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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)

SUPPLEMENTAL ANNOUNCEMENT

ACQUISITION OF 5% EQUITY INTERESTS IN THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

SUPPLEMENTAL AGREEMENT

Reference is made to the announcements of the Company dated 14 September 2022 and 15 September 2022 (the “**Announcements**”) in relation to the discloseable transaction regarding the acquisition of 5% equity interest in Veivo Web Technology Limited involving the issue of consideration shares under the General Mandate.

Upon further negotiations between the Parties of the Agreement, the Company and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Agreement on 27 October 2022 to, among other matters, (i) revise the Consideration; (ii) amend the payment method of the Consideration; and (iii) revise the Long Stop Date.

The Consideration is revised with reference to the appraised value of Beijing Ruihua according to the preliminary valuation report as of 12 September 2022, which has taken into account, among others, the unaudited management account of Beijing Ruihua as at 31 December 2021, prepared by an independent valuer appointed by the Company (the “**Preliminary Valuation Report**”), which is one of the conditions precedent to the Agreement for the Completion.

According to the Preliminary Valuation Report, the appraised value of Beijing Ruihua was approximately HK\$1.7 billion. As such, the Consideration to the Agreement is to be adjusted accordingly.

Pursuant to the terms of the Supplemental Agreement, the revised consideration to be payable by the Company shall be approximately HK\$87,135,000 which shall be satisfied by way of the allotment and issue of the 180,000,000 Consideration Shares to the Vendor at the issue price of HK\$0.3175 per Consideration Share and the issuance of the promissory note to the Vendor.

LISTING RULES IMPLICATIONS

Notwithstanding the changes made by way of the Supplemental Agreement, the Acquisition remains to constitute a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

Completion is subject to the fulfillment of certain conditions precedent set out in the Agreement and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Reference is made to the announcements of the Company dated 14 September 2022 and 15 September 2022 (the “**Announcements**”) in relation to the discloseable transaction regarding the acquisition of 5% equity interest in Veivo Web Technology Limited involving the issue of Consideration Shares under the General Mandate. Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Announcements.

INTRODUCTION

On 14 September 2022, the Company and the Vendor entered into the Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sales Shares, being 5% shareholding interests in the Target Company, at the consideration of HK\$300 million, which will be satisfied by a combination of issuance of Consideration Shares to the Vendor (or its nominee(s)) and payment in cash (or such other method agreed between the Parties).

Upon further negotiations between the Parties of the Agreement, the Company and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Agreement on 27 October 2022 to, among other matters, (i) revise the Consideration; (ii) amend the payment method of the Consideration; and (iii) revise the Long Stop Date.

The Consideration is revised with reference to the appraised value of Beijing Ruihua according to the preliminary valuation report as of 12 September 2022, which has taken into account, among others, the unaudited management account of Beijing Ruihua as at 31 December 2021, prepared by an independent valuer appointed by the Company (the “**Preliminary Valuation Report**”), which is one of the conditions precedent to the Agreement for the Completion.

THE SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are summarised as follows:

Date	27 October 2022 (after trading hours)
Parties	(i) the Company, as purchaser; and (ii) the Vendor, as vendor.

As at the date of this announcement, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Change in amount of Consideration

Pursuant to the terms of the Supplemental Agreement, the Consideration to be payable by the Company shall be approximately HK\$87,135,000 (the “**Revised Consideration**”) after taking into account the appraised value of Beijing Ruihua of approximately HK\$1.7 billion according to the Preliminary Valuation Report. The Revised Consideration was arrived at by the Company based on various factors, including, but not limited to, (i) the factors stated in the section headed “Reasons for and Benefits of the Acquisition” set out in the announcement of the Company dated 14 September 2022; and (ii) the revised appraised value of Beijing Ruihua of approximately HK\$1.7 billion according to the Preliminary Valuation Report. The original Consideration was HK\$300 million.

Change in the payment method of the Consideration

Pursuant to the Supplemental Agreement, the Revised Consideration of approximately HK\$87,135,000 shall be satisfied in the following manner:

- (i) as to approximately HK\$57,135,000 by the allotment and issue of 180,000,000 Consideration Shares at the revised issue price of HK\$0.3175 per Consideration Share to the Vendor (or his nominee(s)), credited as fully paid, upon Completion; and
- (ii) as to the remaining HK\$30 million by the issue of the Promissory Note to the Vendor (or his nominee(s)).

The revised issue price of HK\$0.3175 per Consideration Share represents:

- (i) a discount of approximately 6.6% to the closing price of HK\$0.34 per Share as quoted on the Stock Exchange on the date of the Supplemental Agreement; and
- (ii) a discount of approximately 10.8% to the average closing price of HK\$0.356 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental Agreement.

The revised issue price was determined after arm's length negotiation between the Parties, with reference to the prevailing market price of the Shares. The Directors consider that the revised issue price and the Revised Consideration are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

The Consideration Shares represent approximately 17.6% of the existing issued share capital of the Company as at the date of this announcement and approximately 15% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Allotment Date, save for the issue of the Consideration Shares).

The Consideration Shares will be allotted and issued under the General Mandate. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the existing Shares in issue.

Application of Listing

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Promissory Note

The principal terms of the Promissory Note are as follows:

Issuer	The Company
Principal amount	HK\$30,000,000
Maturity date	the day falling on the first anniversary of the date of issuance of the Promissory Note (the “ PN Maturity Date ”)
Interest	Nil
Transferability	The Promissory Note shall not be transferred by the payee to any person or persons at any time unless (i) the prior written consent will have been obtained from the Company; and (ii) such transfer, if effected, is in compliance with all applicable laws, regulations and rules (including without limitation the Listing Rules)
Early redemption	The Company may redeem in whole or in part the outstanding principal of the Promissory Note at any time prior to the PN Maturity Date

The Directors are of the view that the terms of the Promissory Note are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Change in the Long Stop Date

Pursuant to the terms of the Supplement Agreement, the Long Stop Date shall be three (3) months from the date of signing the Supplemental Agreement, namely 26 January 2023, or such later date as the Parties may agree in writing. The original Long Stop Date was 13 December 2022.

Save as disclosed above, the Consideration adjustment mechanism remains unchanged from the Announcements.

GENERAL MANDATE

The Consideration Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorised to issue up to 200,000,000 new Shares. Since the date of the annual general meeting (i.e. 13 May 2022) and up to and including the date of this announcement, 20,000,000 Shares have been allotted and issued pursuant to the General Mandate and the remaining new Shares that can be allotted and issued pursuant to the General Mandate is 180,000,000 new Shares. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and the allotment and issue of the Consideration Shares is not subject to the Shareholders' approval.

PUBLIC FLOAT

Assuming there are no other changes to the issued share capital of the Company and following Completion, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued share capital, will be held by the public.

In order to maintain the public float of the Company upon Completion, Master Sage will take appropriate steps, including entering into a placing arrangement with a third party broker or agent to place down the Shares it owns of not less than the Shares required to ensure sufficient public float of the Company as required under the Listing Rule is maintained (i.e. 30,000,000 Shares, assuming no change in the shareholding of Master Sage and Fortune Corner in the Company and the total issued share capital of the Company prior to Completion) (the "**Place Down**") to independent placee(s) (the "**Placee(s)**").

The Placee(s) and its/their ultimate beneficial owner(s), shall be Independent Third Parties who are not related to each other or an party no acting in concert with any other Placee(s). Upon Completion, it is expected that none of the Placee(s) will become a substantial Shareholder.

Completion of the Place Down will take place simultaneously with Completion. Through the above arrangement, at least 25% of the Shares will be held by the public immediately before and after Completion.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,020,000,000 Shares in issue. Assuming there are no other changes to the issued share capital of the Company, the following table summarises the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately following the allotment and issue of all the Consideration Shares but before the Place Down; and (iii) immediately following the Place Down and the allotment and issue of all the Consideration Shares:

	As at the date of this announcement		Immediately following the allotment and issue of all the Consideration Shares but before the Place Down		Immediately following the Place Down and the allotment and issue of all the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximate (%)</i>	<i>Number of Shares</i>	<i>Approximate (%)</i>	<i>Number of Shares</i>	<i>Approximate (%)</i>
Master Sage (<i>Note 1</i>)	675,000,000	66.18%	675,000,000	56.25%	645,000,000	53.75%
Fortune Corner (<i>Note 2</i>)	75,000,000	7.35%	75,000,000	6.25%	75,000,000	6.25%
The Vendor	—	—	180,000,000	15.00%	180,000,000	15.00%
The Placee(s)	—	—	—	—	30,000,000	2.50%
Other public Shareholders	270,000,000	26.47%	270,000,000	22.50%	270,000,000	22.50%
Total	<u>1,020,000,000</u>	<u>100.00%</u>	<u>1,200,000,000</u>	<u>100.00%</u>	<u>1,200,000,000</u>	<u>100.00%</u>

Notes:

- As at the date of this announcement and immediately after the Completion, the Company is directly owned as to approximately 66.18% and 53.75% by Master Sage, respectively. 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 and immediately after the Completion, the Company is directly owned as to approximately 7.35% and 6.25% by Fortune Corner, respectively. 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.

LISTING RULES IMPLICATIONS

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Completion is subject to the fulfillment of certain conditions precedent set out in the Agreement and therefore the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 27 October 2022

As at the date of this announcement, the executive Directors are Mr. LAM Tak Ling Derek, Mr. CHAN Yee Yeung and 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.