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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)

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agents



THE PLACING AGREEMENT

On 9 August 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Placing Agents have conditionally and severally (but not jointly and severally) agreed to procure Placees, on a best effort basis, to subscribe for a total of up to a maximum of 100,000,000 Placing Shares at the Placing Price of HK\$1.31 per Placing Share.

Assuming the maximum of 100,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 9.8% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there will be no other changes in the issued share capital of the Company).

The Placing Shares will be allotted and issued under the General Mandate. The Placing is therefore not subject to Shareholders' approval.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

A summary of the principal terms of the Placing Agreement is set out below:

Date:

9 August 2022 (after trading hours)

Issuer:

The Company

Placing Agents:

- (i) I Win Securities; and
- (ii) Yuzhou Financial

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Placing Agents and their respective ultimate beneficial owner(s) are Independent Third Parties.

Number of the Placing Shares

Pursuant to the Placing Agreement, the Placing Agents have conditionally and severally (but not jointly and severally) agreed to procure, on a best effort basis, no less than six Placees who and whose ultimate beneficial owner(s) shall be Independent Third Parties, to subscribe for a total of up to a maximum of 100,000,000 Placing Shares at the Placing Price of HK\$1.31 per Placing Share. Further announcement setting out the names of the Placees in accordance with Rule 13.28(7) of the Listing Rules shall be made by the Company if the number of Placees is less than six.

The aggregate nominal value of the maximum of 100,000,000 Placing Shares is HK\$1,000,000.

Assuming the maximum of 100,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) 9.8% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there will be no other changes in the issued share capital of the Company).

Placees

The Placees (and their respective ultimate beneficial owners) will be Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company immediately after the Placing.

Ranking of the Placing Shares

The Placing Shares, upon issue, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$1.31 represents:

- (i) a discount of approximately 19.63% to the closing price of HK\$1.63 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 21.18% to the average closing price of HK\$1.662 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was arrived at after arm's length negotiations between the Company and the Placing Agents. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agents will receive (i) 1.5% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by such Placing Agent; and (ii) HK\$600,000 as placing commission.

The placing commission was determined after arm's length negotiations between the Company and the Placing Agents under normal commercial terms with reference to the prevailing market conditions.

Conditions precedent of the Placing

Completion is conditional upon:

- (i) the Listing Approval having been obtained and not subsequently revoked prior to Completion; and
- (ii) no representation, warranty or undertaking under the Placing Agreement having been materially breached by the Company or failure to perform by the Company of the obligations thereunder or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to Completion.

The Company shall use its best endeavours to procure the fulfilment of the above conditions on or before the Long Stop Date.

In the event that the Placing Agreement is terminated in accordance with the terms and conditions thereunder, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion shall take place on the Completion Date.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 200,000,000 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate.

The Placing is therefore not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in production, distribution and printing of books, novelty and packaging products.

Assuming all the Placing Shares are fully placed, the gross proceeds and the net proceeds (after deduction of the relevant expenses) from the Placing will be approximately HK\$131.00 million and HK\$128.00 million, respectively, representing a net issue price of approximately HK\$1.28 per Placing Share. The Company intends to use the net proceeds from the Placing for the possible acquisition of 51% equity interests in 武漢秀生活便利店有限公司 (Wuhan Show Life Convenience Store Co., Ltd*) which engages in vending machines operations as stated in the announcement dated 5 August 2022.

The Directors are of the view that the Placing would strengthen the financial position of the Group and provide fundings to the Group for financing future investment opportunities and to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. Accordingly, the Directors consider that the terms of the Placing (including the Placing Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

Save and except the placing of 20,000,000 Shares pursuant to the placing agreement dated 29 June 2022 which has completed on 5 August 2022, the Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will not be any change in the issued share capital of the Company from the date of this announcement and up to the Completion, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion:

	As at the date of this announcement		Upon Completion	
	Number of Shares	Approximate (%)	Number of Shares	Approximate (%)
Master Sage Limited ("Master Sage") (Note 1)	675,000,000	66.18%	675,000,000	60.27%
Fortune Corner Holdings Limited ("Fortune Corner") (Note 2)	75,000,000	7.35%	75,000,000	6.70%
the Placees	—	—	100,000,000	8.93%
Other public Shareholders	<u>270,000,000</u>	<u>26.47</u>	<u>270,000,000</u>	<u>24.11%</u>
Total	<u><u>1,020,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,120,000,000</u></u>	<u><u>100.00%</u></u>

Notes:

- As at the date of this announcement, the Company is directly owned as to 66.18% by Master Sage. Master Sage is directly owned as to 50% and 50% by Mr. Lam Tak Ling Derek ("Mr. Lam") and Mr. Chan Yee Yeung ("Mr. Chan"), respectively. By virtue of the SFO, each of Mr. Lam and Mr. Chan is deemed to be interested in the Shares held by Master Sage.
- As at the date of this announcement, the Company is directly owned as to 7.35% by Fortune Corner. Fortune Corner is directly wholly owned by Ms. Tse Yuen Shan Ivy ("Ms. Tse"). By virtue of the SFO, Ms. Tse is deemed to be interested in the Shares held by Fortune Corner.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 13 May 2022 at which, among others, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for normal banking business during their normal business hours
“Company”	Smart Globe Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing pursuant to the Placing Agreement
“Completion Date”	within seven Business Day after the date on which all the conditions precedent under the Placing Agreement are fulfilled (or such other date as the Company and the Placing Agents may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to authorise the allot and issue of up to 200,000,000 new Shares (representing 20% of the number of issued Shares on that date)

“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party(ies) who is independent of and not connected with the Company and its connected persons
“I Win Securities”	I Win Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Listing Approval”	the written confirmation issued by the Stock Exchange granting the listing and permission to deal in the Placing Shares and, where such approval is subject to conditions, such conditions are reasonably acceptable to the Company and the Placing Agents
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	23 August 2022 (or such other dates as the Company and the Placing Agents may agree in writing)
“Placee(s)”	any individual(s), institutional or other professional investor or any of their respective subsidiaries or associates procured by the Placing Agents to subscribe any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Placing Agents on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agents”	I Win Securities and Yuzhou Financial, each of them being a Placing Agent
“Placing Agreement”	a conditional placing agreement dated 9 August 2022 entered into between the Company and the Placing Agents in relation to the Placing

“Placing Price”	HK\$1.31 per Placing Share
“Placing Shares”	a maximum of 100,000,000 new Shares to be placed under the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuzhou Financial”	Yuzhou Financial Holdings Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“%”	per cent.

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

Hong Kong, 9 August 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, JP.

* *for identification purposes only*