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# SMART GLOBE HOLDINGS LIMITED

## 竣球控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1481)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

#### FINANCIAL HIGHLIGHTS

- The revenue of Smart Globe Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) amounted to approximately HK\$97.2 million for the year ended 31 December 2023 (“**FY2023**”) (for the year ended 31 December 2022 (“**FY2022**”): approximately HK\$131.6 million), representing a decrease of approximately 26.1% as compared to FY2022.
- The loss of the Group was approximately HK\$3.7 million for FY2023 (FY2022: approximately HK\$16.5 million), the reduction in loss was mainly attributable to the increase in the Group’s gross profit resulted from the change in sales strategy by focusing on customer orders with higher margin, in particular the profit margin in the second half of FY2023 improved significantly as compared with the corresponding period in FY2022, which was partially offset by the increase in administrative expenses such as staff cost and other taxes in the People’s Republic of China (the “**PRC**”).
- Basic loss per share for FY2023 was approximately HK0.36 cents (FY2022: HK1.64 cents).
- The board (the “**Board**”) of directors of the Company (the “**Directors**”) does not recommend the payment of any final dividend for FY2023 (FY2022: final dividend: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board of the Company hereby presents the Company's annual results for FY2023, together with the comparative figures for the corresponding period in FY2022.

### Business Review

The Group is primarily engaged in the business of printing books, novelty items, and packaging products. In addition, the Group offers an extensive suite of services that encompasses the entire printing process, from pre-press to printing to finishing. The Group also produces customised and value-added printing products.

For FY2023, the Group recorded a decrease in its total revenue by approximately 26.1% to approximately HK\$97.2 million from approximately HK\$131.6 million for FY2022. This was mainly due to less customer orders received from the United States of America ("USA"), Hong Kong and the United Kingdom ("UK") in the books products segment as compared to FY2022. Loss of the Group was approximately HK\$3.7 million for FY2023 whereas a loss of approximately HK\$16.5 million was recorded for FY2022 which was mainly attributable to the increase in the Group's gross profit resulted from the change in sales strategy by focusing on customer orders with higher margin, in particular the profit margin in the second half of FY2023 improved significantly as compared with the corresponding period in FY2022, which was partially offset by the increase in administrative expenses such as staff cost and other taxes in the PRC.

## **Financial Review**

### ***Revenue***

The Group's revenue represents amounts received or receivable from production and printing of books, novelty and packaging products. During FY2023, the Group's revenue amounted to HK\$97.2 million, which was 26.1% lower than the corresponding figure for FY2022. The decrease was mainly due to less customer orders received from USA, Hong Kong and UK in the books products segment.

During FY2023, approximately 92.2% of total revenue was contributed by the books products segment. Revenue contributed by the books products segment for FY2023 was approximately HK\$89.7 million, which was 28.3% lower than the revenue contributed by the same segment for FY2022 of approximately HK\$125.0 million.

### ***Gross profit***

During FY2023, the Group's gross profit amounted to approximately HK\$21.6 million, which was 181.0% higher than the gross profit of approximately HK\$7.7 million for FY2022. Such increase was mainly attributable to the change in sales strategy by focusing on customer orders with higher margin, in particular the profit margin in the second half of FY2023 improved significantly as compared with the corresponding period in FY2022, which was partially offset by the increase in administrative expenses such as staff cost and other taxes in the PRC.

### ***Gross profit margin***

The Group's gross profit margin increased from 5.8% for FY2022 to 22.2% for FY2023.

### ***Other income/other gains and losses***

The other income increased by approximately HK\$0.3 million to approximately HK\$0.9 million in FY2023 from approximately HK\$0.6 million in FY2022, mainly due to the combined effect of an increase in bank interest income of approximately HK\$0.8 million and a decrease in receipt of government grants of approximately HK\$0.4 million in FY2023.

The other gains decreased by approximately 84.2% from approximately HK\$1.9 million for FY2022 to approximately HK\$0.3 million for FY2023. This was mainly due to the decrease in exchange gain incurred during FY2023.

### *Selling and distribution costs*

The selling and distribution costs decreased by approximately 23.2% from approximately HK\$7.6 million in FY2022 to approximately HK\$5.8 million in FY2023. This was mainly due to the combined effect of a decrease in transportation and freight charges of approximately HK\$2.3 million and an increase of other marketing expenses of approximately HK\$0.5 million in FY2023.

### *Administrative expenses*

The administrative expenses increased by approximately 14.3% from approximately HK\$18.1 million in FY2022 to approximately HK\$20.6 million in FY2023. The increase was mainly due to the increase in staff cost and other taxes in the PRC of approximately HK\$1.6 million and HK\$0.5 million respectively.

### *Loss for the year*

As a result of the above factors, loss for FY2023 reduced to approximately HK\$3.7 million (FY2022: approximately HK\$16.5 million).

The above financial data were chosen to be presented in this announcement as they represent a material financial impact on the financial statements of the Group for FY2022 and/or FY2023. The Board believes that by presenting the changes of these financial data, they can effectively explain the financial performance of the Group for FY2023.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for FY2023 (FY2022: Nil).

## **OUTLOOK**

Looking ahead, the Group will continue to explore and capture new business opportunities for potential growth. This includes enhancing our marketing strategy to expand our quality customer base and promote our one-stop printing services to existing and potential customers. Simultaneously, we are actively seeking new business opportunities to diversify our income sources and mitigate business risks. Furthermore, we will strive to further tighten control over operating expenses and streamline production processes. We will also leverage our leading one-stop printing platform to enhance our capabilities, improve overall production efficiency, and prepare for future growth and opportunities. By adopting these multifaceted approaches, we are poised to drive sustainable growth and solidify our market position.

## MANDATORY GENERAL OFFER AND CHANGE IN CONTROLLING SHAREHOLDER

On 26 April 2023 (after trading hours), TeraMetal Holdings Limited (“**TeraMetal**”) (as the purchaser), Master Sage Limited and Fortune Corner Holdings Limited (both as the seller, collectively the “**Sellers**”) entered into a sale and purchase agreement, pursuant to which TeraMetal conditionally agreed to purchase, and the Sellers conditionally agreed to sell, in aggregate, 750,000,000 ordinary shares of the Company (“**Shares**”), representing 73.53% of the then issued Shares, at an aggregate consideration of HK\$196,050,000, equivalent to HK\$0.2614 per Share (“**Offer Price**”). Completion took place on 2 May 2023.

Upon completion, TeraMetal owned an aggregate of 750,000,000 Shares, representing 73.53% of the then entire issued Shares. In accordance with Rule 26.1 of The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, TeraMetal was required to make a mandatory general offer at the Offer Price for all issued Shares (other than those already owned and/or agreed to be acquired by TeraMetal and the parties acting in concert with it) (the “**Offer**”). On 20 June 2023, being the closing date of the Offer, TeraMetal received valid acceptances of an aggregate of 154,260,000 Shares, representing 15.12% of the then issued Shares. On 25 July 2023, TeraMetal and a manager entered into a secondary block trade agreement, pursuant to which TeraMetal agreed to place down up to 154,260,000 Shares to parties independent of TeraMetal and the Company (the “**Placing**”). Completion of the Placing took place on 1 August 2023. Accordingly, TeraMetal is interested in 750,000,000 Shares, representing 73.53% of the issued Shares since then.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group financed its operations with shareholders’ equity and cash generated from operations. A summary of the Group’s liquidity and financial resources is set out below:

|                      | <b>31 December<br/>2023</b> | 31 December<br>2022 |
|----------------------|-----------------------------|---------------------|
|                      | <b>HK\$’000</b>             | HK\$’000            |
|                      | <b>(Audited)</b>            | (Audited)           |
| Total assets         | <b>150,329</b>              | 150,287             |
| Shareholders’ equity | <b>126,603</b>              | 131,607             |
| Gearing ratio        | <b>5.2%</b>                 | 1.4%                |

The Group maintained bank balances and cash amounting to approximately HK\$65.6 million as at 31 December 2023 (as at 31 December 2022: approximately HK\$57.1 million), which increased by approximately 15.0% as compared with that as at 31 December 2022. The primary use of cash was to satisfy the working capital of the Group (such as purchase of inventories and emoluments of directors and other members of key management).

The Group's non-current assets decreased to approximately HK\$35.7 million as at 31 December 2023 (as at 31 December 2022: approximately HK\$43.3 million), the decrease was primarily due to the refund of the deposit paid for potential investment and depreciation of property, plant and equipment in FY2023.

As at 31 December 2023, the Group's current assets amounted to approximately HK\$114.6 million (as at 31 December 2022: approximately HK\$107.0 million), which comprised inventories of approximately HK\$19.1 million (as at 31 December 2022: approximately HK\$14.8 million), trade and other receivables of approximately HK\$29.2 million (as at 31 December 2022: approximately HK\$34.4 million), tax recoverable of approximately HK\$0.6 million (as at 31 December 2022: approximately HK\$0.6 million), and bank balances and cash of approximately HK\$65.6 million (as at 31 December 2022: approximately HK\$57.1 million).

As at 31 December 2023, the Group's current liabilities amounted to approximately HK\$19.6 million, which comprised trade and other payables of approximately HK\$16.6 million (as at 31 December 2022: approximately HK\$15.6 million), contract liabilities of approximately HK\$0.5 million (as at 31 December 2022: approximately HK\$1.1 million), and lease liabilities of approximately HK\$2.5 million (as at 31 December 2022: approximately HK\$1.8 million).

As at 31 December 2023, the net current assets of the Group increased by approximately HK\$6.7 million or approximately 7.6% to approximately HK\$95.0 million (as at 31 December 2022: approximately HK\$88.3 million).

The Group had total lease liabilities of approximately HK\$6.6 million as at 31 December 2023 (as at 31 December 2022: approximately HK\$1.8 million).

As at 31 December 2023, the Group did not have any interest-bearing bank borrowings (as at 31 December 2022: nil).

The Group's gearing ratio, which was calculated as total interest-bearing liabilities divided by total equity as at the relevant reporting date was approximately 5.2% as at 31 December 2023 (as at 31 December 2022: approximately 1.4%). The Group's current ratio, which was calculated as current assets divided by current liabilities as at the relevant reporting date stood at approximately 5.8 as at 31 December 2023 (as at 31 December 2022: approximately 5.7).

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2023. To manage the liquidity risk, the management monitors the Group's liquidity position and maintains sufficient cash and cash equivalents. The management also monitors the availability of the Group's funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

As its revenue is mainly denominated in United States dollars (“US\$”) and Hong Kong dollars (“HK\$”), and HK\$ is pegged to US\$, the Group’s exposure to fluctuations in exchange rate in relation to the Group’s revenue is relatively low.

The Group is exposed to foreign exchange risks as the Group’s production is mainly in the PRC. The appreciation of RMB may lead to an increase of our cost of production. During FY2023, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. The Group will keep on reviewing and monitoring the exchange fluctuation between RMB and HK\$, and will consider entering into hedging arrangement as and when appropriate.

## **CAPITAL EXPENDITURE, CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

During FY2023, the Group had acquired property, plant and equipment at approximately HK\$0.5 million (FY2022: HK\$1.1 million).

As at 31 December 2023, the Group had (i) no significant capital commitments; and (ii) no material contingent liabilities.

## **MATERIAL INVESTMENTS/MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

Reference is made to the announcements of the Company dated 14 September 2022, 15 September 2022, 27 October 2022, 20 January 2023 and 31 March 2023 in relation to the discloseable transaction regarding the Group’s proposed acquisition of 5% equity interest in Veivo Web Technology Limited involving the Company’s issue of consideration shares under the general mandate granted by the shareholders to the Directors at the annual general meeting of the Company held on 13 May 2022. The aforesaid proposed transaction was terminated on 31 March 2023.

Reference is made to the announcements of the Company dated 15 July 2022, 15 August 2022, 12 October 2022, 30 November 2022, 31 January 2023, 31 March 2023 and 5 July 2023 in relation to the Group’s proposed subscription of 30% of the enlarged registered capital of Hubei Kang Shi Zhen Yi Yao Technology Co., Ltd. (“**Target Company**”). The aforesaid proposed transaction was terminated on 5 July 2023.

Save as disclosed herein, during FY2023, the Company did not make any material acquisitions and disposals of subsidiaries, associates, joint ventures, significant investments nor capital commitment. The Company does not have any future plan for other material acquisition, disposal, investment or addition of capital assets as at the date of this announcement.

## **EMPLOYEES' INFORMATION AND EMOLUMENT POLICIES**

Our employees are based in Hong Kong and Heyuan, Guangdong Province, the PRC. As at 31 December 2023, there were 364 (as at 31 December 2022: 319) employees in the Group. The total staff costs, including directors' emoluments, amounted to approximately HK\$34.7 million for FY2023 (FY2022: approximately HK\$42.4 million). Staff remuneration packages are determined with reference to market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

The workers are mainly based at our production site located at Heyuan Hi-Tech Development Zone, Heyuan, Guangdong Province, the PRC ("**Heyuan Factory**"). As at 31 December 2023, there were 350 (as at 31 December 2022: 306) employees in the Heyuan Factory.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the securities of the Company during FY2023.

## **USE OF PROCEEDS IN RELATION TO THE 2022 PLACING**

References are made to the announcements of the Company respectively dated 15 July 2022, 5 August 2022, 15 August 2022, 12 October 2022, 30 November 2022, 31 January 2023, 31 March 2023 and 5 July 2023.

On 15 July 2022, the Company entered into a subscription agreement (the "**Subscription Agreement**") with the Target Company, pursuant to which the Company has conditionally agreed to subscribe for 30% enlarged registered capital in the Target Company upon the completion, at the subscription price of HK\$30,000,000 (the "**Subscription**"). The completion of the Subscription is conditional upon, among other things, the Company having completed its due diligence investigation on the Target Company and in its absolute discretion satisfied with the results thereof. For further details, please refer to the announcement of the Company dated 15 July 2022.

On 5 August 2022, the Company placed an aggregate of 20,000,000 placing shares, raising net proceeds of approximately HK\$20.7 million for the purpose of the pharmaceutical related projects' investment (the "**2022 Placing**").

On 15 August 2022, the Company entered into a supplemental deed with the Target Company to advance an RMB amount equivalent to HK\$7,000,000 to the Target Company for the purpose of the Target Company’s operation and future expansion plan (the “**Advancement**”). Upon satisfaction or waiving of the conditions precedent as stated in the Subscription Agreement, the Advancement will form part of the Subscription consideration. To secure the Advancement made by the Company to the Target Company, the Company requested Fuyou Pharmaceutical Technology (Suzhou) Co., Ltd (“**Fuyou Pharmaceutical**”, being substantial shareholder of the Target Company) to pledge its 10% equity interests in the Target Company in favour of the Company (or its nominee).

Due to the prolonged due diligence investigation process, the Company decided to cease to proceed with the transaction and the Subscription and entered into a deed of assignment and novation with Riverton Holdings Limited (“**Riverton**”), CP Printing (Heyuan) Limited\* (同利紙製品(河源)有限公司) (“**Tong Li**”, being an indirect wholly-owned subsidiary of the Company) and Fuyou Pharmaceutical on 5 July 2023, whereby, among other things, (i) the Company and Tong Li assigns and transfers all their right, title, benefit, interest, property, claim, demand, covenants, undertakings, obligations and liabilities in the agreement to Riverton and (ii) Fuyou Pharmaceutical releases and discharges Tong Li from all its obligations and liabilities under the share pledge agreement dated 15 August 2022 entered into between Tong Li and Fuyou Pharmaceutical, for a consideration of HK\$7,000,000 to recover the Advancement for the Group’s continued development of its core business activities.

As at the date of this announcement, the net proceeds of HK\$20.7 million (including the recovered Advancement) have not been utilised and are expected to be utilised in the year of 2024.

The net proceeds raised from the 2022 Placing was approximately HK\$20.7 million. The initial amount of net proceeds as at 5 August 2022, remaining balance as at 1 January 2023, utilised amount during FY2023, the remaining balance as at 31 December 2023 and as at the date of this announcement, respectively, are summarised below:

|       | <b>Initial amount of<br/>net proceeds<br/>as at 5 August<br/>2022</b> | <b>Remaining balance<br/>as at 1 January<br/>2023</b> | <b>Utilised<br/>amount during<br/>FY2023</b> | <b>Remaining balance<br/>as at 31 December<br/>2023 and as at<br/>the date of this<br/>announcement</b> |
|-------|---|---|--|---|
|       | <i>Approximately HK\$’<br/>million</i>                                | <i>Approximately HK\$’<br/>million</i>                | <i>Approximately HK\$’<br/>million</i>       | <i>Approximately HK\$’<br/>million</i>  |
| Total | <u>20.7</u>   | <u>13.7 (note)</u>                                    | <u>—</u>                                     | <u>20.7 (note)</u>  |

*Note:* On 5 August 2022, the Company completed the 2022 Placing and raised net proceeds of approximately HK\$20.7 million. On 15 August 2022, the Company agreed to make the Advancement of HK\$7.0 million to the Target Company. On 5 July 2023, the Company entered into agreement to recover the Advancement of HK\$7.0 million.

As at 31 December 2023, the Company's intended use of proceeds of the 2022 Placing is set out as follows:

|                                 | <b>Original allocation<br/>of the net proceeds<br/>and as at 1 January<br/>2023</b> | <b>Revised allocation<br/>as at 5 July<br/>2023</b> | <b>Amounts unutilised<br/>as at 31 December<br/>2023<br/>and as at the date of<br/>this announcement</b> | <b>Expected timeline<br/>of utilisation of<br/>the proceeds</b> |
|---------------------------------|---|---|--|---|
|                                 | <i>Approximately HK\$'<br/>million</i>  | <i>Approximately HK\$'<br/>million</i>              | <i>Approximately HK\$'<br/>million</i>   |   |
| <b>Intended use of proceeds</b> |   |   |  |   |
| Pharmaceutical related projects | 20.7  | 13.7  | 13.7   | By 31 December 2024   |
| Core business activities        | —   | 7.0   | 7.0  | By 31 December 2024   |
| Total                           | <u>20.7</u>   | <u>20.7</u>   | <u>20.7</u>  |   |

## **EVENTS SUBSEQUENT TO END OF THE REPORTING PERIOD**

There were no significant events subsequent to 31 December 2023 which would materially affect the Group's operating and financial performance as of the date of this announcement.

## **UPDATE ON DIRECTORS' INFORMATION**

Saved as disclosed in the announcement of the Company dated 7 July 2023, there are no other updates on directors related information or other information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## FINANCIAL HIGHLIGHTS

### Loss per share (HK cents)

#### *Loss per ordinary share based on loss attributable to owners of the Company*

|   | 2023                         | 2022                         |
|---|------------------------------|------------------------------|
| (i) Based on weighted average number of ordinary shares | <u><b>HK(0.36) cents</b></u> | <u><b>HK(1.64) cents</b></u> |
| (ii) On a fully diluted basis                           | <u><b>Not applicable</b></u> | <u><b>Not applicable</b></u> |

The calculation of basic loss per share is based on the loss of the Company of approximately HK\$3,690,000 for FY2023 (FY2022: approximately HK\$16,500,000) and on the weighted average number of approximately 1,020,000,000 (FY2022: 1,008,164,000) ordinary shares in issue during FY2023.

Diluted loss per share for the years ended 31 December 2022 and 2023 are not presented as there is no dilutive potential ordinary share.

### Revenue (HK\$'000)

|         | Year ended 31 December |                |                |                |                      |
|---------|------------------------|----------------|----------------|----------------|----------------------|
|         | 2019                   | 2020           | 2021           | 2022           | 2023                 |
| Revenue | <u>132,194</u>         | <u>127,213</u> | <u>167,899</u> | <u>131,647</u> | <u><b>97,241</b></u> |

### Net profit (loss) for the year (HK\$'000)

|  | Year ended 31 December |               |              |                 |                       |
|--|------------------------|---------------|--------------|-----------------|-----------------------|
|  | 2019                   | 2020          | 2021         | 2022            | 2023                  |
| Profit (loss) for the year attributable to owners of the Company | <u>23,142</u>          | <u>16,001</u> | <u>1,649</u> | <u>(16,500)</u> | <u><b>(3,690)</b></u> |

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to achieving high standards of corporate governance to enhance its corporate value and safeguard the interests of the shareholders of the Company. The Company has adopted the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance. During FY2023, the Company has applied the principles of good corporate governance, and has complied with the code provisions and, where applicable, the recommended best practices as set out in the CG Code, except the following deviations:

Code Provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should not be performed by the same individual. Mr. NG Ho Lun (“**Mr. Ng**”) is currently performing the roles of chairman and chief executive officer of the Company. Despite of the deviation from the code provision C.2.1, the Board believes that with the support of the management, vesting the roles of both chairman of the Board and chief executive officer on Mr. Ng can facilitate the execution of the Group’s business strategies and provide a strong and consistent leadership to improve the Company’s efficiency in decision-making following the review of the aforementioned items. Moreover, under the supervision of other existing members of the Board including the independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interest of the Company and its shareholders. In order to maintain good corporate governance and fully comply with such code provision, the Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

The Board will continue to monitor and renew the Company’s corporate governance practices to ensure compliance with the CG Code.

The Board conducted reviews of the system of risk management and internal controls of the Group to ensure an effective and adequate risk management and internal control system is in place. The Board also conducted meetings to discuss financial, operational and compliance control.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made of all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out the Model Code during FY2023.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted a share option scheme on 4 December 2017 (the “Scheme”). No share options have been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2023.

## **SUFFICIENCY OF PUBLIC FLOAT**

During FY2023, trading in Shares was suspended from 21 June 2023 to 1 August 2023 pending restoration of the minimum public float as required under the Listing Rules. The Company restored public float and resumed trading of Shares on 2 August 2023.

To the best knowledge of the Directors and based on the information that is publicly available to the Company, at least 25% of the Company’s issued share capital were held by the public as at the date of this announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Monday, 27 May 2024 (the “AGM”), the register of members of the Company will be closed from Wednesday, 22 May 2024 to Monday, 27 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar and transfer office in Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 pm. on Tuesday, 21 May 2024.

## **AUDIT COMMITTEE**

The Company established an Audit Committee on 4 December 2017 with written terms of reference in compliance with the Listing Rules. The Audit Committee currently comprises all three independent non-executive Directors, namely Ms. Law Ying Wai Denise (Chairperson), Dr. Wu Ka Chee Davy and Mr. Yiu Ho Chi Stephen.

The Audit Committee has reviewed the terms of engagement and scope of audit work of the Company’s external auditors, and the annual and half-year results of the Group for FY2023. The Audit Committee considered that the relevant consolidated financial statements have been prepared in compliance with the applicable accounting principles and requirements of The Stock Exchange of Hong Kong Limited and disclosures have been properly made. The Audit Committee has also reviewed and discussed with the management of the Company regarding matters on risk management and internal control system and financial reporting.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Monday, 27 May 2024. A notice convening the meeting will be issued and sent to the shareholders of the Company in due course.

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

The Board of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2023*

|   | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Revenue</b>  | 3           | <b>97,241</b>                  | 131,647                 |
| Cost of sales   |             | <u>(75,690)</u>                | <u>(123,978)</u>        |
| <b>Gross profit</b>   |             | <b>21,551</b>                  | 7,669                   |
| Other income  | 4           | <b>898</b>                     | 593                     |
| Reversal of allowance (allowance) for expected<br>credit losses on trade receivables, net |             | <b>148</b>                     | (838)                   |
| Other gains and losses  | 5           | <b>294</b>                     | 1,865                   |
| Selling and distribution costs  |             | <b>(5,800)</b>                 | (7,552)                 |
| Administrative expenses   |             | <b>(20,641)</b>                | (18,057)                |
| Finance costs   |             | <u>(116)</u>                   | <u>(180)</u>            |
| <b>Loss before taxation</b>   |             | <b>(3,666)</b>                 | (16,500)                |
| Taxation  | 6           | <u>(24)</u>                    | <u>—</u>                |
| <b>Loss for the year</b>  |             | <b>(3,690)</b>                 | (16,500)                |
| <b>Other comprehensive expense</b>  |             |                                |                         |
| <i>Item that may be reclassified subsequently to<br/>profit or loss:</i>                  |             |                                |                         |
| — Exchange differences arising from<br>translation of a foreign operation                 |             | <u>(1,314)</u>                 | <u>(6,459)</u>          |
| <b>Total comprehensive expense for the year</b>   |             | <u><b>(5,004)</b></u>          | <u>(22,959)</u>         |
|   |             | <b>HK cents</b>                | HK cents                |
| <b>Loss per share</b>   |             |                                |                         |
| — Basic   | 8           | <u><b>(0.36)</b></u>           | <u>(1.64)</u>           |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

|  | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Non-current assets</b>                    |             |                                |                         |
| Property, plant and equipment                |             | <b>35,730</b>                  | 36,318                  |
| Deposit paid for potential investment        | 9           | <u>—</u>                       | <u>7,000</u>            |
|  |             | <b>35,730</b>                  | 43,318                  |
| <b>Current assets</b>                        |             |                                |                         |
| Inventories                                  |             | <b>19,123</b>                  | 14,844                  |
| Trade and other receivables                  | 9           | <b>29,239</b>                  | 34,432                  |
| Taxation recoverable                         |             | <b>590</b>                     | 608                     |
| Bank balances and cash                       |             | <b>65,647</b>                  | 57,085                  |
|  |             | <b>114,599</b>                 | 106,969                 |
| <b>Current liabilities</b>                   |             |                                |                         |
| Trade and other payables                     | 10          | <b>16,632</b>                  | 15,587                  |
| Contract liabilities                         |             | <b>498</b>                     | 1,068                   |
| Taxation payable                             |             | <b>—</b>                       | 222                     |
| Lease liabilities                            |             | <b>2,511</b>                   | 1,803                   |
|  |             | <b>19,641</b>                  | 18,680                  |
| <b>Net current assets</b>                    |             | <b>94,958</b>                  | 88,289                  |
| <b>Total assets less current liabilities</b> |             | <b>130,688</b>                 | 131,607                 |
| <b>Non-current liabilities</b>               |             |                                |                         |
| Lease liabilities                            |             | <b>4,085</b>                   | —                       |
| <b>NET ASSETS</b>                            |             | <b>126,603</b>                 | 131,607                 |
| <b>Capital and reserves</b>                  |             |                                |                         |
| Share capital                                | 11          | <b>10,200</b>                  | 10,200                  |
| Reserves                                     |             | <b>116,403</b>                 | 121,407                 |
| <b>TOTAL EQUITY</b>                          |             | <b>126,603</b>                 | 131,607                 |

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2023

## 1 GENERAL INFORMATION

Smart Globe Holdings Limited (the “**Company**”) is a public limited liability company incorporated in the Cayman Islands and the ordinary shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2017. On 11 December 2020, the ordinary shares of the Company transferred and listed on the Main Board of the Stock Exchange. The immediate holding company and ultimate holding company is TeraMetal Holdings Limited (“**TeraMetal**”), a company incorporated in the British Virgin Islands (the “**BVI**”), which is ultimately controlled by Mr. NG Ho Lun (“**Mr. NG**”).

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

|  |  |
|--|--|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts  |
| Amendments to HKAS 8   | Definition of Accounting Estimates   |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12  | International Tax Reform — Pillar Two model Rules                                |
| Amendments to HKAS 1 and HKFRS Practice Statement 2                            | Disclosure of Accounting Policies  |

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### **3 REVENUE AND SEGMENT INFORMATION**

Revenue represents amounts received or receivable from production and printing of books, novelty and packaging products. The Group's contracts with customers for books products and novelty and packaging products are based on customer's specification with no alternative use to the Group. Taking into consideration for contract terms and the relevant legal and regulatory environment that apply to those relevant contracts, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specified location. Transporting and handling activities that occur before customer obtain control are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 90 days upon delivery.

For certain of the Group's new customers, the Group receives deposits before production commences, which gives rise to contract liabilities until the goods have been delivered to the customer.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15 "Revenue from contracts with customers", the transaction price allocated to unsatisfied performance obligations is not disclosed.

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and assessment of performance, focuses specifically on the revenue analysis the Group's core business of printing books products and novelty and packaging products. No further discrete financial information is provided. Accordingly, no segment information is presented other than entity wide disclosures. The Group's operations are located in Hong Kong and the PRC.

The disaggregated information of revenue is as follows:

### Revenue from major products

The followings is an analysis of the Group's revenue from its major products which is recognised at a point in time under HKFRS 15:

|                                | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--------------------------------|--------------------------------|-------------------------|
| Books products                 | <b>89,659</b>                  | 125,006                 |
| Novelty and packaging products | <b>7,582</b>                   | 6,641                   |
|                                | <b>97,241</b>                  | 131,647                 |

### Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of the customers and the Group's non-current assets, excluding financial instruments, presented based on the geographical location of the assets is as follows:

|                | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Hong Kong      | <b>48,908</b>                  | 57,913                  |
| United States  | <b>17,121</b>                  | 26,773                  |
| United Kingdom | <b>5,975</b>                   | 10,746                  |
| Netherlands    | <b>6,324</b>                   | 6,665                   |
| Australia      | <b>7,849</b>                   | 8,280                   |
| The PRC        | <b>6,320</b>                   | 6,139                   |
| France         | <b>4,024</b>                   | 7,410                   |
| Others         | <b>720</b>                     | 7,721                   |
|                | <b>97,241</b>                  | 131,647                 |

|           | <b>Non-current assets</b>      |                         |
|-----------|--------------------------------|-------------------------|
|           | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
| The PRC   | <b>34,874</b>                  | 35,701                  |
| Hong Kong | <b>856</b>                     | 617                     |
|           | <b>35,730</b>                  | 36,318                  |

Revenue from customers contributing over 10% of total revenue of the Group during the year are as follows:

|             | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-------------|--------------------------------|-------------------------|
| Customer I  | <b>35,121</b>                  | 39,767                  |
| Customer II | <b>N/A<sup>1</sup></b>         | <b>13,224</b>           |

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

#### **4 OTHER INCOME**

|                                   | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-----------------------------------|--------------------------------|-------------------------|
| Government grants ( <i>note</i> ) | <b>101</b>                     | 470                     |
| Bank interest income              | <b>792</b>                     | 41                      |
| Sundry income                     | <b>5</b>                       | 82                      |
|                                   | <b>898</b>                     | <b>593</b>              |

*Note:* Government grants represent export incentive and other incentive payments received by the Group from the relevant government department. There are no unfulfilled conditions attached to those grants.

#### **5 OTHER GAINS AND LOSSES**

|   | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Net exchange gain   | <b>319</b>                     | 1,854                   |
| (Loss) gain on disposal of property, plant and equipment, net | <b>(25)</b>                    | 11                      |
|   | <b>294</b>                     | <b>1,865</b>            |

## 6 TAXATION

|                               | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| The charge comprises:         |                         |                         |
| Hong Kong Profits Tax         |                         |                         |
| Under-provision in prior year | 18                      | —                       |
| PRC Enterprise Income Tax     |                         |                         |
| Under-provision in prior year | 6                       | —                       |
|                               | <u>24</u>               | <u>—</u>                |

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2023 and 2022 as the relevant group entities did not have assessable profits subject to Hong Kong Profits Tax for the year.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year ended 31 December 2023. The assessable income for the year was absorbed by the unrecognised tax losses brought forward from prior year. No provision for the PRC Enterprise Income Tax has been made for the year ended 31 December 2022 as the PRC subsidiary did not have assessable income subject to the PRC Enterprise Income Tax for the year.

## 7 DIVIDENDS

No dividend was paid or proposed for ordinary shareholder of the Company during both years, nor has been proposed since the end of the reporting period (2022: nil).

## 8 LOSS PER SHARE

The calculation of the basic loss per share for the year is based on the following data:

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss for the year attributable to owners of the Company                            | <u>(3,690)</u>          | <u>(16,500)</u>         |
|  | 2023<br>'000            | 2022<br>'000            |
| Weighted average number of ordinary shares for the purpose of basic loss per share | <u>1,020,000</u>        | <u>1,008,164</u>        |

No diluted loss per share is presented as there were no potential ordinary shares in issue during both years.

## 9 TRADE AND OTHER RECEIVABLES

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Non-current assets</b>                             |                         |                         |
| Deposit paid for potential investment ( <i>note</i> ) | <u>—</u>                | <u>7,000</u>            |
| <b>Current assets</b>                                 |                         |                         |
| Trade receivables                                     | 28,619                  | 34,119                  |
| Less: Allowance for expected credit losses            | <u>(1,645)</u>          | <u>(1,793)</u>          |
|   | 26,974                  | 32,326                  |
| Rental deposits                                       | 139                     | 142                     |
| Prepayments and deposits                              | <u>2,126</u>            | <u>1,964</u>            |
|   | <u>29,239</u>           | <u>34,432</u>           |
| Total trade and other receivables                     | <u>29,239</u>           | <u>41,432</u>           |

*Note:* The deposit paid for potential investment represented an advancement of HK\$7,000,000 to Fuyou Pharmaceutical Technology (Suzhou) Co., Ltd (“**Fuyou Pharmaceutical**”), the shareholder of Hubei Kang Shi Zhen Yi Yao Technology Co., Ltd (“**Hubei Kang Shi Zhen**”) during the year ended 31 December 2022 (the “**Advancement**”). The Advancement is denominated in Hong Kong dollars, interest free and secured by the pledge of 10% equity interest in favour of the Company in Hubei Kang Shi Zhen. The Advancement was intended to form part of the subscription amount for the Company to subscribe 30% enlarged registered capital in Hubei Kang Shi Zhen (the “**Acquisition**”). During the year ended 31 December 2023, the Company assigned the Advancement to a third party, Riverton Holdings Limited, and a deed of assignment and novation was entered between the parties. The consideration for the assignment was settled on 18 July 2023.

References should be made to the announcements of the Company dated 15 July 2022, 15 August 2022, 12 October 2022, 30 November 2022, 31 January 2023, 31 March 2023 and 5 July 2023 regarding the details of the Acquisition and the Advancement.

The Group allows credit period ranging from 30 to 90 days. The following is an aging analysis of trade receivables, net of allowance for expected credit losses, presented based on the goods delivery date, which were the respective revenue recognition dates, at the end of reporting period:

|                | <b>2023</b>          | 2022            |
|----------------|----------------------|-----------------|
|                | <i>HK\$'000</i>      | <i>HK\$'000</i> |
| Within 30 days | <b>7,964</b>         | 11,708          |
| 31 to 60 days  | <b>8,750</b>         | 4,510           |
| 61 to 90 days  | <b>4,633</b>         | 4,506           |
| Over 90 days   | <b>5,627</b>         | 11,602          |
|                | <u><b>26,974</b></u> | <u>32,326</u>   |

## 10 TRADE AND OTHER PAYABLES

|                                | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--------------------------------|--------------------------------|-------------------------|
| Trade payables                 | <b>9,731</b>                   | 8,425                   |
| Accrued expense                | <b>5,628</b>                   | 5,530                   |
| Other payables                 | <b>1,273</b>                   | 1,632                   |
|                                | <hr/>                          | <hr/>                   |
| Total trade and other payables | <b><u>16,632</u></b>           | <b><u>15,587</u></b>    |

The credit period of trade payables is 30 to 90 days.

The following is an aging analysis of trade payables presented based on the invoice date at the end of reporting period:

|                | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | <b>7,109</b>                   | 5,891                   |
| 31 to 60 days  | <b>2,406</b>                   | 2,173                   |
| 61 to 90 days  | <b>194</b>                     | 272                     |
| Over 90 days   | <b>22</b>                      | 89                      |
|                | <hr/>                          | <hr/>                   |
|                | <b><u>9,731</u></b>            | <b><u>8,425</u></b>     |

## 11 SHARE CAPITAL

The share capital as at 31 December 2023 and 31 December 2022 represents the issued share capital of the Company with details as follows:

|  | Number of<br>'000 | Share shares<br>capital<br>HK\$'000 |
|--|-------------------|-------------------------------------|
| Authorised:  |                   |                                     |
| <i>Ordinary shares of HK\$0.01 each</i>                        |                   |                                     |
| As at 1 January 2022, 31 December 2022 and<br>31 December 2023 | <u>2,000,000</u>  | <u>20,000</u>                       |
| Issued and fully paid:   |                   |                                     |
| Ordinary shares of HK\$0.01 each                               |                   |                                     |
| As at 1 January 2022   | 1,000,000         | 10,000                              |
| Issue of new shares ( <i>note</i> )                            | <u>20,000</u>     | <u>200</u>                          |
| At 31 December 2022 and 31 December 2023                       | <u>1,020,000</u>  | <u>10,200</u>                       |

*Note:* On 5 August 2022, the Company placed an aggregate of 20,000,000 new shares, representing approximately 1.96% of the issued share capital of the Company immediately following the completion of the placing at the placing price of HK\$1.05 per placing share. The gross proceeds of the placing are approximately HK\$21,000,000. The net proceeds of the placing are approximately HK\$20,685,000 after deducting the relevant expenses for the placing. Details of this share placing are set out in the Company's announcements dated 29 June 2022, 14 July 2022 and 5 August 2022.

## **PRELIMINARY ANNOUNCEMENT OF THE RESULTS**

### **Scope of work of Baker Tilly Hong Kong Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

### **APPRECIATION**

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, shareholders, staff and management for their continuous dedication, commitment and support.

### **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.smartglobehk.com](http://www.smartglobehk.com)). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Smart Globe Holdings Limited**  
**NG Ho Lun**  
*Chairman*

Hong Kong, 27 March 2024

*As at the date of this announcement, the executive Directors are Mr. NG Ho Lun, Mr. CHU Lok Fung Barry, Mr. CHEN Kun and Mr. LAM Tak Ling Derek; and the independent non-executive Directors are Dr. WU Ka Chee Davy, Mr. YIU Ho Chi Stephen and Ms. LAW Ying Wai Denise.*