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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)**

### **CHANGE IN USE OF NET PROCEEDS FROM THE SHARE OFFER**

Reference is made to the prospectus of Smart Globe Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 13 December 2017 (the “**Prospectus**”), which contained the proposed use of net proceeds from the Share Offer. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Prospectus.

The net proceeds from the Share Offer (“**Net Proceeds**”) was approximately HK\$36.4 million after payment of transaction costs and listing expenses. As at the date of the Company’s interim report for the six months ended 30 June 2018 dated 3 August 2018 (the “**Interim Report**”), the Company had utilized approximately HK\$15.2 million out of the Net Proceeds, the remaining balance of the Net Proceeds is approximately HK\$21.2 million.

### **THE USE OF PROCEEDS SET OUT IN THE PROSPECTUS**

As disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus, each of the proposed use of Net Proceeds from the Share Offer are set out below:

- Approximately 35% of the Net Proceeds, or approximately HK\$14.5 million, will be used for purchasing machinery for upgrading our production equipment to enhance level of automation and production efficiency;
- Approximately 30% of the Net Proceeds, or approximately HK\$12.5 million, will be used for repayment of part of our bank and other borrowings;
- Approximately 15% of the Net Proceeds, or approximately HK\$6.2 million, will be used for strengthening sales and marketing efforts and expanding customer base;
- Approximately 10% of the Net Proceeds, or approximately HK\$4.2 million, will be used for potential investment and acquisition; and
- Approximately 10% of the Net Proceeds, or approximately HK\$4.1 million, will be used for additional working capital and other general corporate purposes.

## CHANGE IN USE OF NET PROCEEDS

For the reasons set out in the paragraph headed “Reasons for the change in use of Net Proceeds” below, the Board resolved to change the use of the remaining balance of the Net Proceeds. Breakdown of the proposed allocation of the Net Proceeds as set out in the Prospectus, breakdown of the Net Proceeds utilized up to the date of the Interim Report and the proposed change of use of the remaining balance of the Net Proceeds are summarized as follows:

<b>The use of Net Proceeds set out in the Prospectus</b>	<b>Original allocation of the Net Proceeds as disclosed in the Prospectus (HK\$'000)</b>	<b>Amount of Net Proceeds used as of 3 August 2018 (HK\$'000)</b>	<b>Remaining balance of Net Proceeds as of 3 August 2018 (HK\$'000)</b>	<b>Remaining balance of Net Proceeds after reallocation (HK\$'000)</b>
Purchasing machinery for upgrading our production equipment to enhance level of automation and production efficiency	12,755	436	12,319	19,963 (Representing approximately 54.8% of the Net Proceeds)
Repayment of part of our bank and other borrowings	10,933	10,933	–	–
Strengthening sales and marketing efforts and expanding customer base	5,466	222	5,244	1,244 (Representing approximately 3.4% of the Net Proceeds)
Potential investment and acquisition	3,644	–	3,644	–
Additional working capital and other general corporate purposes	3,644	3,644	–	–

## REASONS FOR THE CHANGE IN USE OF NET PROCEEDS

According to the Interim Report, the revenue from novelty and packaging product increased by approximately HK\$4.0 million, or approximately 84.9%, from approximately HK\$4.8 million for the six months ended 30 June 2017 to approximately HK\$8.8 million for the six months ended 30 June 2018. In the light of the current market condition, the Company considers that the demand for novelty and packaging products is high and the packaging production segment represents great potential to generate stable revenue to the Group despite the uncertainty in the economy due to the trade conflicts between China and the United States. Therefore, the Board has resolved to allocate most of the remaining Net Proceeds to the purchasing of machinery for upgrading our production equipment to enhance level of automation and production efficiency with an aim to expand the packaging production capacity of the Group. The Board considers that such changes will enable the Company to deploy its financial resources more effectively and to capture more business opportunities in the packaging production segment in the future.

The Board is of the view that there is no material change in the nature of the Group's business as set out in the Prospectus, and that the aforesaid changes of use of the Net Proceeds are in the best interests of the Company and its shareholders as a whole.

By order of the Board  
**Smart Globe Holdings Limited**  
**Lam Tak Ling Derek**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 21 September 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.*

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