



Smart Globe Holdings Limited 竣球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1481

2024

INTERIM REPORT



CONTENTS

Corporate Information	2
Financial Highlights	4
Management Discussion and Analysis	5
Other Information	12
Report on Review of Condensed Consolidated Financial Statements	16
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	17
Condensed Consolidated Statement of Financial Position	18
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flows	20
Notes to the Condensed Consolidated Financial Statements	21



CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. NG Ho Lun (*Chairman*)
Mr. CHU Lok Fung Barry
Mr. CHEN Kun
Mr. LAM Tak Ling Derek

Independent Non-Executive Directors

Dr. WU Ka Chee Davy
Mr. YIU Ho Chi Stephen
Ms. LAW Ying Wai Denise

Audit Committee

Ms. LAW Ying Wai Denise (*Chairperson*)
Dr. WU Ka Chee Davy
Mr. YIU Ho Chi Stephen

Remuneration Committee

Dr. WU Ka Chee Davy (*Chairperson*)
Mr. CHU Lok Fung Barry
Mr. YIU Ho Chi Stephen

Nomination Committee

Mr. NG Ho Lun (*Chairperson*)
Mr. YIU Ho Chi Stephen
Ms. LAW Ying Wai Denise

Company Secretaries

Mr. CHU Lok Fung Barry
Mr. CHEN Kun

Authorised Representatives

Mr. CHU Lok Fung Barry
Mr. CHEN Kun

Registered Office

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal Place of Business in Hong Kong

Suite 5705–08, 57/F, One Island East
Taikoo Place, 18 Westlands Road
Quarry Bay
Hong Kong

**Principal Place of Business in
the People's Republic of China ("PRC")**

Heyuan Hi-Tech Development Zone
Heyuan, Guangdong Province
PRC

**Cayman Islands Share Registrar and
Transfer Office**

Ocorian Trust (Cayman) Limited

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

**Hong Kong Share Registrar and
Transfer Office**

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Company's Websites

<http://www.smartglobe.hk>

Legal Advisers

Deacons

Financial Advisers

Asian Capital Limited

Auditor

Baker Tilly Hong Kong Limited

Certified Public Accountants
Registered Public Interest Auditors
Level 8, K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

Stock code

1481

FINANCIAL HIGHLIGHTS

- The revenue of Smart Globe Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) amounted to approximately HK\$50.5 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$45.6 million), representing an increase of approximately 10.6% as compared to the six months ended 30 June 2023.
- The loss attributable to owners of the Company was approximately HK\$5.7 million for the six months ended 30 June 2024 (six months ended 30 June 2023: loss of approximately HK\$5.5 million).
- The slight increase in loss after tax for the six months ended 30 June 2024 was mainly attributable to the decline in the Group’s gross profit as compared with the six months ended 30 June 2023, which was partially offset by the increase in bank interest income and net exchange gain.
- Basic loss per share for the six months ended 30 June 2024 was approximately HK0.56 cents (six months ended 30 June 2023: basic loss per share of approximately HK0.54 cents).
- The board (the “**Board**”) of directors of the Company (the “**Directors**”) does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Board hereby presents the Company's interim report for the six months ended 30 June 2024 (the "**Period**"), together with the comparative figures for the corresponding period in 2023 ("**2023 H1**").

Business Review

The Group is primarily engaged in the business of printing books, novelty items, and packaging products. In addition, the Group offers an extensive suite of services that encompasses the entire printing process, from pre-press to printing to finishing. The Group also produces customised and value-added printing products.

For the Period, the Group recorded an increase in its total revenue by 10.6% to approximately HK\$50.5 million from approximately HK\$45.6 million for 2023 H1. This was mainly due to the increase in customer orders received from Hong Kong in the books products segment as compared to 2023 H1. The loss attributable to owners of the Company for the Period was approximately HK\$5.7 million as compared to a loss of approximately HK\$5.5 million for 2023 H1. The loss was mainly due to the decline in the Group's gross profit as compared with 2023 H1, which was partially offset by the increase in bank interest income and net exchange gain.

Financial Review

Revenue

The Group's revenue for the Period represents amounts received or receivable from production and printing of books, novelty items and packaging products. During the Period, the Group's revenue amounted to approximately HK\$50.5 million, representing an increase of approximately 10.6% as compared to the corresponding figure for 2023 H1. The increase was mainly due to increase in customer orders received from Hong Kong in the books products segment.

During the Period, approximately 94.3% of total revenue was contributed by the books products segment. Revenue contributed by the books products segment for the Period was approximately HK\$47.6 million, which was approximately 10.4% higher than the revenue contributed by the same segment for 2023 H1 of approximately HK\$43.1 million.

Gross profit and gross profit margin

During the Period, the Group's gross profit amounted to approximately HK\$6.2 million, which was approximately 27.5% lower than the gross profit of approximately HK\$8.6 million for 2023 H1. Also, the gross profit margin decreased from approximately 18.9% for 2023 H1 to approximately 12.4% for the Period. Such decrease was mainly attributable to decrease in selling price of the Group's major products to attract more customers while costs of production remained stable during the Period.

Other income and other gains and losses

Other income increased to approximately HK\$1.0 million for the Period from approximately HK\$0.1 million for 2023 H1. It was mainly due to increase in bank interest income during the Period.

Other gains and losses recorded a net exchange gain of approximately HK\$0.7 million for the Period, while a net exchange loss of approximately HK\$0.6 million was recorded for 2023 H1.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution costs

Selling and distribution costs remained constant of approximately HK\$3.0 million for both periods.

Administrative expenses

Administrative expenses remained constant of approximately HK\$10.4 million during the Period as compared to approximately HK\$10.6 million for 2023 H1.

Loss for the Period

As a result of the above factors, net loss of approximately HK\$5.7 million was recorded for the Period (2023 H1: net loss of approximately HK\$5.5 million).

The above financial data were chosen to be presented in this report as they represent a material financial impact on the financial statements of the Group for 2023 H1 and the Period. The Board believes that by presenting the changes of these financial data, they can effectively explain the financial performance of the Group for the Period.

OUTLOOK

Looking ahead, the Group will continue to explore and capture new business opportunities for potential growth. This includes enhancing our marketing strategy to expand our quality customer base and promote our one-stop printing services to existing and potential customers. Furthermore, we will strive to further tighten control over operating expenses and streamline the production processes. We will also leverage our leading one-stop printing platform to enhance our capabilities, improve overall production efficiency, and prepare for future growth and opportunities.

Simultaneously, we have been actively seeking new business opportunities to diversify our income sources and mitigate business risks. In particular, we have initiated our new logistics business in the Sub-Saharan Africa market by setting up our own logistics team and building our own trucking fleets. We plan to tap into this market by first offering logistics services in the Republic of Zambia, and to expand into other Sub-Saharan African countries as and when business progresses. For further details, please refer to the announcement of the Company dated 5 August 2024. We will continue to seek investment opportunities to further expand our business operation with an aim to maximizing the benefits of all our stakeholders.

By adopting these multifaceted approaches, we are poised to drive sustainable growth and solidify our market position.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company (the “**Shares**”) were successfully listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 December 2020. The Company completed placing of 20,000,000 Shares on 5 August 2022. Apart from above, there has been no change in the capital structure of the Group since listing on Main Board. The share capital of the Group only comprises ordinary shares.

As at the date of this report, the Company’s issued share capital was HK\$10,200,000 and the number of its issued ordinary shares was 1,020,000,000 of HK\$0.01 each.

The Group financed its operations with shareholders’ equity and cash generated from operations. A summary of the Group’s liquidity and financial resources is set out below:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Total assets	145,273	150,329
Shareholders’ equity	119,994	126,603
Gearing ratio	4.3%	5.2%

The Group maintained bank balances and cash amounting to approximately HK\$52.5 million as at 30 June 2024 (as at 31 December 2023: approximately HK\$65.6 million), which decreased by approximately 20.0% as compared with that as at 31 December 2023. The primary use of cash was to satisfy the working capital of the Group (such as purchase of inventories and emoluments of directors and other members of key management).

The Group’s non-current assets decreased to approximately HK\$31.4 million as at 30 June 2024 (as at 31 December 2023: approximately HK\$35.7 million), the decrease was primarily due to the depreciation of property, plant and equipment during the Period.

As at 30 June 2024, the Group’s current assets amounted to approximately HK\$113.9 million (as at 31 December 2023: approximately HK\$114.6 million), which comprised inventories of approximately HK\$24.3 million (as at 31 December 2023: approximately HK\$19.1 million), trade and other receivables of approximately HK\$37.1 million (as at 31 December 2023: approximately HK\$29.2 million), and bank balances and cash of approximately HK\$52.5 million (as at 31 December 2023: approximately HK\$65.6 million).

As at 30 June 2024, the Group’s current liabilities amounted to approximately HK\$22.4 million (as at 31 December 2023: approximately HK\$19.6 million), which comprised trade and other payables of approximately HK\$19.6 million (as at 31 December 2023: approximately HK\$16.6 million), contract liabilities of approximately HK\$0.5 million (as at 31 December 2023: approximately HK\$0.5 million), and lease liabilities of approximately HK\$2.4 million (as at 31 December 2023: approximately HK\$2.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group had total lease liabilities of approximately HK\$5.2 million as at 30 June 2024 (as at 31 December 2023: approximately HK\$6.6 million).

As at 30 June 2024, the Group did not have any interest-bearing bank borrowings (as at 31 December 2023: nil).

The Group's gearing ratio, which was calculated as total interest-bearing liabilities divided by total equity as at the relevant reporting date was approximately 4.3% as at 30 June 2024 (as at 31 December 2023: approximately 5.2%). The Group's current ratio, which was calculated as current assets divided by current liabilities as at the relevant reporting date stood at approximately 5.1 as at 30 June 2024 (as at 31 December 2023: approximately 5.8).

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. To manage liquidity risk, the management monitors the Group's liquidity position and maintains sufficient cash and cash equivalents. The management also monitors the availability of the Group's 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 the Group's revenue is mainly denominated in the 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 exposed to foreign exchange risks as the Group's production is mainly in the PRC. Any appreciation of Renminbi ("**RMB**") may lead to an increase of our cost of production. During the Period, the Group did not enter into any financial instrument for hedging purposes or 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, CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

During the Period, the Group had acquired property, plant and equipment of approximately HK\$0.4 million (2023 H1: nil). As at 30 June 2024, the Group did not have any charge on its assets (as at 31 December 2023: nil).

As at 30 June 2024 and 31 December 2023, the Group had neither significant capital commitments nor material contingent liabilities.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the Period (2023 H1: nil).

MATERIAL INVESTMENTS/MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Company did not make any material acquisitions and disposals of subsidiaries, associates, joint ventures, significant investments nor capital commitment. The Company does not have any future plan for other material acquisition, disposal, investment or addition of capital assets as at the date of this report.

EMPLOYEES' INFORMATION AND EMOLUMENT POLICIES

Our employees are based in Hong Kong and Heyuan, Guangdong Province, the PRC. As at 30 June 2024, there were 327 (as at 31 December 2023: 364) employees of the Group. The total staff costs, including directors' emoluments, amounted to approximately HK\$20.0 million for the Period (2023 H1: approximately HK\$17.1 million). Staff remuneration packages are determined based on 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.

The workers are mainly based at our production site located at Heyuan Hi-Tech Development Zone, Heyuan, Guangdong Province, the PRC (the "**Heyuan Factory**"). As at 30 June 2024, there were 313 (as at 31 December 2023: 350) employees in the Heyuan 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 the Period.

USE OF PROCEEDS IN RELATION TO THE 2022 PLACING

References are made to the announcements of the Company dated 15 July 2022, 5 August 2022, 15 August 2022, 12 October 2022, 30 November 2022, 31 January 2023, 31 March 2023 and 5 July 2023.

On 15 July 2022, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Hubei Kang Shi Zhen Yi Yao Technology Co., Ltd.* (湖北康時珍醫藥科技有限公司) (the "**Target Company**"), pursuant to which the Company has conditionally agreed to subscribe for 30% enlarged registered capital in the Target Company upon the completion, at the subscription price of HK\$30,000,000 (the "**Subscription**"). The completion of the Subscription is conditional upon, among other things, the Company having completed its due diligence investigation on the Target Company and in its absolute discretion satisfied with the results thereof. For further details, please refer to the announcement of the Company dated 15 July 2022.

On 5 August 2022, the Company placed an aggregate of 20,000,000 placing Shares to the independent third party placees at the placing price of HK\$1.05 per placing Share, raising net proceeds of approximately HK\$20.7 million for the purpose of the pharmaceutical related projects' investment (the "**2022 Placing**").

MANAGEMENT DISCUSSION AND ANALYSIS

On 15 August 2022, the Company entered into a supplemental deed with the Target Company to advance an RMB amount equivalent to HK\$7,000,000 at interest rate of 5% per annum to the Target Company for the purpose of Target Company's operation and future expansion plan (the "**Advancement**"). Upon satisfaction or waiving of the conditions precedent as stated in the Subscription Agreement, the Advancement will form part of Subscription consideration. To secure the Advancement made by the Company to the Target Company, the Company requested Fuyou Pharmaceutical Technology (Suzhou) Co., Ltd ("**Fuyou Pharmaceutical**", being substantial shareholder of the Target Company) to pledge its 10% equity interests in the Target Company in favour of the Company (or its nominee).

Due to the prolonged due diligence investigation process, the Company decided to cease to proceed with the transaction and Subscription and entered into a deed of assignment and novation with Riverton Holdings Limited ("**Riverton**"), CP Printing (Heyuan) Limited* (同利紙製品(河源)有限公司) ("**Tong Li**", being an indirect wholly-owned subsidiary of the Company) and Fuyou Pharmaceutical on 5 July 2023, whereby, among other things, (i) the Company and Tong Li assigns and transfers all their right, title, benefit, interest, property, claim, demand, covenants, undertakings, obligations and liabilities in the agreement to Riverton and (ii) Fuyou Pharmaceutical releases and discharges Tong Li from all its obligations and liabilities under the share pledge agreement dated 15 August 2022 entered into between Tong Li and Fuyou Pharmaceutical, for a consideration of HK\$7,000,000 to recover the Advancement for the Group's continued development of its core business activities.

As at the date of this report, the net proceeds of HK\$20.7 million (including the recovered Advancement) have not been utilised and are expected to be utilised in the year 2024.

The net proceeds raised from the 2022 Placing was approximately HK\$20.7 million. The initial amount of net proceeds as at 5 August 2022, remaining balance as at 1 January 2024, utilised amount during the Period, the remaining balance as at 30 June 2024 and remaining balance as at the date of this report, respectively, are summarised below:

	Initial amount of net proceeds as at 5 August 2022 <i>Approximately HK\$' million</i>	Remaining balance as at 1 January 2024 <i>Approximately HK\$' million</i>	Utilised amount during the Period <i>Approximately HK\$' million</i>	Remaining balance as at 30 June 2024 <i>Approximately HK\$' million</i>	Remaining balance as at the date of this report <i>Approximately HK\$' million</i>
Total	20.7	20.7	–	20.7	20.7

MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of this report, the Company's intended use of proceeds of the 2022 Placing is set out as follows:

	Allocation of the net proceeds as at 1 January 2024 <i>Approximately HK\$' million</i>	Amounts unutilised as at the date of this report <i>Approximately HK\$' million</i>	Expected timeline of utilisation of the proceeds
Intended use of proceeds			
Pharmaceutical related projects	13.7	13.7	By 31 December 2024
Core business activities	7.0	7.0	By 31 December 2024
Total	20.7	20.7	

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 5 August 2024, the Company published a business update announcement in relation to the Group's intention to expand its businesses into logistics businesses in Sub-Saharan Africa. The Group has successfully set up a new wholly-owned subsidiary in the Republic of Zambia, to facilitate the development of the new logistics business, and has coordinated a team of experts to manage its new logistics business. In addition, the Group has recruited local drivers and is building its initial trucking fleets by way of leasing. Based on the Group's current budget, the operating costs for this new logistics business will not exceed US\$0.4 million (equivalent to approximately HK\$3.1 million) for the year ending 31 December 2024. For further details, please refer to the announcement of the Company dated 5 August 2024.

UPDATE ON DIRECTORS' INFORMATION

During the Period, there are no updates on directors related information or other information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange.

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 30 June 2024. As at 1 January 2024 and 30 June 2024, the number of Shares available for grant under the Scheme remained at 100,000,000 Shares.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this report, the interests of the Directors, chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity	Number of Shares held	Percentage of the issued Shares of the Company
NG Ho Lun (“Mr. Ng”)	Held by controlled corporation (note 1)	750,000,000	73.53%

Note:

- (1) The Company is directly owned as to 73.53% by TeraMetal Holdings Limited (“TeraMetal”), a company wholly-owned by Mr. Ng. By virtue of the SFO, Mr. Ng is deemed to be interested in the Shares held by TeraMetal.

Save as disclosed above, as at the date of this report, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the following shareholders and persons (not being a Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity	Number of Shares held	Percentage of the issued Shares of the Company
TeraMetal	Beneficial owner	750,000,000	73.53%
LIU Chujia (" Mrs. Ng ")	Interest of spouse (<i>note 1</i>)	750,000,000	73.53%

Note:

- (1) Mrs. Ng, being the spouse of Mr. Ng, is deemed to be interested in 750,000,000 Shares in which Mr. Ng is interested through TeraMetal.

Save as disclosed above, as at the date of this report, the Directors are not aware of any other persons who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company, which were not a contract of service with any Director or any person engaged in full-time employment of the Company, were entered into or existed during the Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN SIGNIFICANT CONTRACTS

As far as the Directors are aware, at no time during the Period had the Company or any of its subsidiaries and the controlling shareholders (the "**Controlling Shareholders**") or any of their subsidiaries entered into any contract(s) of significance for the provision of services by the Controlling Shareholder or any of their subsidiaries to the Company or any of its subsidiaries.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN A COMPETING BUSINESS

None of the Directors and the Controlling Shareholders of the Company or their respective close associates (as defined in the Listing Rules) is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to enhance its corporate value and safeguard the interests of the shareholders of the Company (the **"Shareholders"**). The Company has adopted the Corporate Governance Code in Appendix C1 to the Listing Rules (the **"CG Code"**) as its own code of corporate governance. During the Period, the Company has applied the principles of good corporate governance, and has complied with the code provisions and, where applicable, the recommended best practices as set out in the CG Code, except the following deviations:

Code Provision C.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. NG Ho Lun (**"Mr. Ng"**) is currently performing the roles of chairman and chief executive officer of the Company. Despite of the deviation from the code provision C.2.1, the Board believes that with the support of the management, vesting the roles of both chairman of the Board and chief executive officer on Mr. Ng can facilitate the execution of the Group's business strategies and provide a strong and consistent leadership to improve the Company's efficiency in decision-making following the review of the aforementioned items. Moreover, under the supervision of other existing members of the Board including the independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interest of the Company and its shareholders. 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 risk management and internal controls of the Group to ensure an effective and adequate risk management and internal control system is in place. The Board also conducted meetings to discuss financial, operational and compliance control.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. Specific enquiries have been made of all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out the Model Code during the Period.

AUDIT COMMITTEE

The audit committee of the Company (the **"Audit Committee"**) currently comprises all three independent non-executive Directors, namely Ms. LAW Ying Wai Denise, Dr. WU Ka Chee Davy and Mr. YIU Ho Chi Stephen. The chairperson of the Audit Committee is Ms. LAW Ying Wai Denise, who holds the appropriate professional qualifications. None of the members of the Audit Committee are former partners of the Company's existing external auditors. The Audit Committee has adopted terms of reference which are in line with the code provisions of the CG Code.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed with the management of the Company (the “**Management**”) the accounting principles and practices adopted by the Group and discussed with the Management regarding the risk management and internal controls systems and financial reporting matters including a general review of the unaudited condensed consolidated interim financial information of the Group for the Period.

The unaudited condensed consolidated interim financial information of the Group for the Period has also been reviewed by the Group’s external auditor, Baker Tilly Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

By Order of the Board
Smart Globe Holdings Limited
NG Ho Lun

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 August 2024

As at the date of this report, the executive Directors are Mr. NG Ho Lun, Mr. CHU Lok Fung Barry, Mr. CHEN Kun and Mr. LAM Tak Ling Derek; and the independent non-executive Directors are Dr. WU Ka Chee Davy, Mr. YIU Ho Chi Stephen and Ms. LAW Ying Wai Denise.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



To the board of directors of Smart Globe Holdings Limited
竣球控股有限公司
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Smart Globe Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 17 to 28, which comprise the condensed consolidated statement of financial position as at 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion, based on our review, on these condensed consolidated financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 22 August 2024
Li Man Chun Jesse
Practising certificate number P08302

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Notes			
Revenue	3	50,451	45,629
Cost of sales		(44,214)	(37,026)
Gross profit		6,237	8,603
Other income	4	967	141
Reversal of allowance for expected credit losses on trade receivable, net		—	8
Other gains and losses	5	651	(587)
Selling and distribution costs		(3,019)	(3,036)
Administrative expenses		(10,373)	(10,594)
Interest on lease liabilities		(132)	(49)
Loss before taxation		(5,669)	(5,514)
Taxation	6	—	(6)
Loss for the period		(5,669)	(5,520)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising from translation of a foreign operation		(940)	(1,577)
Total comprehensive expense for the period		(6,609)	(7,097)
		HK Cents	HK Cents
Loss per share			
– Basic	8	(0.56)	(0.54)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	31,397	35,730
Current assets			
Inventories		24,250	19,123
Trade and other receivables	10	37,115	29,239
Taxation recoverable		—	590
Bank balances and cash		52,511	65,647
		113,876	114,599
Current liabilities			
Trade and other payables	11	19,609	16,632
Contract liabilities		451	498
Lease liabilities		2,366	2,511
		22,426	19,641
Net current assets		91,450	94,958
Total assets less current liabilities		122,847	130,688
Non-current liabilities			
Lease liabilities		2,853	4,085
NET ASSETS		119,994	126,603
Capital and reserves			
Share capital	12	10,200	10,200
Reserves		109,794	116,403
TOTAL EQUITY		119,994	126,603

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital HK\$'000	Share premium HK\$'000	PRC statutory reserves HK\$'000 (note (a))	Special reserve HK\$'000 (note (b))	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	10,200	55,130	287	12,290	(4,206)	57,906	131,607
Loss for the period	-	-	-	-	-	(5,520)	(5,520)
Other comprehensive expense for the period:							
– Exchange differences arising on translation of a foreign operation	-	-	-	-	(1,577)	-	(1,577)
Total comprehensive expense for the period	-	-	-	-	(1,577)	(5,520)	(7,097)
At 30 June 2023 (unaudited)	10,200	55,130	287	12,290	(5,783)	52,386	124,510
At 1 January 2024 (audited)	10,200	55,130	379	12,290	(5,520)	54,124	126,603
Loss for the period	-	-	-	-	-	(5,669)	(5,669)
Other comprehensive expense for the period:							
– Exchange differences arising on translation of a foreign operation	-	-	-	-	(940)	-	(940)
Total comprehensive expense for the period	-	-	-	-	(940)	(5,669)	(6,609)
At 30 June 2024 (unaudited)	10,200	55,130	379	12,290	(6,460)	48,455	119,994

Notes:

- (a) The People's Republic of China ("PRC") statutory reserve is non-distributable and transfer to this reserve is determined according to the relevant laws in the PRC and by the board of directors of the PRC subsidiary in accordance with the Articles of Association of the subsidiary.
- (b) The special reserve of Smart Globe Holdings Limited (the "Company") and its subsidiaries (collectively referred to as 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, a wholly-owned subsidiary of the Company, pursuant to a group reorganisation in preparation for the listing of the Company's shares.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating activities		
Loss before taxation	(5,669)	(5,514)
Adjustments for:		
– Depreciation of property, plant and equipment	3,817	3,826
– Other non-cash items	(788)	(59)
Operating cash flows before movements in working capital	(2,640)	(1,747)
Increase in inventories	(5,720)	(1,696)
(Increase)/decrease in trade and other receivables	(8,006)	1,371
Increase in trade and other payables	3,355	414
Decrease in contract liabilities	(47)	(589)
Cash used in operations	(13,058)	(2,247)
Income tax refund/(paid)	590	(228)
Net cash used in operating activities	(12,468)	(2,475)
Investing activities		
Purchase of property, plant and equipment	(389)	–
Interest received	920	100
Net cash from investing activities	531	100
Financing activities		
Repayment of lease liabilities	(1,230)	(927)
Interest paid	(132)	(49)
Net cash used in financing activities	(1,362)	(976)
Net decrease in cash and cash equivalents	(13,299)	(3,351)
Cash and cash equivalents at beginning of the period	65,647	57,085
Effect of foreign exchange rate changes	163	394
Cash and cash equivalents at the end of the period, represented by bank balances and cash	52,511	54,128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2024 for the preparation of the condensed consolidated financial statements:

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 30 to 90 days upon delivery.

For certain of the Group's new customers, the Group receives deposits before production commences, which gives rise to contract liabilities until the goods have been delivered to the customers.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied performance obligations 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 following is an analysis of the Group's revenue from its major products which is recognised at a point in time:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Books products	47,596	43,122
Novelty and packaging products	2,855	2,507
	<u>50,451</u>	<u>45,629</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3 REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

Information about the Group's revenue from external customers are presented based on the geographical location of the customers is as follows:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hong Kong	30,836	20,055
United States	8,015	7,859
Netherlands	2,160	5,787
United Kingdom	1,905	4,190
The PRC	2,742	3,343
Australia	1,482	2,394
France	2,039	1,493
Germany	1,230	405
Others	42	103
	<u>50,451</u>	<u>45,629</u>

4 OTHER INCOME

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Bank interest income	920	100
Sundry income	47	41
	<u>967</u>	<u>141</u>

5 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net exchange gain (loss)	<u>651</u>	<u>(587)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6 TAXATION

The charge comprises:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax		
– Under-provision in prior period	–	6

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2024 as the relevant group entities did not have assessable profits subject to Hong Kong Profits Tax for the period (six months ended 30 June 2023: nil).

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 periods. No provision for PRC Enterprise Income Tax has been made for the six months ended 30 June 2024 as the relevant group entity did not have assessable income subject to the PRC Enterprise Income Tax for the period (six months ended 30 June 2023: nil).

7 DIVIDENDS

No dividend was paid, declared or proposed during both interim periods. The directors of the Company do not recommended the payment of an interim dividend in respect of the current interim period.

8 LOSS PER SHARE

The calculation of the basic loss per share for the period is based on the following data:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	(5,669)	(5,520)
	Six months ended 30 June	
	2024	2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,020,000	1,020,000

No diluted loss per share is presented as there were no potential ordinary shares in issue during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment, excluding right-of-use assets, amounting to HK\$389,000 (six months ended 30 June 2023: nil).

No leases have been renewed or newly entered into during the period (six months ended 30 June 2023: nil).

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Trade receivables	34,947	28,619
Less: Allowance for expected credit losses	(1,645)	(1,645)
	33,302	26,974
Rental deposits	139	139
Prepayments and deposits	3,674	2,126
Total trade and other receivables	37,115	29,239

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10 TRADE AND OTHER RECEIVABLES (continued)

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

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Within 30 days	9,178	7,964
31 to 60 days	11,427	8,750
61 to 90 days	7,601	4,633
Over 90 days	5,096	5,627
	33,302	26,974

As at 30 June 2024, included in trade receivables are debtors with aggregate carrying amount of approximately HK\$4,754,000 (31 December 2023: approximately HK\$6,120,000), which are past due at the end of the reporting period. Out of the past due balances, approximately HK\$1,497,000 (31 December 2023: approximately HK\$1,103,000) has been past due over 90 days or more and is not considered as in default, as the Group considered such balances could be recovered based on long-term/on-going relationship and good repayment record from these customers. The Group does not hold any collateral over these balances.

11 TRADE AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Trade payables	12,208	9,731
Accrued expenses	4,486	5,628
Other payables	2,915	1,273
Total trade and other payables	19,609	16,632

The credit period of trade payables ranging from 30 to 90 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11 TRADE AND OTHER PAYABLES (continued)

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

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Within 30 days	10,257	7,109
31 to 60 days	1,435	2,406
61 to 90 days	459	194
Over 90 days	57	22
	12,208	9,731

12 SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
Ordinary share of HK\$0.01 each		
At 1 January 2023, 31 December 2023 and 30 June 2024	2,000,000	20,000
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
At 1 January 2023, 31 December 2023 and 30 June 2024	1,020,000	10,200

13 RELATED PARTY DISCLOSURES

The Group has the following transactions with related parties during both interim periods:

- (a) The emoluments of directors and other members of key management were HK\$988,000 (six months ended 30 June 2023: HK\$1,011,000).
- (b) For the six months ended 30 June 2023, the Group received income from sales of novelty and packaging products totalling HK\$146,000 (six months ended 30 June 2024: nil), from Tse Wing Hang Limited (trading as Richmond Company), a company of which Ms. Tse Yuen Shan Ivy, a former director of the Company (resigned as director on 7 July 2023) and former key management personnel of the Group (resigned as key management personnel on 7 July 2023), and her family, hold 100% equity interest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14 FAIR VALUE OF MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of the Group's financial assets and liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

15 EVENTS AFTER THE END OF THE REPORTING PERIOD

After the current interim period, on 5 August 2024, the Group announced its intentions to expand its operations into the logistics sector in Sub-Saharan Africa, initially focusing on servicing the commodity industry. The Group plans to tap into this market by first offering its logistics services in the Republic of Zambia. Please refer to the announcement of the Company dated 5 August 2024.