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## **SMART CITY DEVELOPMENT HOLDINGS LIMITED**

### **智城發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8268)**

## **DISCLOSEABLE TRANSACTION DISPOSALS OF AN INDIRECT WHOLLY-OWNED SUBSIDIARY AND A PROPERTY**

### **THE DISPOSALS**

The Board wishes to announce that, on 16 December 2024 (after trading hours of the Stock Exchange):

- (1) LVL, a direct wholly-owned subsidiary of the Company, entered into the Share Sale Agreement with the Purchaser, pursuant to which, LVL agreed to sell, and the Purchaser agreed to acquire, (i) the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Debt, representing all the amounts owing by the Disposal Group to LVL as at the Share Completion Date, at the NP Consideration of HK\$10 million, subject to Current Asset/Liability Adjustment. The NP Consideration is to be satisfied by payment in cash. The Share Completion is scheduled to take place on or before 31 March 2025.

The Disposal Group is principally engaged in the investment holding and property investment. It solely holds the NP Property in Hong Kong through the Subsidiary as the registered owner. The NP Property is currently leased to an Independent Third Party until 16 July 2025, which is a commercial property with a total gross floor area of approximately 1,578 square feet. Upon Share Completion, the Disposal Group will cease to be subsidiaries of the Company.

- (2) DDL, an indirect wholly-owned subsidiary of the Company, and GBPL (which is wholly-owned by the Purchaser) entered into the Property Sale Agreement, pursuant to which DDL has agreed to sell, and GBPL has agreed to acquire the CW Property at a cash consideration of HK\$15 million. The Property Completion is scheduled to take place on or before 31 March 2025.

The CW Property is an industrial building with a gross floor area of approximately 4,972 square feet. It is currently being used by the Group as a self-used warehouse. Upon Property Completion, the Group will cease to have any interests in the CW Property.

### **IMPLICATIONS UNDER GEM LISTING RULES**

As the Share Disposal and the Property Disposal took place on the same day with the same party within a 12-month period, the Disposals shall be aggregated as a series of transactions pursuant to Rule 19.22 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposals is more than 5% but is less than 25%, the Disposals contemplated under the Share Sale Agreement and the Property Sale Agreement constitute a discloseable transaction of the Company under the GEM Listing Rules and is subject to notification and announcement requirements as set out in Chapter 19 of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that Completion of the Disposals is subject to fulfilment or waiver (as the case may be) of the conditions precedent set out in the Share Sale Agreement and the Property Sale Agreement, and therefore, there remains the possibility that the Disposals may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing with the Shares or other securities of the Company.**

### **INTRODUCTION**

The Board wishes to announce that, on 16 December 2024 (after trading hours of the Stock Exchange):

- (1) LVL, a direct wholly-owned subsidiary of the Company, entered into the Share Sale Agreement with the Purchaser, pursuant to which, LVL agreed to sell, and the Purchaser agreed to acquire, (i) the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Debt, representing all the amounts owing by the Disposal Group to LVL as at the Share Completion Date, at the NP Consideration of HK\$10 million, subject to Current Asset/Liability Adjustment. The NP Consideration is to be satisfied by payment in cash; and
- (2) DDL, an indirect wholly-owned subsidiary of the Company, and GBPL (which is wholly-owned by the Purchaser) entered into the Property Sale Agreement, pursuant to which DDL has agreed to sell, and GBPL has agreed to acquire the CW Property at a cash consideration of HK\$15 million.

## (A) THE SHARE DISPOSAL

The principal terms of the Share Sale Agreement are set out below.

Date: 16 December 2024

Parties: (1) Vendor: Latest Ventures Limited, a direct wholly-owned subsidiary of the Company; and

(2) Purchaser: Mr. Tjia Boen Sien, an Independent Third Party.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Purchaser is an Independent Third Party.

### Assets to be disposed of

Pursuant to Share Sale Agreement, LVL agreed to sell, and the Purchaser agreed to acquire, (i) the Sale Share; and (ii) the Debt, at the NP Consideration of HK\$10,000,000, subject to the Current Asset/Liability Adjustment. The Sale Share represents the entire issued share capital of the Target Company. The Debt represents all the amounts owing by the Disposal Group to LVL as at the Share Completion Date.

### NP Consideration and Payment Term

The NP consideration for the Sale Share and the Debt is HK\$10,000,000, subject to the Current Asset/Liability Adjustment.

The NP Consideration is to be satisfied by the Purchaser by payment in cash in the following manner:

- (a) a sum in the amount of HK\$500,000 was paid to LVL in cash as a refundable deposit and part payment towards the NP Consideration upon execution of the Share Sale Agreement (“**Deposit**”); and
- (b) the balance of the NP Consideration in the sum of HK\$9,500,000 shall be paid upon Share Completion.

The NP Consideration for the Share Disposal was arrived at after arm's length negotiations between LVL and the Purchaser on normal commercial terms with reference to the prevailing Hong Kong property market condition and the valuation of the NP Property conducted by a professional independent valuer, on open market value basis, as at 30 November 2024 of HK\$10,100,000.

### **Conditions Precedent**

Completion is conditional upon and subject to the following conditions:

- (a) the Purchaser having completed his due diligence review on the business, financial, legal and all other aspects of the Disposal Group and is satisfied with the results thereof;
- (b) LVL having procured the Target Company to give and prove a good title to the NP Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) at LVL's own costs and expenses; and
- (c) all representations and warranties given by LVL under the Share Sale Agreement shall remain true and accurate in all material respects and not misleading as if the representations and warranties are repeated by LVL as at the Share Completion Date.

If any of the conditions set out above have not been fulfilled (or, as the case may be, waived) on or before the Share Completion Date, then the Share Sale Agreement shall lapse whereupon the Deposit shall be returned to the Purchaser without interest and the provisions of the Share Sale Agreement shall from such date have no further force and effect and no party shall have any liability thereunder (without prejudice to the rights of the parties to the Share Sale Agreement in respect of any antecedent breaches).

The Share Sale Agreement and the Property Sale Agreement are not inter-conditional.

### **Deed of Indemnity**

On Share Completion, LVL, the Disposal Group and the Purchaser will enter into the Deed of Indemnity, whereby LVL undertakes to the Purchaser that it shall indemnify the Purchaser and the Disposal Group for a period of twelve (12) calendar months from the date of the Share Completion against any tax liabilities as well as all interest, penalties, costs, charges and expenses incidental to or relating to the tax liabilities of the Disposal Group in Hong Kong and the BVI up to the date of Share Completion.

## **Share Completion**

Upon all of the conditions precedent under Share Sale Agreement having been fulfilled or waived (as the case may be), the Share Completion shall take place on or before 31 March 2025 or such other date as LVL and the Purchaser may agree in writing.

Upon Share Completion, the Disposal Group will cease to be subsidiaries of the Company and the Group will cease to have any interest in the NP Property.

## **(B) THE PROPERTY DISPOSAL**

The principal terms of the Property Sale Agreement are set out below.

Date: 16 December 2024

Parties: (1) Vendor: Deson Development Limited, an indirect wholly-owned subsidiary of the Company; and  
(2) Purchaser: Global Bright Property Limited, a company incorporated in Hong Kong with limited liability and wholly owned by the Purchaser, an Independent Third Party.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of GBPL and its ultimate beneficial owner is an Independent Third Party.

### **Assets to be disposed of**

Pursuant to the Property Sale Agreement, DDL has agreed to sell and GBPL has agreed to acquire the CW Property.

### **CW Consideration:**

The CW Consideration for the CW Property is HK\$15 million, which is to be satisfied by GBPL by payment in cash in the following manner:

- (a) a sum in the amount of HK\$750,000 was paid to DDL in cash as refundable deposit and part payment towards the CW Consideration upon the execution of the Property Sale Agreement; and
- (b) the balance of the CW Consideration in the sum of HK\$14,250,000 shall be paid upon Property Completion.

The CW Consideration for the Property Disposal was arrived at after arm's length negotiations between DDL and GBPL on normal commercial terms with reference to the prevailing Hong Kong property market condition and the valuation of the CW Property conducted by a professional independent valuer, on open market value basis, as at 30 November 2024 of HK\$15,000,000.

**Property Completion:**

Property Completion will take place on or before 31 March 2025.

**INFORMATION OF THE GROUP**

The Company is an investment holding company. The Group is principally involved in the following activities: (i) acting as a contractor in the construction business to provide building construction works, electrical and mechanical engineering works and alterations, addition, renovation, refurbishment and fitting-out works, mainly in Hong Kong and Macau; (ii) investment in marketable securities; (iii) investment in properties; and (iv) money lending.

LVL is a company incorporated in the BVI with limited liability on 18 June 2014 and is a direct wholly-owned subsidiary of the Company. It is an investment holding company.

DDL is a company incorporated in Hong Kong with limited liability on 1 March 1988 and is an indirect wholly-owned subsidiary of the Company. It is engaged in construction business as a main contractor and investment in marketable securities.

**INFORMATION OF THE PURCHASER AND GBPL**

The Purchaser is a businessman, who is an ordinary resident of Hong Kong.

GBPL is a company incorporated in Hong Kong with limited liability on 12 December 2024 and is wholly-owned by the Purchaser. It is an investment holding company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and GBPL is an Independent Third Party.

## INFORMATION ON THE DISPOSAL GROUP, THE NP PROPERTY AND THE CW PROPERTY

### A. The Disposal Group and the NP Property

The Target Company is a company incorporated in the BVI with limited liability. The Subsidiary is a company incorporated in Hong Kong with limited liability and is the wholly-owned subsidiary of the Target Company. The Disposal Group is principally engaged in the investment holding and property investment and it solely holds the NP Property in Hong Kong through the Subsidiary as the registered owner. LVL acquired the Disposal Group (which holds the NP Property) in February 2021 at a consideration of HK\$15,000,000.

The NP Property is a commercial property consisting of certain units in Corn Yan Centre, 3 Jupiter Street, North Point, Hong Kong with a total gross floor area of approximately 1,578 square feet. The NP Property is currently leased to an Independent Third Party tenant at HK\$29,500 per month for a term of 3 years commencing from 17 July 2022 to 16 July 2025 (both days inclusive). Pursuant to the Share Sale Agreement, LVL shall deliver the NP Property free from all encumbrances and on an “as-is” basis upon Share Completion and subject to the existing tenancy.

As at 31 March 2024, the audited carrying value of the NP Property was HK\$11,730,000.

Set out below is a summary of the unaudited key financial information of the Disposal Group for the two years ended 31 March 2024 and eight months ended 30 November 2024:

	<b>For the year ended 31 March 2023 HK\$</b>	<b>For the year ended 31 March 2024 HK\$</b>	<b>For the eight months ended 30 November 2024 HK\$</b>
Revenue	358,500	354,000	236,000
Revaluation loss on investment property	(840,000)	(1,670,000)	–
Profit/(Loss) before taxation	(577,381)	(1,469,598)	140,668
Profit/(Loss) after taxation	(577,381)	(1,469,598)	140,668

	<b>As at 31 March 2023 HK\$</b>	<b>As at 31 March 2024 HK\$</b>	<b>As at 30 November 2024 HK\$</b>
Total assets	13,536,360	11,842,762	12,023,422
Net liabilities	(1,620,102)	(3,089,700)	(2,949,032)

## **B. The CW Property**

The CW Property is an industrial building with a total gross floor area of approximately 4,972 square feet. It is currently being used by the Group as a self-used warehouse. Upon Property Completion, the Group will cease to have any interests in the CW Property.

The Group intends to enter into tenancy agreement with GBPL to lease back the CW Property for its use for an initial term of 12 months commencing from Property Completion. The monthly rent payable by the Group will be HK\$40,000.

As at 31 March 2024, the audited carrying value of the CW Property was approximately HK\$18 million.

## **FINANCIAL EFFECT OF THE DISPOSALS AND USE OF PROCEEDS**

### **A. Share Disposal**

Upon Share Completion, the Group will cease to have any interest in the Disposal Group, and the financial results of the Disposal Group will no longer be consolidated in the financial statement of the Group.

Upon Share Completion, the Group expects to record estimated unaudited loss of approximately HK\$1.8 million as a result of the Share Disposal, which is calculated with reference to the difference between (i) the NP Consideration; and (ii) the aggregate of (a) the estimated unaudited net liabilities of the Disposal Group as at 30 November 2024; (b) the amount of the Debt; and (c) the estimated expenses in connection with the Share Disposal.



## **B. Property Disposal**

As at 31 March 2024, the carrying value of the CW Property was HK\$18 million. Accordingly, the Property Disposal is expected to record a net loss of approximately HK\$3.1 million after taking into account the estimated expenses and transaction tax to be paid immediately upon completion of the Property Disposal of approximately HK\$100,000 (“**Associated Expenses**”).

Both of the NP Consideration and CW Consideration will be applied by the Group’s construction business for general working capital and daily operation use. The actual loss as a result of the Share Disposal and the actual loss as a result of the Property Disposal to be recorded by the Group may be subject to accounting adjustments and shall be subject to audit to be performed by the auditors of the Company.

### **REASONS FOR AND BENEFIT OF THE DISPOSALS**

The NP Property is an investment property of the Group as the Group has leased the NP Property for generating rental income. The CW Property is currently self-used by members of the Group as warehouse. The Directors are of the view that the gloomy economy of Hong Kong together with high rate of interest in Hong Kong have casted uncertainty and instability to property market in Hong Kong. The Disposals represent the Group’s exit strategy to prevent further loss in its investment in such properties, and to enable the Group to better utilise its financial resources to enhance the Group’s working capital for its construction business which often require large capital for day to day operation, fulfilling various construction licencing requirements as well as to boost its tendering capability.

In light of the reasons above, the Directors (including the independent non-executive Directors) consider that the terms of the Share Sale Agreement and the Property Sale Agreement are on normal commercial terms, fair and reasonable and the Disposals are in the interests of the Company and the Shareholders as a whole. The Disposals have been approved by the Board. As none of the Directors had material interests in the Share Sale Agreement and the Property Sale agreement, no Director was required to abstain from voting on the resolutions approving the Share Sale Agreement, the Property Sale Agreement and the transactions contemplated thereunder.

## IMPLICATIONS UNDER THE GEM LISTING RULES

As the Share Disposal and the Property Disposal took place on the same day with the same party within a 12-month period, the Disposals shall be aggregated as a series of transactions pursuant to Rule 19.22 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposals is more than 5% but is less than 25%, the Disposals contemplated under the Share Sale Agreement and the Property Sale Agreement constitute a discloseable transaction of the Company under the GEM Listing Rules and is subject to notification and announcement requirements as set out in Chapter 19 of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that Completion of the Disposals is subject to fulfilment or waiver (as the case may be) of the conditions precedent set out in the Share Sale Agreement and the Property Sale Agreement, and therefore, there remains the possibility that the Disposals may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing with the Shares or other securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms shall have the following meanings:

“Account Date”	30 November 2024
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Company”	Smart City Development Holdings Limited (智城發展控股有限公司) (Stock Code: 8268), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange
“Completion Management Accounts”	the unaudited consolidated financial statement of the Disposal Group made from the Account Date ended to the Completion Date

“connected persons” has the meaning ascribed to such term in the GEM Listing Rules

“Current Asset/Liability Adjustment” If the amount of net current assets of the Disposal Group as shown in the Completion Management Accounts of the Disposal Group and calculated in the manner as follows is more or less than zero, the balance of NP Consideration shall be adjusted upwards or downwards (as the case may be) accordingly:

- (a) **adding** the total current assets of the Disposal Group (excluding the NP Property) as at Share Completion including (i) deposits and/or prepayments to utility companies, and for Government rent and rates and other outgoings in respect of the NP Property, (ii) trade receivable(s) and other receivable(s) (if any); and (iii) all cash at bank owned by the Disposal Group, in each case as shown in the Completion Management Accounts; and
- (b) **deducting** the total current liabilities of the Disposal Group as at Share Completion including (i) any accruals for unpaid administrative and operating charges and expenses of the Disposal Group; and (ii) any other liabilities or payables of the Disposal Group whether actual or contingent (but excluding (a) the Debt; (b) any deferred taxation in respect of any appreciation, revaluation and/or gain on subsequent disposal of the NP Property; and (c) any form of tax/taxation which is imposed on the NP Property and/or the Disposal Group due to the change of law in Hong Kong after the date of the Share Sale Agreement in each case as shown in the Completion Management Accounts

“CW Consideration” HK\$15 million being the consideration for the Property Disposal

“CW Property”	Flat A, 2nd Floor, Cheung Yick Industrial Building, 12 On Yip Street, Chai Wan, Hong Kong
“DDL”	Deson Development Limited, a company incorporated under the laws of Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Debt”	all amounts, whether principal or interest, owing by the Target Company and/or the Subsidiary to LVL immediately prior to Share Completion
“Deed of Indemnity”	the deed of indemnity to be entered into between LVL and the Purchaser on Completion in relation to tax liabilities of the Disposal Group prior to Share Completion
“Directors”	the directors of the Company
“Disposals”	collectively, the Share Disposal and the Property Disposal
“Disposal Group”	the Target Company and the Subsidiary
“GBPL”	Global Bright Property Limited, a company incorporated under the laws of Hong Kong with limited liability, and wholly-owned by the Purchaser, each of whom is an Independent Third Party
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries (which shall exclude, where the context requires, the Disposal Group immediately after Share Completion) from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected person (as defined in the GEM Listing Rules)
“LVL”	Latest Ventures Limited, a company incorporated under the laws of BVI with limited liability, which is a direct wholly-owned subsidiary of the Company
“NP Consideration”	the sum of HK\$10 million subject to the Current Asset/Liability Adjustment, being the purchase price payable by the Purchaser for the Sale Share and the Debt pursuant to the Share Sale Agreement
“NP Property”	Flats 702-705, Corn Yan Centre, 3 Jupiter Street, North Point, Hong Kong
“Party(ies)”	the parties to the Share Sale Agreement and the Property Sale Agreement
“Property Completion”	completion of the Property Disposal
“Property Completion Date”	on or before 31 March 2025, or such other date as DDL and the Purchaser may agree in writing
“Property Disposal”	disposal of the CW Property by DDL to GBPL
“Property Sale Agreement”	the sale and purchase agreement dated 16 December 2024 entered into between DDL and GBPL in relation to the Property Disposal
“Purchaser”	Mr. Tjia Boen Sien, an Independent Third Party
“Sale Share”	one (1) ordinary share of the Target Company of US\$1.00 which has been fully paid, representing the entire issued share capital of the Target Company as at Share Completion, owned by LVL immediately prior to Share Completion

“Share Completion”	completion of the Share Disposal, which shall take place on the Share Completion Date, subject to and in accordance with the terms and conditions of the Share Sale Agreement
“Share Completion Date”	on or before 31 March 2025, or such other date as LVL and the Purchaser may agree in writing
“Share Disposal”	the disposal of the Sale Share and the assignment of the Debt subject to and in accordance with the terms and conditions of the Share Sale Agreement
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Share Sale Agreement”	the sale and purchase agreement dated 16 December 2024 entered into between LVL and the Purchaser in relation to the sale and purchase of (i) the Sale Share; and (ii) the Debt subject to the terms and conditions therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Mark Sino Limited, a company incorporated under the laws of Hong Kong with limited liability, which is a wholly-owned subsidiary of the Target Company
“Target Company”	Cyber Fortune Ventures Limited, a company incorporated under the laws of BVI with limited liability, which is an indirect wholly-owned subsidiary of the Company before Share Completion
“%”	per cent

By Order of the Board  
**Smart City Development Holdings Limited**  
**Hung Kenneth**  
*Executive Director*

Hong Kong, 16 December 2024

*As at the date of this announcement, the Board comprises Mr. Hung Kenneth and Ms. Lau Po Yee as executive Directors and Mr. Wong Yuk Lun Alan, Mr. Lam Wai Hung and Ms. Au Shui Ming Anna as independent non-executive Directors.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for a minimum period of seven days from the date of its publication and on the Company’s website at [www.smartcity-d.com](http://www.smartcity-d.com).*