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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)**

- (1) DISCLOSEABLE TRANSACTION –  
ACQUISITION OF LAND;**
- (2) ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE;**
- (3) DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY;**
- (4) MEMORANDUM OF UNDERSTANDING IN RELATION TO  
THE PROPOSED STRATEGIC COOPERATION;**
- AND**
- (5) CHANGE IN USE OF PROCEEDS  
IN RELATION TO THE 2022 PLACING**

#### **INTRODUCTION**

As previously disclosed in the Company's announcement dated 5 August 2024, the Group has tapped into logistics business in Sub-Saharan Africa. Currently, the Group has successfully set up its own trucking fleets and commenced its logistics business operation in Zambia. To further develop its logistics business, the Group agreed to acquire the Land, which is adjacent to the border of Zambia and the DRC, at a consideration of US\$3,500,000 (equivalent to HK\$27.125 million). The Group plans to develop the Land into a one-stop logistics center for cross-border logistics operation between Zambia and the DRC.

As part of the Group's plan in developing the Land, on 26 November 2024, Tera Logistics (an indirect wholly owned subsidiary of the Company), Heng Qu (being the current registered owner of the Land) and the Potential Strategic Partner entered into the MOU. Under the MOU, parties to the MOU will leverage their respective advantages and resources to explore the potential business cooperation on the Land, representing an opportunity for the Group to broaden its sources of income and establish its local presence in Sub-Saharan Africa. It is the Group's plan to attract other international and local logistics companies to form strategic partnership thereafter to further strengthen its local presence upon completion of the Acquisition.

To participate in the future growth of the Group, Mr. Du (being the ultimate beneficial owner of Heng Qu) agreed to conditionally subscribe for the CB and the Subscription Shares in Huge Cheer (an indirect wholly owned subsidiary of the Company) by entering into the CB Subscription Agreement and the Share Subscription Agreement, respectively.

For further details of the acquisition of the Land, please refer to the sections below headed “(1) DISCLOSEABLE TRANSACTION – ACQUISITION OF LAND” and “(5) CHANGE IN USE OF PROCEEDS IN RELATION TO THE 2022 PLACING” of this announcement. For further details of the potential business cooperation under the MOU, please refer to the section below headed “(4) MOU IN RELATION TO THE PROPOSED STRATEGIC COOPERATION” of this announcement. For further details of the CB Subscription and Share Subscription, please refer to the sections below headed “(2) ISSUE OF CB UNDER GENERAL MANDATE” and “(3) DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY” of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **The Sale and Purchase Agreement**

As the highest applicable percentage ratio in respect of the purchase of the Land under the Sale and Purchase Agreement as calculated under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the entering into of the Sale and Purchase Agreement constitutes discloseable transactions of the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **The CB Subscription Agreement**

The Conversion Shares will be issued under the General Mandate.

### **The Share Subscription Agreement**

Upon completion of the allotment and issuance of the Subscription Share, the Group’s shareholding interest in Huge Cheer will be decreased from 100% to 80%, which constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules. Huge Cheer will become a non-wholly owned subsidiary of the Company and will continue to be consolidated into the financial statements of the Company. As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of such deemed disposal are less than 5%, the entering into the Share Subscription Agreement does not constitute any notifiable transaction under Chapter 14 of the Listing Rules.

### **The MOU**

As at the date of this announcement, no legally binding agreement has been entered into in relation to the subject matters set out in the MOU. If the proposed arrangements under the MOU, when materialized, constitute notifiable transaction(s) of the Company under Chapter 14 of the Listing Rules, the Company will make further announcement(s) in accordance with the relevant Listing Rules requirements as and when appropriate.

**It should be noted that the MOU may or may not lead to the entering into of the definitive agreement and transactions contemplated thereunder may or may not be consummated. No binding agreement in relation to the strategic cooperation with the Potential Strategic Partner has been entered into by the Group as at the date of this announcement. If any transaction contemplated under the MOU constitutes a notifiable transaction for the Company under the Listing Rules, further announcement(s) will be made by the Company as and when appropriate.**

### **(1) DISCLOSEABLE TRANSACTION – ACQUISITION OF LAND**

The Board is pleased to announce that on 26 November 2024 (after trading hours), Tera Logistics (as purchaser), Heng Qu (as vendor) and Mr. Du (as guarantor of Heng Qu) entered into the Sale and Purchase Agreement, pursuant to which (i) Tera Logistics has conditionally agreed to purchase, and Heng Qu has conditionally agreed to sell the Land, at an aggregate consideration of US\$3,500,000 (equivalent to approximately HK\$27.125 million); and (ii) Mr. Du (as guarantor) has agreed to guarantee the performance of the obligations of Heng Qu under the Sale and Purchase Agreement.

The principal terms of the Sale and Purchase Agreement are set out below:

**Date:** 26 November 2024 (after trading hours)

**Parties:** Heng Qu, a company incorporated in Zambia with limited liability, as vendor

Tera Logistics, a company incorporated in Zambia with limited liability and an indirect wholly owned subsidiary of the Company, as purchaser

Mr. Du, as guarantor of Heng Qu of performance of its obligations under the Sale and Purchase Agreement, and entered into a performance guarantee in favour of Tera Logistics in this connection

## **Subject Matter**

The Land to be acquired by Tera Logistics are two pieces of land located at (a) Lot No. 7 Kaniki of approximately 46.67 hectares; and (b) Subdivision A of F/2957 of approximately 48.44 hectares, both adjacent to each other and situate in Ndola in the Copperbelt province of Zambia. The Land will be utilised for the purpose of setting up the Group's own logistics center.

## **Consideration**

The Consideration for the Acquisition shall be US\$3,500,000 (equivalent to approximately HK\$27.125 million), which shall be satisfied in cash, and upon the Vendor receiving the Consideration, it shall apply parts of the sums received as follows:

- (a) HK\$20.1 million (equivalent to approximately US\$2,593,548) shall be applied towards payment of the subscription money under the CB Subscription by the Vendor or its affiliated companies designated by it, details of which are set out under the section headed “(2) ISSUE OF CB UNDER GENERAL MANDATE” of this announcement; and
- (b) HK\$5.425 million (equivalent to US\$700,000) shall be applied towards payment of the subscription money under the Share Subscription by the Vendor or its affiliated companies designated by it, details of which are set out under the section headed “(3) DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY” of this announcement.

The Consideration for the Acquisition will be funded by internal resources of the Group (including the unutilised proceeds raised from the 2022 Placing).

The Consideration was determined after arm's length negotiations between Heng Qu and Tera Logistics on normal commercial terms with reference to, among other things, (i) the prevailing local market conditions; (ii) the location and accessibility of the Land; (iii) the investment potential of the Land; and (iv) the valuation of the Land as at 12 November 2024, being approximately US\$3.567 million (equivalent to approximately HK\$27.644 million), as appraised by the Independent Valuer based on market approach, and the Consideration represents a discount of approximately 1.88% from the amount of valuation. In the valuation of the Land prepared by the Independent Valuer, the Independent Valuer adopted professional standards set forth in the Guidance Notes, and the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, prepared and recognized by the RICS and the Surveyors Institute of Zambia respectively.

### **Conditions precedent**

Completion of the Acquisition shall be conditional upon fulfilment of the following conditions:

- (i) Heng Qu having obtained State's consent to assign and any other necessary license to assign the Land;
- (ii) Heng Qu having obtained the property transfer tax receipt and tax clearance certificate from the Zambia Revenue Authority and notifying Tera Logistics in writing thereof and delivering the partially signed deed(s) of assignment to Tera Logistics;
- (iii) the procedures for application of change of use of the Land having been completed by Heng Qu;
- (iv) Tera Logistics having completed the due diligence on Heng Qu and the Land to its satisfaction;
- (v) Heng Qu having provided all such documents to the satisfaction of Tera Logistics proving that it has good and marketable title to the Land; and
- (vi) Heng Qu having obtained all requisite consents, permits and approvals in relation to the Acquisition.

### **(2) ISSUE OF CB UNDER GENERAL MANDATE**

On 26 November 2024 (after trading hours), the Company (as issuer), DCQ (as subscriber) and Mr. Du (as guarantor of DCQ) entered into the CB Subscription Agreement, pursuant to which (i) the Company has conditionally agreed to issue, and DCQ has conditionally agreed to subscribe for, the CB in the principal amount of HK\$20.1 million at the Conversion Price of HK\$1.2 per Conversion Share; and (ii) Mr. Du (as guarantor) has agreed to guarantee the performance of the obligations of DCQ under the CB Subscription Agreement.

Reference is also made to the description of the Sale and Purchase Agreement under the section headed "(1) DISCLOSEABLE TRANSACTION – ACQUISITION OF LAND". DCQ is the affiliated company of Heng Qu and is designated by Heng Qu to subscribe for the CB.

## **The CB Subscription Agreement**

Principal terms and conditions of the CB Subscription Agreement are summarised as follows:

**Date:** 26 November 2024 (after trading hours)

**Parties:**

- (i) the Company, as issuer;
- (ii) DCQ, as subscriber; and
- (iii) Mr. Du, as guarantor of DCQ.

**Principal amount:** HK\$20.1 million

**Maturity Date:** Three years from the date of issue

**Interest rate:** Nil

**Conversion Price:** HK\$1.2 per Conversion Share

**Conversion Period:** The conversion period shall commence from 18 months after the issue date of the CB and ending on the Maturity Date. DCQ will have the right, on one occasion on any business day during the Conversion Period, to convert the whole of the principal amount of the CB.

**Conversion Shares:** A total of 16,750,000 Conversion Shares will be allotted and issued, which represent:

- (a) approximately 1.64% of the issued Shares as at the date of this announcement; and
- (b) approximately 1.62% of the issued Shares as enlarged by the issue of the Conversion Shares (assuming there is no other change in the number of issued Shares between the date of this announcement and the full conversion of the CB).

The Conversion Shares will be issued under the General Mandate.

**Conditions precedent:** Subscription Completion shall take place on the Subscription Completion Date and is conditional upon satisfaction (or waiver by the Company) of the following conditions precedent on or before the Long Stop Date:

- (a) the completion of the Acquisition;
- (b) the completion of the Share Subscription;
- (c) the warranties of the Company remaining true and accurate in all respects and not misleading in any respect as of the date of the CB Subscription Agreement and as at the Subscription Completion;
- (d) the granting of the approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares not having been revoked;
- (e) if required, all other approvals, consents and acts required under the Listing Rules or other applicable laws and regulations or otherwise required from any third parties in connection with CB Subscription and the transactions contemplated hereunder having been obtained and completed or, relevant waiver from compliance with any of such laws, rules, regulations and requirements having been obtained from the Stock Exchange, the SFC or other relevant regulatory authorities (if applicable) or the relevant third parties; and
- (f) the warranties given by DCQ and Mr. Du remaining true and accurate in all respects and not misleading in any respects as of the CB Subscription Agreement and as at the Subscription Completion Date.

**Adjustment to the  
Conversion  
Price:**

The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events including, among other things, (i) consolidation, or sub-division or reclassification of Shares; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) rights issues or grant of options or warrants to Shareholders to subscribe for Shares at a price which is less than 95% of the then market price of the Shares; (v) issue of convertible or exchangeable securities with the total effective consideration per Share at less than 95% of the then market price of the Shares or any rights of conversion, exchange or subscription attached to such securities are modified so that the said total effective consideration per Share is less than 95% of the then market price of the Shares; or (vi) issue of any Shares wholly for cash at a price per Share which is less than 95% of the then market price; and (vii) issue of new Shares for the acquisition of asset at a total effective consideration per Share less than 95% of the then market price of the Shares, in accordance with the provisions of the instrument of the CB.



**Restrictions against  
transfer of the  
Conversion Shares:**

In the period commencing on the date the Conversion Shares being allotted and issued in the name of DCQ and ending on the date which is six months from such date, DCQ shall not (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an create a pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, the Conversion Shares, or deposit any Conversion Shares with a depository in connection with the issue of depository receipts; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Conversion Shares; or (iii) enter into or effect any transaction with the same economic effect as any of the transactions referred to in (i) or (ii) above; or (iv) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in (i), (ii) or (iii) above, in each case, whether any of the foregoing transactions referred to in (i), (ii) or (iii) is to be settled by delivery of the Conversion Shares or any other securities of the issuer or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the six-month period).

The right of conversion under the CB shall not be exercised by DCQ to the extent that (i) if immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) a mandatory general offer obligation under the Code on Takeovers and Mergers of Hong Kong will be triggered as a result of such conversion.

**Events of default:**

If any of the events specified below occurs, DCQ may give notice to the Company that the CB is immediately due and payable at its principal amount then outstanding:

- (a) the Company defaults materially in performance or observance or compliance with any of its obligations or any of its other material obligations which default is incapable of remedy or, if capable of remedy, is not remedied within twenty (20) business days; or
- (b) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries; or
- (c) the Company or any of its principal operating subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its principal operating subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them; or
- (d) an order is made or an effective resolution is passed for the winding-up, insolvency, administration or dissolution of the Company or any of its principal operating subsidiaries except in the case of winding-up of subsidiaries of the Company in the course of internal reorganisation; or
- (e) the insolvency of the Company; or

- (f) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its principal operating subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its principal operating subsidiaries; or
- (g) other than as a result of, or in circumstances where (i) an offer made to holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) being made to the Company for the acquisition of all or any proportion of the Shares or such an offer becoming unconditional or (ii) the Company is required to make an announcement pursuant to Chapters 19 and 20 of the Listing Rules, the listing of the Shares (as a class) on the Stock Exchange ceases; or
- (h) the Company fails to pay the principal amount or any interest on the CB when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within ten (10) business days of the due date thereof.

**Voting:**

DCQ will not be entitled to attend or vote at any meeting of the Company by reason only of it being the holder of the CB.

**Early repayment:**

The Company may request for early repayment of all the outstanding sums under the CB.

**Redemption:**

The Company shall be required to redeem upon the maturity date at 100% of all the principal amount of the CB in respect of which the conversion rights have not been exercised.

**Transferability:**

The CB shall not be transferable or assignable without an express approval given in writing from the Company and any transfer or assignment shall only be allowed if (i) the assignee or transferee of the CB is not be a core connected person (as defined in the Listing Rules) of the Company, unless otherwise approved by the Stock Exchange; and (ii) such assignment or transfer of the CB shall be in compliance with the conditions hereunder and further subject to (where applicable) the conditions, approvals, requirements and any other provisions or under (1) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and (2) the Listing Rules and applicable laws and regulations).

**Ranking**

The Conversion Shares shall rank *pari passu* with all other existing Shares in issue as at the date of conversion and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the date of conversion.

**Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made by the Company to the Stock Exchange or any other stock exchange for the listing of the CB.

**Conversion Price**

The Conversion Price of HK\$1.2 per Conversion Shares represents:

- (i) a premium of approximately 100.00% over the closing price of HK\$0.6 per Share as quoted on the Stock Exchange on 26 November 2024, being the last trading day immediately preceding the date of the CB Subscription Agreement; and
- (ii) a premium of approximately 111.27% over the average closing price of HK\$0.568 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the CB Subscription Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and DCQ with reference to, among other things, the prevailing market price per Share and future prospect of the Company.

Taking into account the estimated expenses for the CB Subscription, the net conversion price is approximately HK\$1.2 per Conversion Share.

## General Mandate to allot and issue the Conversion Shares

The Conversion Shares will be issued under the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 204,000,000 Shares, being 20% of the total number of Shares in issue as at the date of the annual general meeting of the Company held on 27 May 2024.

As at the date of this announcement, the Company has not allotted or issued any Shares under the General Mandate. Accordingly, the issue of the Conversion Shares is not subject to any Shareholders' approval.

## 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. The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after conversion in full of the CB (assuming that there will be no other change to the total issued share capital of the Company between the date of this announcement and upon the full conversion of the CB), for illustrative purpose only:

Shareholders	(i) As at the date of this announcement		(ii) Immediately after conversion in full of the CB (assuming that there will be no other change to the total issued share capital of the Company between the date of this announcement and upon the full conversion of the CB)	
	Number of Shares	approx. %	Number of Shares	approx. %
TeraMetal <sup>Note 1</sup>	750,000,000	73.53	750,000,000	72.34
DCQ	–	–	16,750,000	1.62
Public Shareholders	270,000,000	26.47	270,000,000	26.04
<b>Total</b>	<b>1,020,000,000</b>	<b>100.00</b>	<b>1,036,750,000</b>	<b>100.00</b>

Notes:

1. The Company is directly owned as to 73.53% by TeraMetal, a company wholly-owned by Mr. Ng. By virtue of the SFO, Mr. Ng, as well as his spouse Ms. Liu Chujia, is deemed to be interested in the Shares held by TeraMetal.

### **(3) DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY**

The Board is pleased to announce that on 26 November 2024 (after trading hours), Huge Cheer, an indirect wholly owned subsidiary of the Company (as issuer), DCQ (as subscriber) and Mr. Du (as guarantor of DCQ) entered into the Share Subscription Agreement, pursuant to which (i) Huge Cheer has conditionally agreed to allot and issue, and DCQ has conditionally agreed to subscribe for, 2,500 Subscription Shares at the Subscription Price of HK\$2,170 per Subscription Share, representing 20% of the issued shares of Huge Cheer as enlarged by the Subscription Shares, at a total consideration of HK\$5.425 million in cash; and (ii) Mr. Du (as guarantor) has agreed to guarantee the performance of the obligations of DCQ under the Share Subscription Agreement.

Reference is also made to the description of the Sale and Purchase Agreement under the section headed “(1) DISCLOSEABLE TRANSACTION – ACQUISITION OF LAND”. DCQ is the affiliated company of Heng Qu, and DCQ is designated by Heng Qu to subscribe for the Subscription Shares.

#### **Conditions precedent**

Completion of the Share Subscription shall be conditional upon fulfilment of the following conditions:

- (a) the representations, warranties and undertakings given by Huge Cheer remaining true and accurate in all material respects and not misleading in any material respect on the date of the Share Subscription Agreement and at completion as if repeated at completion; and
- (b) the representations, warranties and undertakings given by DCQ remaining true and accurate in all material respects and not misleading in any material respect on the date of the Share Subscription Agreement and at completion as if repeated at completion.

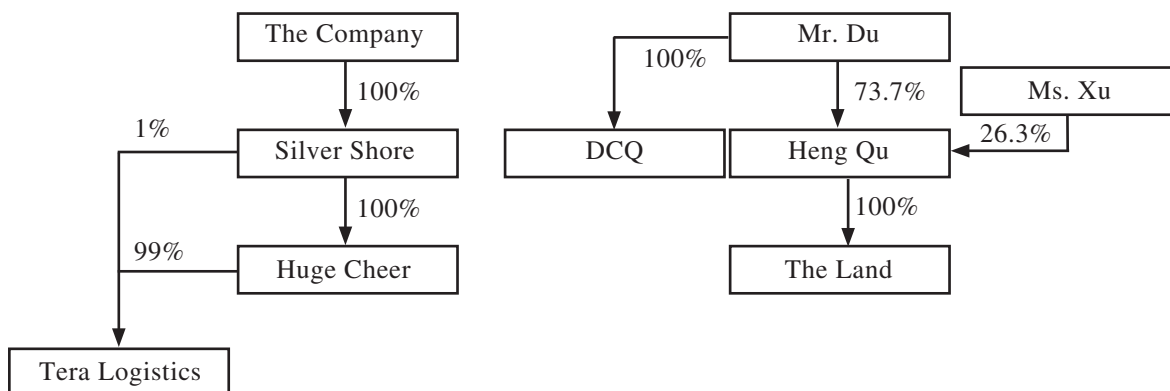
#### **Completion of the Share Subscription**

Completion of the Share Subscription shall take place as soon as practicable upon the fulfilment (or waiver, as the case may be) of all the conditions to the Share Subscription Agreement. For the avoidance of doubt, the completion of the Share Subscription is not inter-conditional upon completion of the Acquisition and the CB Subscription.

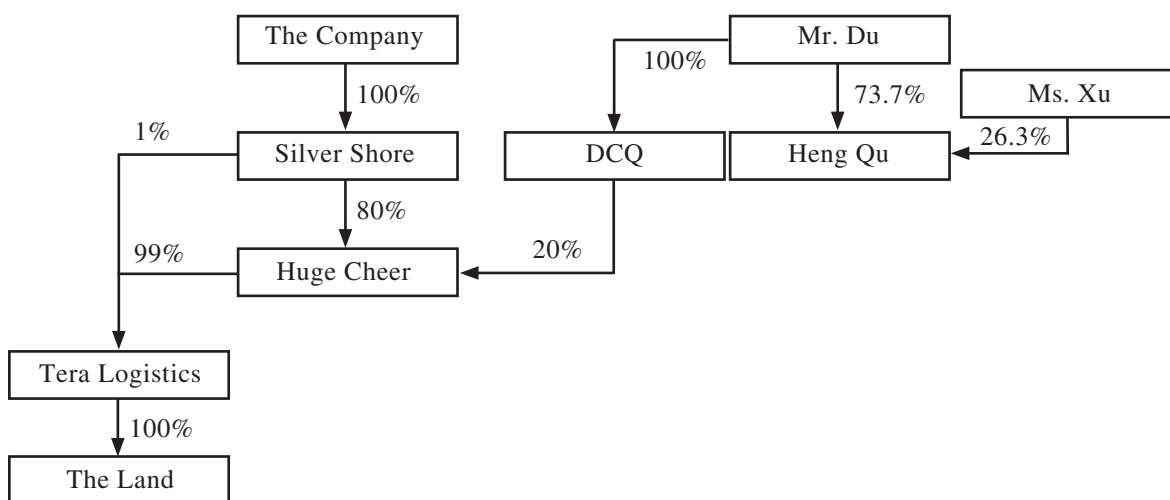
As at the date of this announcement, Tera Logistics is wholly owned by Huge Cheer and will be the owner of the Land upon completion of the Acquisition. Upon completion of the Share Subscription, the Group’s shareholding in Huge Cheer will be decreased from 100% to 80%. Huge Cheer will become an indirect non-wholly owned subsidiary of the Company with the financial results of Huge Cheer continuing to be consolidated into the financial statements of the Company.

The following charts show the extracted group shareholding structure (i) as at the date of this announcement; and (ii) immediately after completion of the Acquisition and the Share Subscription:

*As at the date of this announcement*



*Immediately after completion of the Acquisition and the Share Subscription*



### **The Shareholders' Agreement**

The Board is pleased to announce that on 26 November 2024 (after trading hours), Silver Shore, DCQ, Mr. Du (as guarantor of DCQ) and Huge Cheer entered into the Shareholders' Agreement to govern their relationship in Huge Cheer after completion of the Share Subscription.

The salient terms of the Shareholders' Agreement are as follows:

- Date:** 26 November 2024 (after trading hours)
- Parties:** Silver Shore, a wholly owned subsidiary of the Company  
DCQ, a company wholly owned by Mr. Du  
Mr. Du, as guarantor of DCQ  
Huge Cheer, an indirect wholly owned subsidiary of the Company
- Drag-along right:** If at any time Silver Shore intends to transfer or dispose of the whole or any part of its shareholding to a bona fide third party that is not an affiliate of Silver Shore, Silver Shore shall have the right to require DCQ to sell the whole or any part of its shareholding at the same price and on the same terms and conditions.
- Call option:** Silver Shore shall have the right to acquire from DCQ, at any time after the 1st anniversary of the date of issuance of the Subscription Shares any or all of the shares held by DCQ, at the Subscription Price per share, free from all encumbrances.
- Default call option:** Silver Shore shall also have the right to acquire from DCQ any or all of the shares held by DCQ, at a discount price of 80% of the Subscription Price per share free from encumbrances upon occurrence of the following events:
- (a) any breach of any obligations on the part of DCQ under the Shareholders' Agreement;
  - (b) failure to repay (after the applicable grace period) any part of the outstanding loans owed by DCQ and/or its affiliates to (i) Silver Shore and/or its affiliates; or (ii) the Company and its subsidiaries (collectively, the "**Related Loans**"); or any breach of any obligations or covenants of any terms and conditions in any memorandum, agreements or arrangements governing the provision of any part of the Related Loans.
- Termination:** The Shareholders' Agreement shall continue in full force and effect until the earliest to occur of the following:
- (i) by written agreement between the parties to the Shareholders' Agreement;



- (ii) Huge Cheer being wound up or otherwise ceasing to exist as a separate corporate legal entity; and
- (iii) when all the shares in Huge Cheer are held beneficially by one shareholder.

**Non-competition  
and  
non-solicitation:**

DCQ undertakes to Silver Shore that:

- (i) except with prior written consent of Silver Shore in its absolute discretion, it will not and will procure its affiliates not to, during the period DCQ, its affiliates and/or permitted transferees (the “**Restricted Parties**”) being a shareholder of Huge Cheer, and for a period of ten (10) years immediately following termination of the Restricted Parties ceasing to be shareholders of Huge Cheer, directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold any business which is (i) the business activities of Huge Cheer and its subsidiaries and/or the Group carried out from time to time; and (ii) any other business activity from time to time conducted, engaged in or invested in by any member of Huge Cheer and its subsidiaries and/or the Group or which the Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, engage in or invest in (collectively, the “**Restricted Business Activities**”); and
- (ii) during the period the Restricted Parties being shareholders of Huge Cheer, in the event any of them acquires knowledge of a potential transaction or matter that may be a business opportunity which is the same, similar to or related to the Restricted Business Activities, DCQ shall, and shall procure the Restricted Parties concerned (a) to communicate or present such business opportunity to Huge Cheer in a timely manner; and (b) not take up such business opportunity unless the Huge Cheer has declined taking up, or consents to DCQ and/or the Restricted Parties concerned in taking up that business opportunity.

DCQ further undertakes that during the period of being a shareholder of Huge Cheer and for a period of two (2) years immediately following the termination of the Shareholders' Agreement or ceasing to be a shareholder of Huge Cheer for whatever reasons, DCQ shall not approach and solicit any other current employee of Huge Cheer and its subsidiaries and/or the Group to join him or other persons in any business undertaking in which DCQ is interested or concerned.

**Reasons for and benefits of entering into the Sale and Purchase Agreement, the CB Subscription Agreement and the Share Subscription Agreement**

The Group is principally engaged in the production, distribution and printing of books, novelty and packaging products. Whilst the Group will continue its current businesses, the Group has been exploring and identifying potential business opportunities in order to diversify its income streams and achieve sustainable growth in the long run, thereby maximising the return to the Shareholders. In particular, the Group has expanded its operations into the logistics sector in Sub-Saharan Africa and has tapped into the market by setting up its own trucking fleets in Zambia. For further details, please refer to the announcement of the Company dated 5 August 2024.

As at the date of this announcement, the Group has successfully set up its own trucking fleets and commenced its logistics business operation in Zambia, which is expected to partially contribute to the revenue of the Group for the year ending 31 December 2024. As the next step, the Group intends to further expand its logistics fleet and set up its own logistics center with warehouse facilities and parking and vehicles maintenance areas in Zambia. Given that the Land is located in Ndola, being right next to the border of Zambia and the DRC, it is expected that the Group can take advantage of such strategic location to, among other things, facilitate faster customs clearance, reduce transportation costs and increase transportation efficiency. In view of the above, it is expected that the Group will be able to attract other international and local logistics companies to form a strategic partnership thereafter to further strengthen its local presence upon completion of the Acquisition. In particular, as at the date of this announcement, Tera Logistics has signed the MOU with both Heng Qu and the Potential Strategic Partner in relation to a proposed strategic cooperation to lease out certain portion of the Land and to construct warehouse and other related facilities on the said portion of the Land. For further details of the MOU, please refer to the section below headed “(4) MOU IN RELATION TO THE PROPOSED STRATEGIC COOPERATION” of this announcement.

To participate in the future growth of the Group, Mr. Du (being the ultimate beneficial owner of Heng Qu) agreed to conditionally subscribe for the CB and the Subscription Shares in Huge Cheer (an indirect wholly owned subsidiary of the Company) by entering into the CB Subscription Agreement and the Share Subscription Agreement, respectively. The aggregate gross and net proceeds from the CB Subscription will be HK\$20.1 million. The Company intends to use the proceeds as funding for general working capital for its logistics business.

Having considered that (i) the Sale and Purchase Agreement, the CB Subscription Agreement and the Share Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations between parties to the respective agreements; (ii) the CB is interest free with the Conversion Price represents a premium to the recent price of the Shares; and (iii) the proceeds from both the CB Subscription Agreement and the Share Subscription Agreement will provide the Group with the necessary funding as general working capital for its logistics business, the Directors consider that the Acquisition, the CB Subscription (including terms of the CB) and the Share Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Sale and Purchase Agreement, the CB Subscription Agreement and the Share Subscription Agreement are entered into on normal commercial terms, and the terms as set out thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **FUND RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS**

The Company has not conducted any fund raising activities during the 12 months immediately before the date of this announcement.

## **INFORMATION OF THE GROUP, SILVER SHORE, TERA LOGISTICS, HENG QU AND DCQ**

### **The Group**

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

Silver Shore is a company incorporated in the BVI with limited liability and is a direct wholly owned subsidiary of the Company, which is principally engaged in investment holding.

Tera Logistics is a company incorporated in Zambia with limited liability and is an indirect wholly owned subsidiary of the Company, which is principally engaged in warehousing and storage. Upon completion of the Share Subscription, Tera Logistics will become an indirect non-wholly owned subsidiary of the Company.

### **Heng Qu**

Heng Qu is a company incorporated in Zambia with limited liability which is owned as to 73.7% by Mr. Du and 26.3% by Ms. Xu and is principally engaged in transport and logistics services.

### **DCQ**

DCQ a company incorporated in the BVI with limited liability which is wholly owned by Mr. Du and is principally engaged in investment holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, Heng Qu, DCQ and their ultimate beneficial owner are third parties independent of and not connected with the Company and its connected person.

## **(4) MOU IN RELATION TO THE PROPOSED STRATEGIC COOPERATION**

The Board is pleased to announce that on 26 November 2024 (after trading hours), Tera Logistics, Heng Qu and the Potential Strategic Partner entered into the MOU in relation to the proposed strategic cooperation in setting up logistics facilities on the Land upon completion of the Acquisition.

The Potential Strategic Partner is a wholly owned subsidiary of a Chinese state-owned enterprise, which is one of the world's largest integrated international shipping companies. The Potential Strategic Partner operates in the African region, focusing on shipping and logistics services.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Potential Strategic Partner and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

Under the MOU, the Potential Strategic Partner intends to lease a portion of the Land in the size of approximately 35,140 sq.m for a period of 15 years or initially 10 years plus option of the Potential Strategic Partner (subject to agreement by Tera Logistics) for a further term of 10 years. A warehouse of approximately 5,000 sq.m. and the related facilities ("**Warehouse and Related Facilities**") will be constructed on the leased portion of the Land.

Under the MOU, Tera Logistics intends to appoint suitable management company to provide management services to the logistics center to be constructed on the Land.

The Potential Strategic Partner also intends to grant a right of first refusal to Tera Logistics (or its designated logistics service provider) for the provision of logistics services in respect of all goods stored in the Warehouse and the Related Facilities.

### **Formal agreement**

The terms in the MOU are not exhaustive and the subject matters to which the MOU relates will be subject to further negotiation between the parties. The parties to the MOU agree to use their best endeavours to procure the entering into of a legally binding formal agreement and other relevant legal documents in relation to the proposed strategic cooperation.

### **Reasons for and benefits of entering into the MOU**

The Company has been exploring and identifying potential business opportunities in order to diversify its income streams and achieve sustainable growth in the long run, thereby maximising the return to the Shareholders. In particular, the Group has already set up its own trucking fleets and expanded its operations into the logistics sector in Sub-Saharan Africa.

Following the completion of the Acquisition, the Group intends to further expand its logistics fleet and set up its own logistics center on the Land and the Directors believe that the entering into of the MOU would allow parties thereto to leverage their respective advantages and resources to explore the potential business cooperation on the Land. The Directors are of the view that the possible strategic cooperation with the Potential Strategic Partner, if materialised, represents an opportunity for the Group to broaden its sources of income and establish its local presence in Sub-Saharan Africa.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the MOU are entered into on normal commercial terms, and the terms as set out in the MOU are fair and reasonable and in the interests of the Company and its shareholders as a whole.

**It should be noted that the MOU may or may not lead to the entering into of the definitive agreement and transactions contemplated thereunder may or may not be consummated. No binding agreement in relation to the strategic cooperation with the Potential Strategic Partner has been entered into by the Group as at the date of this announcement. If any transaction contemplated under the MOU constitutes a notifiable transaction for the Company under the Listing Rules, further announcement(s) will be made by the Company as and when appropriate.**

## **IMPLICATIONS UNDER THE LISTING RULES**

### **The Sale and Purchase Agreement**

As the highest applicable percentage ratio in respect of the purchase of the Land under the Sale and Purchase Agreement as calculated under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the entering into of the Sale and Purchase Agreement constitutes a discloseable transaction of the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **The CB Subscription Agreement**

The Conversion Shares will be issued under the General Mandate.

### **The Share Subscription Agreement**

Upon completion of the allotment and issuance of the Subscription Shares, the Group's shareholding interest in Huge Cheer will be decreased from 100% to 80%, which constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules. Huge Cheer will become a non-wholly owned subsidiary of the Company and will continue to be consolidated into the financial statements of the Company. As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of such deemed disposal are less than 5%, the entering into the Share Subscription Agreement does not constitute any notifiable transaction under Chapter 14 of the Listing Rules.

### **The MOU**

As at the date of this announcement, no legally binding agreement has been entered into in relation to the subject matters set out in the MOU. If the proposed arrangements under the MOU, when materialized, constitute notifiable transaction(s) of the Company under Chapter 14 of the Listing Rules, the Company will make further announcement(s) in accordance with the relevant Listing Rules requirements as and when appropriate.

## **(5) CHANGE IN USE OF PROCEEDS IN RELATION TO THE 2022 PLACING**

As disclosed in the section headed "USE OF PROCEEDS IN RELATION TO THE 2022 PLACING" in the 2024 Interim Report, the net proceeds raised from the 2022 Placing of approximately HK\$20.7 million have not been utilised, HK\$13.7 million of which was intended to be used in pharmaceutical related projects and the remainder was intended to be used in the core business activities of the Group.

As at the date of this announcement, the entire net proceeds from the 2022 Placing (i.e. HK\$20.7 million) have not been utilised. On 26 November 2024, the Board has resolved to change the use of the net proceeds from the 2022 Placing. The utilisation of the net proceeds from the 2022 Placing up to the date of this announcement and the revised use of net proceeds from the 2022 Placing are set forth below:

	<b>Planned use of proceeds as disclosed in the 2024 Interim Report</b> <i>HK\$ million</i>	<b>Utilised net proceeds up to the date of this announcement</b> <i>HK\$ million</i>	<b>Unutilised net proceeds up to the date of this announcement</b> <i>HK\$ million</i>	<b>Revised allocation of unutilised net proceeds</b> <i>HK\$ million</i>	<b>Expected timeline of utilisation of the unutilised net proceeds</b>
<b>Intended use of proceeds</b>					
Pharmaceutical related projects	13.7	–	13.7	–	–
Core business activities	7.0	–	7.0	–	–
Acquisition of the Land (76.3% of the Consideration)	–	–	–	20.7	By the end of December 2024
Total	20.7	–	20.7	20.7	

### **Reason for the change in use of proceeds from the 2022 Placing**

As disclosed in the sub-sections headed “Reasons for and benefits of entering into the Sale and Purchase Agreement, the CB Subscription Agreement and the Share Subscription Agreement” and “Reasons for and benefits of entering into the MOU” under the sections headed “(3) DEEMED DISPOSAL OF INTEREST IN A SUBSIDIARY” and “(4) MOU IN RELATION TO THE PROPOSED STRATEGIC COOPERATION” above, the Group entered into the Sale and Purchase Agreement and the MOU to seize the potential business opportunity in the logistics segment in Sub-Saharan Africa. As a result, the Group expects to incur substantial upfront costs at the early stage of this investment opportunity arising from, among other things, the purchase of the Land in the amount of US\$3,500,000 (equivalent to approximately HK\$27.125 million). Given that the Group has yet to identify any pharmaceutical related projects that are worth investing in as at the date of this announcement, the Directors are of the view that by reallocating the net proceeds from the 2022 Placing, the Group would be able to immediately commence its diversification plan and capture the business opportunity in Sub-Saharan Africa, which is in line with the Group’s overall strategy to diversify its business and expand its business.

The Board is of the view that the change in use of proceeds from the 2022 Placing will bring value to the Group and its shareholders will enable the Company to deploy financial resources in a more efficient manner in accordance with changes in the Group’s future plans and strategies.

The Directors confirm that there are no material changes in the nature of the business of the Group and consider that the change in use of the unutilised net proceeds is in the interests of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

“2022 Placing”	the placement completed on 5 August 2022, resulted in the Company raising net proceeds of approximately HK\$20.7 million for the purpose of the pharmaceutical related projects’ investment
“2024 Interim Report”	the interim report of the Company for the six months ended 30 June 2024
“Acquisition”	the acquisition of the Land by Tera Logistics from Heng Qu under the Sale and Purchase Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CB”	the 3-year nil interest convertible bonds in the principal amount of HK\$20.1 million due 2027
“CB Subscription”	the issuance of the CB by the Company to DCQ under the CB Subscription Agreement
“CB Subscription Agreement”	the convertible bond subscription agreement dated 26 November 2024 entered into between the Company, DCQ and Mr. Du in respect of the Subscription



“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
“Consideration”	the consideration for the Acquisition in the amount of HK\$27.125 million
“Conversion Period”	the conversion period of the CB, being the period commencing from 18 months after the issue date of the CB and ending on the Maturity Date
“Conversion Price”	the price per Share at which the Conversion Shares will be issued upon conversion of the CB, with the conversion price being HK\$1.2 per Conversion Share
“Conversion Share(s)”	the Shares to be allotted and issued by the Company upon conversion of the CB
“DCQ”	DCQ Holdings Limited a company incorporated under the laws of the BVI and is wholly owned by Mr. Du
“DRC”	the Democratic Republic of Congo
“Director(s)”	director(s) of the Company from time to time
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 27 May 2024 to allot, issue and otherwise deal with up to 204,000,000 Shares, representing 20% of the total number of the issued Shares as at the date of the said annual general meeting
“Group”	the Company and its subsidiaries
“Heng Qu” or “Vendor”	Heng Qu Investment Zambia Limited, a company incorporated in Zambia
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huge Cheer”	Huge Cheer Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company

“Independent Valuer”	Fairworld Properties Limited, a firm of registered valuation surveyors registered with the Royal Institution of Chartered Surveyors of the United Kingdom
“Land”	two pieces of land located at (a) Lot No. 7 Kaniki of approximately 46.67 hectares; and (b) Subdivision A of F/2957 of approximately 48.44 hectares, both situate in Ndola in the Copperbelt province of Zambia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2025
“Maturity Date”	the maturity date of the CB, being the third anniversary of the date of issue of the CB
“MOU”	the non-legally binding memorandum of understanding dated 26 November 2024 entered into between Tera Logistics, Heng Qu and the Potential Strategic partner in relation to the proposed strategic cooperation in setting up logistics facilities on the Land upon completion of the Acquisition
“Mr. Du”	Mr. Du Chunqing
“Mr. Ng”	Mr. Ng Ho Lun, the ultimate beneficial owner of TeraMetal
“Ms. Xu”	Ms. Xu Mengjiao
“Potential Strategic Partner”	a private company incorporated in the Republic of South Africa and a wholly owned subsidiary of a Chinese stated-owned enterprise
“PRC”	The People’s Republic of China
“RICS”	the Royal Institution of Chartered Surveyors of the United Kingdom
“Sale And Purchase Agreement”	the sale and purchase agreement dated 26 November 2024 entered into between Tera Logistics, Heng Qu and Mr. Du in respect of the Acquisition
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 26 November 2024 between Silver Shore, DCQ, Mr. Du and Huge Cheer
“Share Subscription”	the subscription of Subscription Shares by DCQ pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement entered into between DCQ, Huge Cheer and Mr. Du in respect of the Share Subscription
“Silver Shore”	Silver Shore Enterprises Limited (銀岸企業有限公司), a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Completion”	the completion of the issue of and subscription for the CB
“Subscription Completion Date”	the 5th business day on which the last condition precedent for CB Subscription is fulfilled (or otherwise waived as agreed by the Company) or such other date as may be agreed by the Company and DCQ
“Subscription Price”	HK\$2,170 per Subscription Share
“Subscription Shares”	2,500 new shares of Huge Cheer to be issued and allotted to DCQ pursuant to the Share Subscription Agreement
“Tera Logistics” or the “Purchaser”	Tera Logistics Limited, a company incorporated in Zambia with limited liability and an indirect wholly owned subsidiary of the Company
“TeraMetal”	TeraMetal Holdings Limited, a company ultimately and beneficially wholly-owned by Mr. Ng, incorporated in the BVI

“United Kingdom”	The United Kingdom of Great Britain and Northern Ireland
“US\$”	United States dollar, the lawful currency of the United States of America
“Zambia”	the Republic of Zambia
“%”	per cent.

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

Hong Kong, 26 November 2024

*As at the date of this announcement, 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.*

*For the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of 1 to 7.75.*