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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 2021

#### FINANCIAL HIGHLIGHTS

- The revenue of Smart Globe Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) amounted to approximately HK\$167.9 million for the year ended 31 December 2021 (“**FY21**”) (for the year ended 31 December 2020 (“**FY20**”): approximately HK\$127.2 million), representing an increase of approximately 32.0% as compared to FY20.
- The profit of the Group is approximately HK\$1.6 million for FY21 (FY20: approximately HK\$16.0 million), representing a decrease of approximately 89.7% which is mainly attributable to (i) increase in wages of factory workers during FY21; (ii) increase in paper cost at the beginning and throughout FY21; (iii) change in pricing strategy to capture more market shares during FY21 as the Group used a more competitive price with lower gross profit margin to attract more customer orders; and (iv) increase in selling and distribution cost and administrative expenses.
- Basic earnings per share for FY21 was approximately HK\$0.16 cents (FY20: HK\$1.60 cents).
- During FY20, dividend in the total amount of HK\$5,000,000 was declared and distributed to shareholders.
- The board (the “**Board**”) of directors of the Company (the “**Directors**”) does not recommend the payment of any final dividend for FY21.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

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 technology 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 customised and value added printing products.

For FY21, the Group recorded an increase in its total revenue by approximately 32.0% to approximately HK\$167.9 million from approximately HK\$127.2 million for FY20. This was mainly due to the increase in sale in the book product segment in the United States (“U.S.”) and Hong Kong (“HK”). Profit of the Group was approximately HK\$1.6 million, representing a decrease of approximately 89.7% from approximately HK\$16.0 million in FY20 which is mainly attributable to (i) increase in wages of factory workers during FY21; (ii) increase in paper cost at the beginning and throughout FY21; (iii) change in pricing strategy to capture more market shares during FY21 as the Group used a more competitive price with lower gross profit margin to attract more customer orders; and (iv) an increase in selling and distribution cost and administrative expenses.

During FY21, approximately 92.9% of total revenue was contributed by the book products segment amounting to approximately HK\$155.9 million (FY20: approximately HK\$105.7 million). This segment’s revenue increased during the year due to the increase in customer orders received from HK and U.S.

As a strategy to maintain competitiveness in the current operating environment, the Group continue to extend its geographical reach of customers during FY21. Revenues were generated from areas such as U.S., the PRC (including HK), the United Kingdoms and the Netherlands, representing 25.5%, 48.6%, 11.1% and 3.0% of our total revenue, respectively.

## Outlook

In the year ahead, the Group will continue to explore and capture new business opportunities for potential growth by enhancing our marketing strategy to expand our quality customer base and promote our one-stop printing services to existing and potential customers as well as 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 to improve the overall production efficiency and prepare for any opportunity and potential growth in the future.

The Group will also cautiously explore viable investment and acquisition opportunities that can enhance value of the shareholders of the Company (“**Shareholders**”).

## Financial Review

### *Revenue*

The revenue increased by approximately 32.0% from approximately HK\$127.2 million for FY20 to approximately HK\$167.9 million for FY21. This was mainly due to the effect of more orders received from customers based in HK and U.S.

### *Gross profit margin*

The overall gross profit margin decreased from approximately 36.1% in FY20 to approximately 15.8% in FY21. The decrease in gross profit margin was mainly attributable to (i) increase in wages of factory workers during FY21; (ii) increase in paper cost at the beginning and throughout FY21; and (iii) change in pricing strategy to capture more market shares during FY21 as the Group used a more competitive price with lower gross profit margin to attract more customer orders.

### *Other income*

The other income decreased by 35.0% from approximately HK\$0.7 million in FY20 to approximately HK\$0.5 million in FY21. The decrease was mainly due to the decrease in receipt of government grants of HK\$0.2 million in FY21 as other income.

### *Reversal of allowance for credit losses on trade receivables, net*

The amount increased by more than 100.0% from approximately HK\$0.2 million in FY20 to approximately HK\$0.9 million in FY21. The increase was mainly due to the increase recovery of trade receivables that were considered irrecoverable in FY21.

### ***Other gains and losses***

The other gains and losses decreased by 64.6% from other losses of approximately HK\$0.7 million in FY20 to approximately HK\$0.2 million in FY21. Such variance is mainly due to the decrease in exchange loss of approximately HK\$0.4 million in FY21.

### ***Selling and distribution costs***

The distribution costs increased by approximately 35.3% from approximately HK\$7.0 million in FY20 to approximately HK\$9.5 million in FY21. This was mainly due to the increase of approximately HK\$1.7 million in transportation and freight charges resulting from higher sales volume during the year under review.

### ***Administrative expenses***

The administrative expenses increased by approximately 15.0% from approximately HK\$13.1 million in FY20 to approximately HK\$15.0 million in FY21. The increase is mainly due to the increase of office expenses, repair and maintenance expenses, depreciation expenses and PRC other taxes.

### ***Finance costs***

The finance costs increased more than 100.0% from approximately HK\$0.1 million in FY20 to approximately HK\$0.3 million in FY21. This was mainly due to the increase in interest expense on lease liabilities incurred during the year under review.

### ***Income tax expense***

The income tax expense decreased by approximately 72.8% from approximately HK\$4.2 million in FY20 to approximately HK\$1.1 million in FY21. It was mainly due to the decrease in assessable profit that is subject to HK profits tax.

Tax on overseas profits has been calculated on the estimated assessable profits for FY21 at the rates of tax prevailing in the countries in which the Group operates.

### ***Profit for the year***

As a result of the above factors, profit for FY21 stood at approximately HK\$1.6 million (FY20: approximately HK\$16.0 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 FY20 and/or FY21. The Board believes that by presenting the changes of these financial data, they can effectively explain the financial performance of the Group for FY21.

## **FUTURE DEVELOPMENT AND PROSPECTS**

In the year ahead, the Group will continue to utilise its 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 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 enhance its capabilities. Improved production efficiency and the enhancement of manufacturing flexibility are expected to add a competitive advantage to the Group and hence may generate more sales orders from both existing and new customers.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Company during FY21. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2021, the Company's issued share capital was HK\$10,000,000 and the number of its issued ordinary shares was 1,000,000,000 of HK\$0.01 each.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group financed its operations with shareholders' equity and cash generated from operations.

The Group maintained bank deposits, bank balances and cash amounting to approximately HK\$32.5 million as at 31 December 2021 (31 December 2020: approximately HK\$50.8 million), decreased by approximately 36.1% as compared with that as at 31 December 2020. The functional currency of the Company is HK dollar. As at 31 December 2021, 86.6% of the Group's cash and bank balances was denominated in HK dollar (31 December 2020: 67.9%) and the remaining 13.4% (31 December 2020: 32.1%) in other currencies, mainly Euros.

The Group's non-current assets increased to approximately HK\$45.9 million as at 31 December 2021 (31 December 2020: approximately HK\$44.2 million), primarily due to the net effect of depreciation of property, plant and equipment and addition of property, plant and equipment.

As at 31 December 2021, the Group's current assets amounted to approximately HK\$113.4 million, mainly comprised of inventories of approximately HK\$36.2 million (31 December 2020: approximately HK\$22.8 million), trade and other receivables of approximately HK\$42.4 million (31 December 2020: approximately HK\$43.6 million), tax receivable of approximately HK\$2.3 million (31 December 2020: nil) and bank balance and cash of approximately HK\$32.5 million (31 December 2020: approximately HK\$50.8 million).

As at 31 December 2021, the Group's current liabilities amounted to approximately HK\$23.6 million, mainly comprised of trade and other payables of approximately HK\$20.8 million (31 December 2020: approximately HK\$19.7 million), contract liabilities of approximately HK\$0.1 million (31 December 2020: nil), taxation payable of approximately HK\$0.5 million (31 December 2020: approximately HK\$0.8 million), lease liabilities of approximately HK\$2.2 million (31 December 2020: approximately HK\$2.4 million).

As at 31 December 2021, the net current assets of the Group decreased by approximately HK\$4.6 million or approximately 4.9% to approximately HK\$89.8 million (31 December 2020: approximately HK\$94.4 million).

The Group had lease liabilities of approximately HK\$4.0 million as at 31 December 2021 (31 December 2020: approximately HK\$6.3 million).

The Group's gearing ratio, which is total interest-bearing liabilities divided by total equity was approximately 3.0% as at 31 December 2021 (31 December 2020: approximately 4.7%). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) stood at approximately 4.8 as at 31 December 2021 (2020: approximately 5.1).

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. To manage the Group's liquidity risk, the management monitors the Group's liquidity position and maintains sufficient cash and cash equivalents within the Group, as well as ensuring the availability of 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 also exposed to foreign exchange risks as the Group’s production is mainly in the PRC. The appreciation of Renminbi (“RMB”) may lead to an increase of our cost of production. During FY21, 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 FY21, the Group had acquired plant and equipment at approximately HK\$8.1 million (FY20: HK\$4.3 million).

## **CAPITAL COMMITMENTS**

As at 31 December 2021, the Group had no significant capital commitments (FY20: Nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2021, the Group had no material contingent liabilities (FY20: Nil).

## **MATERIAL INVESTMENTS**

The Group had not made or held any significant investments during FY21 (FY20: Nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in “Future Plans and Use of Proceeds” of the prospectus of the Company, the Group did not have other plans for material investments or capital assets.

## **CHARGE ON GROUP’S ASSETS**

As at 31 December 2021, the Group did not have any charge on its assets (FY20: Nil).



## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE**

During FY21, the Group had not made any significant acquisition or disposal of subsidiaries, associates or joint venture.

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

### **Employees of the Group**

Our employees are based in Hong Kong and Heyuan, Guangdong Province, the PRC. As at 31 December 2021, there were 334 (2020: 326) employees in the Group. The total staff costs, including directors' emoluments, amounted to approximately HK\$53.9 million for FY21 (FY20: approximately HK\$24.5 million). 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 Heyuan Factory**

The workers working at our production site located at Heyuan Hi-Tech Development Zone, Heyuan, Guangdong Province, the PRC ("**Heyuan Factory**") are employed by the Heyuan Factory. As at 31 December 2021, there were 332 (2020: 315) 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 FY21.

## **UPDATE ON DIRECTORS' INFORMATION**

The change in the information of the Directors which are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules are set out below:

Mr. Ong Chor Wei, an independent non-executive Director, was appointed as an non-executive director of GBA Holdings Limited (stock code: 261) on 3 January 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



## FINANCIAL HIGHLIGHTS

### Earnings per share (HK cents)

#### *Earnings per ordinary share based on profit attributable to owners of the Group*

	2021	2020
(i) Based on weighted average number of ordinary shares	<u><b>HK 0.16 cents</b></u>	<u><b>HK 1.60 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 earnings per share is based on the profit of the Company of approximately HK\$1,649,000 for FY21 (2020: approximately HK\$16,001,000) and on the weighted average number of 1,000,000,000 (2020: 1,000,000,000) ordinary shares in issue during FY21.

Diluted earnings per share for the years ended 31 December 2021 and 2020 are not presented as there is no dilutive potential ordinary share.

### Revenue (HK\$'000)

	Year ended 31 December				
	2017	2018	2019	2020	2021
Revenue	<u>150,367</u>	<u>123,812</u>	<u>132,194</u>	<u>127,213</u>	<u><b>167,899</b></u>

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

	Year ended 31 December				
	2017	2018	2019	2020	2021
Profit (loss) for the year attributable to owners of the Company	<u>(177)</u>	<u>17,838</u>	<u>23,142</u>	<u>16,001</u>	<u><b>1,649</b></u>

## 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 to the Listing Rules (the “**CG Code**”).

During FY21, the Company has complied with the code provisions in the CG Code, except the following deviations:

- (1) Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company are not appointed for specific terms, but they are subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the articles of associations of the Company (the “**Articles of Association**”).
- (2) Code Provision A.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. Lam Tak Ling Derek is currently performing the roles of chairman and chief executive officer of the Company. Taking into account Mr. Lam's strong expertise in the printing industry, the 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 the Group. 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 internal controls of the Group to ensure an effective and adequate internal control system is in place. The Board also conducted meetings to discuss financial, operational and risk management control.

The CG Code and code provisions specified above refer to the CG Code and code provisions prior to their amendments effective on 1 January 2022.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted the required standards of dealings set out in the Listing Rules as the code of conduct for 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 2021.

## **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 2021.

## **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.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for FY21. For FY20, a final dividend of HK\$0.5 cent per share, amounting to an aggregate of HK\$5.0 million, has been proposed by the Directors and approved by Shareholders at the annual general meeting of the Company held on 7 May 2021.

## **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 13 May 2022 (Friday) (the “**AGM**”), the register of members of the Company will be closed from 10 May 2022 (Tuesday) to 13 May 2022 (Friday), 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 pm. on 6 May 2022 (Friday).

## **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 FY21.

## **ANNUAL GENERAL MEETING**

The AGM will be held on 13 May 2022 (Friday). A notice convening the meeting will be issued and sent to the Shareholders in due course.

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020, as follows:

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

*FOR THE YEAR ENDED 31 DECEMBER 2021*

		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>167,899</b>	127,213
Cost of sales		<u>(141,397)</u>	<u>(81,250)</u>
<b>Gross profit</b>		<b>26,502</b>	45,963
Other income	4	<b>452</b>	695
Reversal of allowance for credit losses on trade receivables, net		<b>886</b>	198
Other gains and losses	5	<b>(243)</b>	(686)
Selling and distribution costs		<b>(9,483)</b>	(7,010)
Administrative expenses		<b>(15,020)</b>	(13,060)
Professional fees for Transfer of Listing		<b>—</b>	(5,784)
Finance costs		<u><b>(306)</b></u>	<u>(120)</u>
<b>Profit before taxation</b>		<b>2,788</b>	20,196
Taxation	6	<u><b>(1,139)</b></u>	<u>(4,195)</u>
<b>Profit for the year</b>		<b>1,649</b>	16,001
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences arising from translation of a foreign operation (with nil tax effect)		<u><b>2,484</b></u>	<u>3,425</u>
<b>Total comprehensive income for the year</b>		<u><b>4,133</b></u>	<u>19,426</u>
<b>Earnings per share</b>			
— Basic (HK cents)	8	<u><b>0.16</b></u>	<u>1.60</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

		2021	2020
	Note	HK\$'000	HK\$'000
<b>Non-current asset</b>			
Property, plant and equipment		<u>45,933</u>	<u>44,236</u>
<b>Current assets</b>			
Inventories		36,230	22,845
Trade and other receivables	9	42,350	43,598
Taxation recoverable		2,309	—
Bank balances and cash		<u>32,466</u>	<u>50,837</u>
		<u>113,355</u>	<u>117,280</u>
<b>Current liabilities</b>			
Trade and other payables	10	20,792	19,651
Contract liabilities		121	7
Taxation payable		451	770
Lease liabilities		<u>2,200</u>	<u>2,420</u>
		<u>23,564</u>	<u>22,848</u>
<b>Net current assets</b>		<u>89,791</u>	<u>94,432</u>
<b>Total assets less current liabilities</b>		<u>135,724</u>	<u>138,668</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>1,843</u>	<u>3,920</u>
<b>NET ASSETS</b>		<u><u>133,881</u></u>	<u><u>134,748</u></u>
<b>Capital and reserves</b>			
Share capital	11	10,000	10,000
Reserves		<u>123,881</u>	<u>124,748</u>
<b>TOTAL EQUITY</b>		<u><u>133,881</u></u>	<u><u>134,748</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

*For the year ended 31 December 2021*

## 1 GENERAL INFORMATION

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

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

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the 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 60 to 120 days upon delivery.

For certain customers initially purchases the books, novelty and packaging products, the deposit received by the Group is recognised as a contract liability 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, the transaction price allocated to these unsatisfied contracts 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:

	<b>2021</b> <b>HK\$'000</b>	<b>2020</b> <b>HK\$'000</b>
Books products	<b>155,912</b>	105,690
Novelty and packaging products	<b>11,987</b>	21,523
	<b><u>167,899</u></b>	<b><u>127,213</u></b>

## 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 presented based on the geographical location of the assets is as follows:

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Hong Kong	<b>74,399</b>	48,796
United States	<b>42,806</b>	29,788
United Kingdom	<b>18,622</b>	11,242
Netherlands	<b>5,110</b>	13,375
Australia	<b>8,104</b>	8,330
The PRC	<b>7,185</b>	7,278
France	<b>6,749</b>	4,378
Others	<b>4,924</b>	4,026
	<b>167,899</b>	<b>127,213</b>
<b>Non-current assets</b>		
	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
The PRC	<b>45,829</b>	42,664
Hong Kong	<b>104</b>	1,572
	<b>45,933</b>	<b>44,236</b>

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

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Customer I	<b>41,297</b>	22,489
Customer II	<b>25,326</b>	19,868
Customer III	<b>N/A<sup>1</sup></b>	13,077

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

#### 4 OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government grants ( <i>note</i> )	313	486
Bank and other interest income	27	191
Sundry income	112	18
	<u>452</u>	<u>695</u>

*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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net exchange loss	(260)	(677)
Gain(loss) on disposal of property, plant and equipment, net	17	(9)
	<u>(243)</u>	<u>(686)</u>

## 6 TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
Charge for the year	542	3,828
Under(over)provision in prior year	10	(20)
	<u>552</u>	<u>3,808</u>
PRC Enterprise Income Tax		
Charge for the year	584	363
Underprovision in prior year	3	24
	<u>587</u>	<u>387</u>
	<u><u>1,139</u></u>	<u><u>4,195</u></u>

The Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend for ordinary shareholders of the Company recognised as distribution for the year:		
2020 Final — HK0.5 cent (2020: 2019 final dividend HK0.4 cent) per share	<u><u>5,000</u></u>	<u><u>4,000</u></u>

No dividend has been proposed by the Directors since the end of the reporting period (2020: HK\$5,000,000).

## 8 EARNING PER SHARE

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

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<b><u>1,649</u></b>	<b><u>16,001</u></b>
	<b>2021</b> <b>'000</b>	<b>2020</b> <b>'000</b>
Number of ordinary shares for the purpose of basis earnings per share	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>

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

## 9 TRADE AND OTHER RECEIVABLES

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Trade receivables	<b>40,279</b>	42,490
Less: Allowance for credit losses	<b><u>(955)</u></b>	<b><u>(1,841)</u></b>
	<b>39,324</b>	40,649
Rental deposits	<b>171</b>	171
Prepayments and deposits	<b><u>2,855</u></b>	<b><u>2,778</u></b>
Total trade and other receivables	<b><u>42,350</u></b>	<b><u>43,598</u></b>

As at 1 January 2020, trade receivables from contracts with customers amounted to HK\$45,627,000.

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	<b>10,852</b>	11,675
31 to 60 days	<b>12,879</b>	10,790
61 to 90 days	<b>6,318</b>	6,053
Over 90 days	<b>9,275</b>	12,131
	<u><b>39,324</b></u>	<u>40,649</u>

## 10 TRADE AND OTHER PAYABLES

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<b>11,568</b>	11,438
Accrued expense	<b>7,205</b>	5,988
Other payables	<b>2,019</b>	2,225
	<u><b>20,792</b></u>	<u>19,651</u>

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

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	<b>10,098</b>	11,038
31 to 60 days	<b>1,360</b>	235
61 to 90 days	<b>11</b>	37
Over 90 days	<b>99</b>	128
	<u><b>11,568</b></u>	<u>11,438</u>

## 11 SHARE CAPITAL

The share capital as at 31 December 2021 and 31 December 2020 represents the issued share capital of the Company with details as follows:

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021		
— ordinary share of HK\$0.01 each	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 31 December 2021		
— ordinary share of HK\$0.01 each	<u>1,000,000</u>	<u>10,000</u>

## 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 2021 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 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 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.

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

Hong Kong, 25 March 2022

*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.*