosby Asia, CSL, or CFP (other than developments in the Litigation);
- (d) due diligence result on Crosby Asia, CSL and CFP being found satisfactory by the Purchaser;
- (e) full disclosure of the Litigation to the Purchaser;
- (f) the warranties given by the Company remaining true and accurate in all respects; and
- (g) the warranties given by the Purchaser remaining true and accurate in all respects.

The sale and purchase of the Sale Share and Sale Loan pursuant to the Agreement are in all respects conditional upon all the Conditions which have to be fulfilled to the satisfaction of the Purchaser (unless waived by the Purchaser in writing) on or before the Long Stop Date, failing which, the Purchaser is entitled to terminate this Agreement by giving a written notice to the Company and the Company shall return to the Purchaser all sums paid by the Purchaser hereunder (if any) within 7 days after the said notice without costs, compensation or interest and neither party hereto shall have any claim against the other party save and except for any antecedent breach.

Completion

Upon fulfillment (or waiver) of all conditions precedent, Completion shall take place on the Completion Date, being the fifth Business Day after the fulfillment (or waiver) of the conditions precedent.

Post Completion Undertaking by the Company

Subject to Completion having taken place, the Company undertakes that it shall not and shall procure its subsidiaries and affiliates not to use or register any marks, logo, brands and names which are identical or confusingly similar to any of the trademarks and logo, brands and names of the Crosby Asia, CSL and CFP.

INFORMATION ON THE PARTIES

The Company

The Company, a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 1348), is an investment holding company. Its subsidiaries are principally engaged in toy manufacturing and provision of financial services.

The Purchaser

The Purchaser is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Purchaser is a direct wholly-owned subsidiary of Emperor Capital Group Limited.

Emperor Capital Group Limited, is an exempted company incorporated in Bermuda and listed on the Main Board of the Stock Exchange (Stock Code: 717). It is principally engaged in the provision of financial services, including (i) wealth solutions covering global investment, wealth management services and asset management; (ii) financing covering provision of margin financing and money lending services; and (iii) corporate finance advisory services. To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Crosby Asia

Crosby Asia is a holding company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company. Crosby Asia through its subsidiaries operates the Group's financial services segment to provide institutional sales and trading, capital markets advisory, wealth management, and asset management services.

Crosby Asia's unaudited consolidated financial results is set out below.

	For the year ended 31 March	
	2025	2024
	<i>HK\$ million</i>	<i>HK\$ million</i>
Loss before taxation	8.2	18.6
Loss after taxation	8.2	18.6

The unaudited NAV of Crosby Asia as at 30 April 2025 was approximately HK\$14.9 million.

The financial results of Crosby Assets Management (Hong Kong) Limited (“**CAM**”) (a wholly-owned subsidiary of Crosby Asia) and Ballas Group Limited (“**BGL**”) (a 52%-owned subsidiary of Crosby Asia) were included in the above financial results of Crosby Asia.

Pursuant to the Agreement, the Company undertakes that CAM will be sold to and retained by the Company. CAM is licensed under the SFO to carry out type 4 regulated activities and type 9 regulated activities on the condition that it does not hold clients assets. For the two years ended 31 March 2024 and 2025, CAM has been dormant and recorded unaudited loss before and after taxation for the years ended 31 March 2024 and 2025 of approximately HK\$38,000 and HK\$39,000, respectively. Its unaudited net assets as at 30 April 2025 was approximately HK\$169,000.

On 2 May 2025, Crosby Asia entered into an agreement to dispose of its 52% interest in BGL, which is conditional upon the SFC's approval. BGL's unaudited consolidated loss before and after taxation for the year ended 31 March 2024 were approximately HK\$45,000 and HK\$35,000, respectively. Its unaudited consolidated profit before and after taxation for the year ended 31 March 2025 was approximately HK\$500 and HK\$500, respectively. BGL recorded an unaudited consolidated net liabilities of approximately HK\$39,000 as at 30 April 2025.

The Litigation

CSL is subject to the Litigation. The Litigation involves a claim against CSL for duties which under the nature of the account relationship, CSL did not owe nor have abilities to perform. Based on its lawyers' opinion, the claims against CSL under the Litigation is devoid of merit, and CSL will vigorously defend its position in the Litigation. Under the Agreement, the Company has agreed to indemnify the Purchaser, Crosby Asia, CSL, and CFP against all costs, expenses, losses, liabilities, and legal fees arising from or related to the Litigation, including those from defending, settling, or addressing related claims, proceedings, or investigations; and the Company's liability for compensation, damages, or other amounts ordered by the High Court of Hong Kong or any appellate court is capped at HK\$10 million.

The Company does not expect the Litigation to have a material adverse impact on its financial position upon Completion, as it will only be responsible for related liabilities up to HK\$10 million under the above indemnity.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, the Company will cease to hold any shares in Crosby Asia and Crosby Asia and its subsidiaries will cease to be subsidiaries of the Company. Accordingly, the financial results of Crosby Asia and its subsidiaries will no longer be consolidated into the consolidated financial statements of the Group.

The net proceeds from the Disposal is expected to be approximately HK\$10.9 million, being the estimated Consideration of approximately HK\$11.2 million less the expenses related to the Disposal of approximately HK\$0.3 million. Based on the estimated unaudited NAV of Crosby Asia as at the Completion Date (currently expected to be at the end of September 2025) and the net proceeds from the Disposal, the Company expects to record a gain on disposal of approximately HK\$2.1 million, which amount can only be determined on Completion and is subject to audit.

The net proceeds from the Disposal of approximately HK\$10.9 million will be utilised as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in toy manufacturing through its toy division under Qualiman Industrial Co. Limited, a wholly-owned subsidiary of the Company. Crosby Asia through its subsidiaries operates the Group's financial services segment. Crosby Asia has incurred consecutive losses over the past years. After a thorough review of its operational structure, the Group has concluded that the securities broking and trading business of Crosby Asia cannot be restored to profitability without a significant capital injection. This is due to the nature of the business that substantial working capital is required to both support its operations and meet the capital adequacy requirements under the SFO. In addition to these capital requirements, Crosby Asia's operating costs impose a considerable financial burden on the Group. The Directors are of the view that the Disposal will alleviate this cost pressure, thereby enhancing the Group's financial resilience, particularly in light of the challenges posed by the U.S.-China trade war, which has resulted in increased tariffs and supply chain disruptions impacting the toy division.

The Directors believe that the Disposal will streamline the Group's operations by eliminating Crosby Asia's high operating costs, enabling the reallocation of financial resources to bolster liquidity. The net proceeds from the Disposal, estimated at approximately HK\$10.9 million, are expected to strengthen the Group's financial position by providing additional working capital.

The Directors consider that the terms and conditions of the Disposal are on normal commercial terms, fair and reasonable, and in the best interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the percentage ratios in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Disposal is subject to the notification, announcement, circular, and shareholders' approval requirements under the Listing Rules.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Disposal and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM under the Listing Rules.

A circular containing, amongst other things, (i) further details of the Agreement; (ii) financial information of Crosby Asia; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the EGM to approve the Disposal, will be despatched to the Shareholders on or before 30 June 2025.

GENERAL

Completion is subject to the satisfaction (or waiver) of the conditions precedent under the Agreement as set out in the section headed “THE SALE AND PURCHASE AGREEMENT” of this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and, if in any doubt, are recommended to consult their professional adviser(s).

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agreement”	the sale and purchase agreement dated 6 June 2025 in relation to the Disposal
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CFP”	Crosby Financial Products Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Crosby Asia
“Company”	Quali-Smart Holdings Limited (Stock Code: 1348), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Agreement
“Completion Date”	the fifth Business Day after the fulfillment (or waiver) of the conditions precedent
“Consideration”	the consideration for the Disposal, which shall be an amount equal to the NAV as at the NAV Date, to be paid by the Purchaser to the Company
“Crosby Asia”	Crosby Asia Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

“CSL”	Crosby Securities Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of Crosby Asia, and a licensed corporation under the SFO
“Directors”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Company to the Purchaser pursuant to the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Agreement and the transactions contemplated thereunder
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Litigation”	the legal proceedings currently pending in the High Court of Hong Kong involving CSL
“Long Stop Date”	30 September 2025 or such other later date as the Company and the Purchaser may agree in writing
“Main Board”	the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the GEM
“NAV”	the consolidated net asset value of Crosby Asia as at the NAV Date (being the total carrying value of its assets (excluding prepaid expenses and those assets not related to the business of Crosby Asia) less the total carrying value of its liabilities (excluding the Sale Loan and any liabilities indemnified pursuant to the indemnity related to the Litigation)
“NAV Date”	30 June 2025
“NAV Report”	the report on the NAV as at the NAV Date as agreed between the Company and the Purchaser in accordance with the Agreement

“PRC”	the People’s Republic of China
“Purchaser”	Emperor Capital Investment Holdings Limited, a company incorporated under the laws of the BVI and a subsidiary of Emperor Capital Group Limited (Stock Code: 717), an exempted company incorporated in Bermuda and listed on the Stock Exchange
“Sale Loan”	all the sums owing by the Crosby Asia to the Company as at Completion
“Sale Share”	1 share in the share capital of the Crosby Asia, representing the entire issued share capital of the Crosby Asia
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571) of Hong Kong
“Share(s)”	ordinary share(s) of US\$0.000025 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board
Quali-Smart Holdings Limited
Chu, Raymond
Chairman and Executive Director

Hong Kong, 6 June, 2025

As at the date of this announcement, the Board comprises Mr. Chu, Raymond (Chairman and Executive Director), Mr. Poon Pak Ki, Eric, Mr. Hau Yiu Por and Ms. Tang Yuen Ching, Irene as executive Directors; and Mr. Leung Po Wing, Bowen Joseph GBS, JP, Mr. Chan Siu Wing, Raymond, Mr. Wong Wah On, Edward, and Ms. Yeung Wai Ling as independent non-executive Directors.