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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: 8485)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Smart Globe Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2017

— The Group's revenue amounted to approximately HK$150.4 million for the year ended 31 December 2017 (2016: approximately HK$114.3 million), representing an increase of approximately 31.6% as compared to the year ended 31 December 2016.

— A one-off listing expense of approximately HK$17.2 million was incurred in FY2017 in light of the listing of the Company's shares on GEM on 28 December 2017.

— The Loss attributable to owners of the Company is approximately HK$0.2 million for the year ended 31 December 2017, representing a decrease of approximately 101.9% as compared to the year ended 31 December 2016.

— Basic loss per share for the year ended 31 December 2017 was approximately HK$0.02 cents (2016: Basic earnings per share was approximately HK$1.58 cents).

— During the year ended 31 December 2017, total dividend of HK$2,000,000 (2016: nil) were declared and distributing by CP Printing Limited ("**CP Printing**") to its then shareholders.

— The Board does not recommended the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of Smart Globe Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	3	**150,367**	114,260
Cost of sales		**(101,732)**	(74,556)
Gross profit		**48,635**	39,704
Other income	4	**1,731**	812
Other gains and losses	5	**(1,857)**	(1,970)
Selling and distribution costs		**(8,363)**	(7,767)
Administrative expenses		**(17,051)**	(16,549)
Listing expenses		**(17,203)**	—
Finance costs		**(1,673)**	(1,157)
Profit before taxation		**4,219**	13,073
Taxation	6	**(4,396)**	(2,379)
(Loss) profit for the year		**(177)**	10,694
Other comprehensive income (expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of a foreign operation		**1,986**	(1,065)
Total comprehensive income for the year		**1,809**	9,629
(Loss) earnings per share			
Basic (HK cents)	8	**(0.02)**	1.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**35,884**	39,296
Certificate of deposit		**—**	2,000
		35,884	41,296
Current assets			
Inventories		**8,624**	7,747
Trade and other receivables	9	**88,500**	41,240
Certificates of deposit		**3,003**	—
Bank balances and cash		**22,398**	8,194
		122,525	57,181
Current liabilities			
Trade and other payables	10	**35,819**	31,504
Amounts due to directors		**—**	4,931
Taxation payable		**1,473**	711
Obligations under finance leases — due within one year		**5,355**	5,265
Bank borrowings		**6,743**	8,460
Other borrowing		**5,044**	784
		54,434	51,655
Net current assets		**68,091**	5,526
Total assets less current liabilities		**103,975**	46,822
Non-current liabilities			
Obligations under finance leases — due after one year		**5,642**	10,997
Other borrowing		**15,972**	19,208
		21,614	30,205
Net assets		**82,361**	16,617
Capital and reserves			
Share capital	11	**10,000**	—
Reserves		**72,361**	16,617
Total Equity		**82,361**	16,617

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2016	—	—	—	(558)	7,546	6,988
Profit for the year	—	—	—	—	10,694	10,694
Other comprehensive expense — exchange differences arising from translation of a foreign operation	—	—	—	(1,065)	—	(1,065)
Total comprehensive (expense) income for the year	—	—	—	(1,065)	10,694	9,629
At 31 December 2016	—	—	—	(1,623)	18,240	16,617
Loss for the year	—	—	—	—	(177)	(177)
Other comprehensive expense — exchange differences arising from translation of a foreign operation	—	—	—	1,986	—	1,986
Total comprehensive income (expense) for the year	—	—	—	1,986	(177)	1,809
Issue of shares by CP Printing	12,290	—	—	—	—	12,290
Effect of group reorganisation	(12,290)	—	12,290	—	—	—
Dividend paid	—	—	—	—	(2,000)	(2,000)
Capitalisation issue	7,500	(7,500)	—	—	—	—
Issue of shares upon public offer and placing (the "**Share Offer**")	2,500	60,000	—	—	—	62,500
Costs incurred in connection with issue of share of the Company	—	(8,855)	—	—	—	(8,855)
At 31 December 2017	10,000	43,645	12,290	363	16,063	82,361

Note: The special reserve of the Group represented the difference between the nominal value of the share capital of the Company and the nominal value of the share capital of CP Printing Limited ("**CP Printing**") pursuant to the Reorganisation as defined in Note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 28 December 2017.

The ultimate holding company is Master Sage Limited ("**Master Sage**"), a company incorporated in the British Virgin Islands ("**BVI**"), which is ultimately controlled by Mr. Lam Tak Ling Derek ("**Mr. Lam**") and Mr. Chan Yee Yeung ("**Mr. Chan**").

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

The Company acts as an investment holding company and its subsidiaries are principally engaged in production, distribution and printing of books, novelty and packaging products.

In preparation for the listing of the Company's shares on GEM of the Stock Exchange, the companies now comprising the Group underwent a reorganisation (the "**Reorganisation**") to rationalise the structure of the Group which involves the following major steps:

a. Before the Reorganisation, CP Printing was owned as to 50% and 50% by Mr. Lam and Mr. Chan. On 30 March 2017, CP Printing issued and allotted 10 shares to Ms. Tse Yuen Shan Ivy ("**Ms. Tse**"), a key management personnel of the Group, at a consideration of HK$10,000,000. Upon completion of the said allotment and issuance, CP Printing was owned as to 45%, 45% and 10% by Mr. Lam, Mr. Chan and Ms. Tse.

b. On 5 May 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each. On the date of its incorporation, (i) one share was issued to the initial subscriber, which was transferred to Master Sage, a company directly owned as to 50% and 50% by Mr. Lam and Mr. Chan. On the same day; (ii) 899 shares were issued to Master Sage; and (iii) 100 shares were issued to Fortune Corner Holdings Limited ("**Fortune Corner**"), a company wholly-owned by Ms. Tse.

c. On 15 May 2017, Wealthy Global Group Limited ("**Wealthy Global**") was incorporated as limited liability company in BVI by issuing a total of 100 shares of United States dollar ("**US$**") 1.00 each to the Company. Wealthy Global became a wholly-owned subsidiary of the Company.

d. Pursuant to a sale and purchase agreement dated 24 May 2017, Wealthy Global acquired the entire equity interests in CP Printing by issuing and allotting a total of 100 shares to the Company. On the same day, CP Printing became a directly wholly-owned subsidiary of Wealthy Global and the Reorganisation was completed.

The Group resulting from the Reorganisation, which involves interspersing the Company and Wealthy Global between CP Printing and its shareholders, is regarded as a continuing entity. Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2017 have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Reorganisation had been in existence throughout the year, or since their respective dates of incorporation where this is a shorter period.

The consolidated statement of financial position of the Group as at 31 December 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of CP Printing as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently applied all the new and revised HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2017 throughout both years.

The Group has not early applied the following new and revised HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance contracts[4]
HK (IFRIC) — Int 22	Foreign currency transactions and advance consideration[1]
HK (IFRIC) — Int 23	Uncertainty over income tax treatments[2]

Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[2]
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014–2016 cycle[1]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and revised HKFRSs and Interpretations mentioned below, the directors of the Company anticipate that the application of all other new and revised HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge amounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 that are relevant to the Group are described below:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other financial assets are measured at their fair value at subsequent accounting period; and

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial instruments: Recognition and measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Impairment:

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Company, the accumulated amount of impairment loss to be recognised by Company as at 1 January 2018 would not have material differences as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables, certificates of deposit, bank balances and cash.

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows and the principal payment on obligations under finance lease as financing cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will all be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group as lessee has non-cancellable operating lease commitments of HK$523,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considered refundable rental deposit paid and refundable rental deposits received as right and obligation under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments. Furthermore, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received or receivable from production and printing of books, novelty and packaging products.

The information of revenue by types of products sold are as follows:

	2017	2016
	HK$'000	*HK$'000*
Books products	**137,542**	92,938
Novelty and packaging products	**12,825**	21,322
	150,367	114,260

The Group's operating activities are attributable to a single operating segment focusing on production, distribution and printing of books, novelty and packaging products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to HKFRSs and are regularly reviewed by the directors of the Company, being the chief operating decision maker ("**CODM**"). Accordingly, the Group has only one operating segment. No further discrete financial information nor analysis of this single segment is presented as the CODM reviews the financial information of the Group as a whole.

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**41,947**	47,058
United States	**81,279**	34,883
United Kingdom	**8,590**	9,232
Netherlands	**7,994**	7,269
The PRC	**7,153**	7,607
Belgium	**773**	1,512
Australia	**642**	1,850
Others	**1,989**	4,849
	150,367	114,260

	Non-current assets	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**31**	63
The PRC	**35,853**	39,233
	35,884	39,296

Note: Non-current assets excluding certificate of deposit.

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

	2017	2016
	HK$'000	*HK$'000*
Customer I	**63,095**	N/A[1]
Customer II	**N/A[1]**	16,728

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Government grant	**1,010**	—
Inspection income	**421**	740
Bank and other interest income	**24**	22
Sundry income	**276**	50
	1,731	812

5. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Exchange loss	**(1,923)**	(1,816)
Gain on disposal of property, plant and equipment	**104**	—
Impairment loss on trade receivables	**(38)**	(154)
	(1,857)	(1,970)

6. TAXATION

	2017	2016
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
Charge for the year	**3,709**	2,218
Overprovision in prior years	**(20)**	(20)
	3,689	2,198
PRC Enterprise Income Tax ("**EIT**")		
Charge for the year	**681**	181
Underprovision in prior year	**26**	—
	707	181
	4,396	2,379

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

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 both years.

7. DIVIDENDS

During the year ended 31 December 2017, total dividend of HK$2,000,000 (2016: nil) were declared and distributing by CP Printing to its then shareholders.

No dividend has been proposed by the directors of the Company up to date of issuance of these financial statements.

8. (LOSS) EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(177)**	10,694

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**734,658**	675,000

The number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 December 2017 and 2016 has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 11) has been effective from 1 January 2016.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the year.

9. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**31,230**	37,286
Less: Allowance for impairment loss	**(1,607)**	(1,902)
	29,623	35,384
Proceeds receivable from the Share Offer *(Note)*	**56,250**	—
Prepayments and deposits	**2,627**	5,856
Total trade and other receivables	**88,500**	41,240

Note: The amount represents the proceeds from the Share Offer collected by the bookrunner on behalf of the Company. The amount was fully settled on 10 January 2018.

The Group allows credit period ranging from 60 to 120 days. The following is an aged analysis of trade receivables, net of allowance of impairment loss, presented based on the goods delivery date, which were the respective revenue recognition dates, at the end of reporting period:

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**9,167**	12,854
31 to 60 days	**6,855**	5,746
61 to 90 days	**4,360**	5,776
Over 90 days	**9,241**	11,008
	29,623	35,384

10. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**14,855**	22,146
Accrued listing expenses	**9,947**	—
Accrued expenses	**5,878**	4,472
Other payables	**5,139**	4,886
Total trade and other payables	**35,819**	31,504

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

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**9,266**	3,605
31 to 60 days	**328**	2,080
61 to 90 days	**34**	3,041
Over 90 days	**5,227**	13,420
	14,855	22,146

11. SHARE CAPITAL

The issued share capital as at 1 January 2016 and 31 December 2016 represented the issued share capital of CP Printing Limited. The share capital as at 31 December 2017 represents the issued share capital of the Company with details as follows:

	Notes	**Number of shares**	**Share capital** *HK$'000*
Authorised:			
At date of incorporation (ordinary shares of HK$0.01 each)	*(a)*	39,000,000	390
Increase in authorised share capital	*(b)*	1,961,000,000	19,610
At 31 December 2017		**2,000,000,000**	20,000
Issued and fully paid:			
At date of incorporation	*(a)*	1	—
Issue of shares on Reorganisation	*(a)*	999	—
Issue of shares on Capitalisation Issue	*(c)*	749,999,000	7,500
Issue of shares from the Share Offer	*(d)*	250,000,000	2,500
At 31 December 2017		**1,000,000,000**	10,000

Notes:

(a) On 5 May 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each. On the date of its incorporation, (i) one share was issued to the initial subscriber, which was transferred to Master Sage, a company directly owned as to 50% and 50% by Mr. Lam and Mr. Chan. On the same day; (ii) 899 shares were issued to Master Sage; and (iii) 100 shares were issued to Fortune Corner, a company wholly owned by Ms. Tse.

(b) On 4 December 2017, the authorised share capital of the Company was increased from HK$390,000 divided into 39,000,000 shares to HK$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,961,000,000 shares, ranking pari passu in all respect with the then existing shares.

(c) Pursuant to the written resolutions passed by the sole shareholder of the Company on 4 December 2017, upon completion of the public offer and placing on 28 December 2017, the Company was authorised to capitalise a sum of HK$7,500,000 standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 749,999,000 ordinary shares of the Company (the "**Capitalisation Issue**").

(d) In connection with the listing of the shares of the Company on GEM of the Stock Exchange on 28 December 2017, the Company allotted and issued a total of 250,000,000 new shares at HK$0.25 per share. The net proceeds from the Share Offer was HK$53,645,000 (net of share issue costs of HK$8,855,000), out of which net proceeds of HK$52,496,000 (net of share issue costs of HK$3,754,000) was collected on behalf of the Company by a bookrunner and was due payable to the Company as at 31 December 2017 (Note 9).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group managed to achieve healthy revenue growth and realised better sales performance towards the year. In view of the uncertain global economy, the Group will strive to launch various credit controls, and further tighten the control over operating expenses, while streamlining production control and improving manufacturing efficiency with advanced machinery to minimise the labour cost and maximise the facility utilisation rate.

Business Review

As one of the leading printing service providers, the Group is engaged in its core business of printing books products and novelty and packaging products. It provides a full suite of services from pre-press to printing to finishing services, as well as producing custom-made and value added printing products.

For FY2017, the Group recorded an increase in its total revenue by approximately 31.6% to approximately HK$150.4 million from approximately HK$114.3 million in the year ended 31 December 2016 ("**FY2016**"). This is mainly due to the fact that we have been providing good quality services and products to our customers since incorporation. Stable customers reflected their confidence in us by continuing their business relationship and placing more purchase orders with us. Besides, we were particularly successful in securing more orders from customers based in the U.S.. Loss attributable to owners of the Company was approximately HK$0.2 million, a decrease of 101.9% from approximately profit attributable to owners of HK$10.7 million accrued last year. The decrease in profit was primarily due to one-off listing expenses of approximately HK$17.2 million incurred in FY2017.

During FY2017, approximately 91.5% of total revenue was contributed by the book products segment amounting to approximately HK$137.5 million (2016: approximately HK$92.9 million), as our Group devoted our resources to book products to digest the increase in demand for our services. This segment's improved performance was mainly due to the increase in orders placed by U.S. customers with us as a result of the growth in their local demand of book products.

As a strategy to maintain competitiveness in the current operating environment, the Group continue to extend its geographical reach of customers during FY2017. Revenues were generated from areas such as the U.S., the PRC (including Hong Kong), the United Kingdom and Netherlands, representing 54.0%, 32.6%, 5.7% and 5.3% of our total revenue, respectively.

Financial Review

Revenue

Our revenue increased by approximately 31.6% from approximately HK$114.3 million for FY2016 to approximately HK$150.4 million for FY2017. This was mainly due to our combined provision of good quality services and products to our customers since the commencement of our business. As such, our previous customers continue to maintain their business relationship with us and at the same time, we were also able to attract new customers by providing good quality services and products. Stable customers reflected their confidence in us by continuing their business relationship and placing more purchase orders with us. Besides, we were particularly successful in securing more orders from customers based in U.S..

Gross profit margin

Our overall gross profit margin decreased from approximately 34.7% in FY2016 to approximately 32.3% in FY2017. This was mainly due to the favourable terms offered to two of our major customers for their large amount of purchase in FY2017, and the higher proportion (approximately 91.5%) of book products to our revenue, which the production is relatively simpler than the novelty and packaging products.

Other income

Our other income increased by approximately 112.5% from approximately HK$0.8 million in FY2016 to approximately HK$1.7 million in FY2017. The increase was mainly due to the receipt of newly granted government grants in a total amount of HK$1.0 million in FY2017.

Other gains and losses

Our other gains and losses slightly decreased by approximately 5.0% from approximately HK$2.0 million in FY2016 to approximately HK$1.9 million in FY2017. Not much fluctuation in our other gains and losses was noted by us.

Selling and distribution costs

Our distribution costs increased by approximately 7.7% from approximately HK$7.8 million in FY2016 to approximately HK$8.4 million in FY2017. This was mainly due to the increase of approximately HK$0.4 million in transportation and freight charges resulting from higher sales volume.

Administrative expenses

Our administrative expenses increased slightly by approximately 3.6% from approximately HK$16.5 million in FY2016 to approximately HK$17.1 million in FY2017.

Listing expenses

A one-off listing expense of approximately HK$17.2 million was incurred in FY2017 in light of the listing of the Company's shares on GEM on 28 December 2017.

Finance costs

Our finance costs increased by approximately 41.7% from approximately HK$1.2 million in FY2016 to approximately HK$1.7 million in FY2017. This was mainly due to the increase in (i) numberof chargeable month for interest payment of other borrowing; and (ii) the interest expense on trade finance loan to cater the expansion of operation during the year.

Income tax expense

Our income tax expense increased by approximately 83.3% from approximately HK$2.4 million in FY2016 to approximately HK$4.4 million in FY2017. It was mainly due to the increase in assessable profit that is subject to Hong Kong profits tax.

The applicable rate of Hong Kong Profits tax on the estimated assessable profits tax in FY2017 was 16.5% (2016: 16.5%). Tax on overseas profits has been calculated on the estimated assessable profits for FY2017 at the rates of tax prevailing in the countries in which the Group operates.

Loss for the year and attributable to owners of the Company

As a result of the above factors, loss for the year attributable to owners of the Company stood at approximately HK$0.2 million.

The above financial data were chosen to be presented in this annual report as they represent a material financial impact on the financial statements of the Group for FY2016 and/or FY2017. It is believed by presenting the changes of these financial data can effectively explain the financial performance of the Group for FY2017.

FUTURE DEVELOPMENT AND PROSPECTS

In the year ahead, the Group remains to capture the growth potential, the Group will continue to explore new business opportunities for existing products in different markets so as to promote a diversified quality customer base by implementing strategic initiatives and enhancing marketing efforts. In addition, the Group will strive to further tighten control over its operating expenses and streamline the production processes.

Meanwhile, by leveraging its leading one-stop printing platform, the Group will continue to invest in enhancing its capabilities. Improved production efficiency and the enhancement of manufacturing flexibility are expected to add a competitive advantage to the Group and hence may result in the growing sales orders from both existing and new customers.

The Group will also cautiously explore viable investment and acquisition opportunities that can enhance shareholders' value.

FINAL DIVIDEND

The Board does not recommended the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

CAPITAL STRUCTURE

The Company's shares were listed on GEM on 28 December 2017 and 250,000,000 new shares were issued since then.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with shareholders' equity, cash generated from operations and bank and other borrowings.

The Group maintained bank deposits, bank balances and cash amounting to approximately HK$22.4 million as at 31 December 2017 (2016: approximately HK$8.2 million), increased by approximately 173.2% as compared with that as at 31 December 2016.

The Group's non-current assets decreased to approximately HK$35.9 million (2016: approximately HK$41.3 million), primarily due to depreciation of property, plant and equipment.

As at 31 December 2017, the Group's current assets amounted to approximately HK$122.5 million, mainly comprised of inventories of approximately HK$8.6 million (2016: approximately HK$7.7 million), trade and other receivables of approximately HK$88.5 million (2016: approximately HK$41.3 million), certificates of deposit of approximately HK$3.0 million (2016: nil) and cash and cash equivalents of approximately HK$22.4 million (2016: approximately HK$8.2 million).

The Group's current liabilities amounted to approximately HK$54.4 million, mainly comprised of trade and other payables of approximately HK$35.8 million (2016: approximately HK$31.5 million), taxation payable of approximately HK$1.5 million (2016: approximately HK$0.7 million), obligations under finance leases of approximately HK$5.4 million (2016: approximately HK$5.3 million), bank borrowing of approximately HK$6.7 million (2016: approximately HK$8.5 million) and other borrowing of approximately HK$5.0 million (2016: approximately HK$0.8 million).

As at 31 December 2017, the net current assets of the Group increased by approximately HK$62.6 million or approximately 1,132.2% to approximately HK$68.1 million (2016: approximately HK$5.5 million).

The Group had total bank borrowings, other borrowing and obligations under finance leases of approximately HK$38.7 million as at 31 December 2017 (2016: approximately HK$44.8 million).

As at 31 December 2017, the Group's borrowings were secured by (i) corporate guarantee provided by the Company, (ii) letters of undertaking from its subsidiaries, namely CP Printing Limited; and (iii) pledging of certain plant and machinery, certificates of deposit and assignment of trade receivables. As at 31 December 2016, the Group's borrowings were secured by (i) personal guarantees provided by Mr. Lam and Mr. Chan, (ii) letters of undertaking from its subsidiaries, namely CP Printing Limited; and (iii) pledging of certain plant and machinery, certificates of deposit and assignment of trade receivables.

The Group's gearing ratio, which is total interest-bearing liabilities divided by total equity was approximately 47.0% (2016: approximately 269.1%). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) stood at approximately 2.3 as at 31 December 2017 (2016: approximately 1.1).

CHARGES ON GROUP ASSETS

Group's assets pledged are certain plant, and machinery, certificate of deposit and assignment of trade receivables.

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 also exposed to foreign exchange risks as the Group's production is mainly in the PRC. The continuing appreciation of Renminbi ("**RMB**") may lead to an increase of our cost of production. During FY2017, 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

During the year, the Group had acquired property, plant and equipment at approximately HK$1.4 million (2016: HK$12.1 million). The acquisition of property, plant and equipment in 2016 was mainly financed by other borrowing and obligations under finance leases.

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had no significant capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no material contingent liabilities.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 28 December 2017, the Company's shares were listed on GEM and 250,000,000 new shares of HK$0.01 each were issued at HK$0.25. The net proceeds from the HK IPO was approximately HK$36.4 million after payment of transaction costs and listing expenses. As at the date of this report, HK$10.9 million was utilised as loan repayment. We repaid loans in the order of their effective interest rates, (i) two term loans of approximately HK$2.3 million in total from The Hongkong and Shanghai Banking Corporation Limited with an effective interest rate of 5% were fully repaid; and (ii) approximately HK$8.6 million as part of the loan repayment to an Independent Third Party which carries an effective interest rate of 3.91%.

SIGNIFICANT INVESTMENTS

The Group had not made any significant investments during FY2017.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During FY2017, the Group had not made any significant acquisition or disposal of subsidiaries or associated companies.

EMPLOYEES' INFORMATION

Employees of the Group

Our employees are based in Hong Kong and He Yuan, Guangdong Province, the PRC. As at 31 December 2017, there were 377 (2016: 365) employees in the Group. Staff remuneration packages are determined in consideration of 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.

Employees of He Yuan Factory

The workers working at He Yuan Factory are employed by the He Yuan Factory as at 31 December 2017, there were 363 (2016: 349) employees in the He Yuan 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 FY2017.

UPDATE ON DIRECTORS' INFORMATION

During FY2017, there was no change in the information of the Directors pursuant to Rule 17.50A(1) of the GEM Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lam Tak Ling Derek (Mr. Lam), aged 47, is the chairman of our Board and was appointed as an executive Director on 5 May 2017. Mr. Lam is primarily responsible for overall strategic planning and overseeing the general management of our Group. Mr. Lam has more than 23 years of experience in the printing industry. During the period from July 1994 to July 2012, he worked in a company principally engaged in the printing of books, as a sales director. He joined our Group as a sales and marketing manager in August 2012 and has been a director of CP Printing since August 2014.

Mr. Chan Yee Yeung (Mr. Chan), aged 44, is the chief operations officer of our Group and was appointed as an executive Director on 5 May 2017. Mr. Chan is primarily responsible for overseeing the manufacturing activities of our Group. Mr. Chan has more than 20 years of experience in the printing industry. He worked in a company principally engaged in the manufacturing and exporting of paper products, as a production controller from August 1996 to August 2000. He then worked in a company principally engaged in the manufacturing and sales of personalized products, as a coordinator from September 2000 to May 2001, and in a printing service provider, as a project management consultant manager from June 2001 to September 2014. He joined our Group as a production manager and a director of CP Printing in August 2014.

Ms. Tse Yuen Shan Ivy (Ms. Tse), aged 45, is the general manager of our Group and was appointed as an executive Director on 5 May 2017. Ms. Tse is primarily responsible for overseeing the procurement activities as well as administrative, human resources and logistics matters of our Group. Ms. Tse has more than 18 years of experience in the printing industry. She worked in a company principally engaged in the provision of exhibition services, as a project secretary from May 1997 to July 1998. She then worked in a company principally engaged in the manufacturing and exporting of paper products, as a production controller from November 1998 to March 2001, and in a printing service provider, as a general manager from May 2001 to March 2012. She established our Group in 2012 and served as a director of CP Printing from March 2012 to August 2014 and as our general manager from March 2012 to September 2014. She then served as a director in a printing service provider from September 2014 to November 2015. She re-joined our Group as a general manager in November 2015 and has been a director of CP Printing since April 2017.

Independent non-executive Directors

Mr. Li Chun Hung (Mr. Li), aged 56, was appointed as an independent non-executive Director on 4 December 2017. He is a certified public accountant in Hong Kong and has over 20 years of experience in professional accounting. Mr. Li is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of International Accountants, a member of the Institute of Certified Management Accountants, a fellow member of the Taxation Institute of Hong Kong, a member of the Society of Chinese Accountants and Auditors as well as a member of the Chartered Institute of Arbitrators.

Mr. Ong Chor Wei (Mr. Ong), aged 48, was appointed as an independent non-executive Director on 4 December 2017. He is a certified public accountant in Hong Kong and has extensive experience in finance and accounting. Mr. Ong has been an associate of the Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Institute of Certified Public Accountants since December 1993 and October 1995, respectively.

Mr. Yam Kam Kwong (Mr. Yam), JP, aged 66, was appointed as an independent non-executive Director on 4 December 2017. He is a qualified solicitor in Hong Kong and has more than 30 years of experience in legal services. Mr Yam was also qualified as a solicitor in England & Wales in October 1986, a solicitor and barrister in Australia in February 1989, a solicitor and barrister in the Republic of Singapore in March 1995, as well as a solicitor in New South Wales in November 1995.

Senior Management

Mr. Cheung Sum Chin (Mr. Cheung), aged 32, is the financial controller and company secretary of the Group. He is primarily responsible for overseeing our accounting and finance department as well as our company secretarial matters. Mr. Cheung was an assistant manager in an audit firm where he advised clients in areas of finance, audit and tax. Mr. Cheung graduated from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in accounting in 2011. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants.

FINANCIAL HIGH LIGHTS

Loss/earnings per share (HK cents)

Loss/earnings per ordinary share based on (loss) profit attributable to owners of the company	**Group**	
	2017	2016
(i) Based on existing issued share capital	**(HK 0.02 cent)**	HK 1.58 cents
(ii) On a fully diluted basis	**Not applicable**	Not applicable

The calculation of basic loss/earnings per share is based on the loss attributable to owners of the Company of approximately HK$177,000 (2016: profit of approximately HK$10,694,000) and on the weighted average number of 734,658,000 (2016: 675,000,000) ordinary shares in issue during the year.

Diluted (loss)/earnings per share for the years ended 31 December 2017 and 2016 are not presented as there is no dilutive potential ordinary share.

Revenue (HK$'000)

	Year ended 31 December				
	2013	2014	2015	2016	**2017**
Revenue	29,276	36,385	67,985	114,260	**150,367**

Net (Loss) Profit for the Year (HK$'000)

	Year ended 31 December				
	2013	2014	2015	2016	**2017**
(Loss) Profit for the year attributable to owners of the Company	(662)	894	7,239	10,694	**(177)**

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

Between the date of Listing on 28 December 2017 and 31 December 2017, the Company has complied with the code provisions set out in the CG Code, except that Mr. Lam is currently performing the roles of chairman and chief executive officer of our Company. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should not be performed by the same individual. Taking into account Mr. Lam's strong expertise in the printing industry, our Board considered that the roles of chairman and chief executive officer being performed by Mr. Lam enables more effective and efficient overall business planning, decision making and implementation thereof by our Group. In order to maintain good corporate governance and fully comply with such code provision, our Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

CG Code provision A.6.7 requires that independent non-executive Directors shall attend general meetings and develop a balanced understanding of the views of Shareholders. Due to the fact that the Company listed on 28 December 2017, no annual general meeting had been held. It will be held in 2018.

The board will continue to monitor and renew the Company's corporate governance practices to ensure compliance with the Code.

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct froe securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"), Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the year ended 31 December 2017.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 4 December 2017 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share options has been granted since the adoption of the Scheme and there were no option outstanding as at 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

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, the register of members of the Company will be closed from 8 May 2018 to 11 May 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, 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 Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 pm. on 7 May 2018.

ANNUAL GENERAL MEETING

The annual general meeting will be held on 11 May 2018. A notice convening the meeting will be issued and sent to the shareholders in due course.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises Mr. Li Chun Hung, Mr. Ong Chor Wei and Mr. Yam Kam Kwong, all of whom are independent non-executive directors of the Company. The Audit Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Audit Committee has reviewed the results of the Group for FY2017.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS

Scope of work of Messrs. Deloitte Touche Tohmatsu

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, 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu 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.

By Order of the Board
Smart Globe Holdings Limited
Lam Tak Ling Derek
Chairman

Hong Kong, 29 March 2018

As at the date of this announcement, the executive Directors are Mr. Lam Tak Ling Derek, Mr. Chan Yee Yeung, Ms. Tse Yuen Shan Ivy; and the independent non-executive Directors are Mr. Li Chun Hung, Mr. Ong Chor Wei and Mr. Yam Kam Kwong.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and on the websites of the Company at http://www.smartglobehk.com.