

智城發展控股有限公司

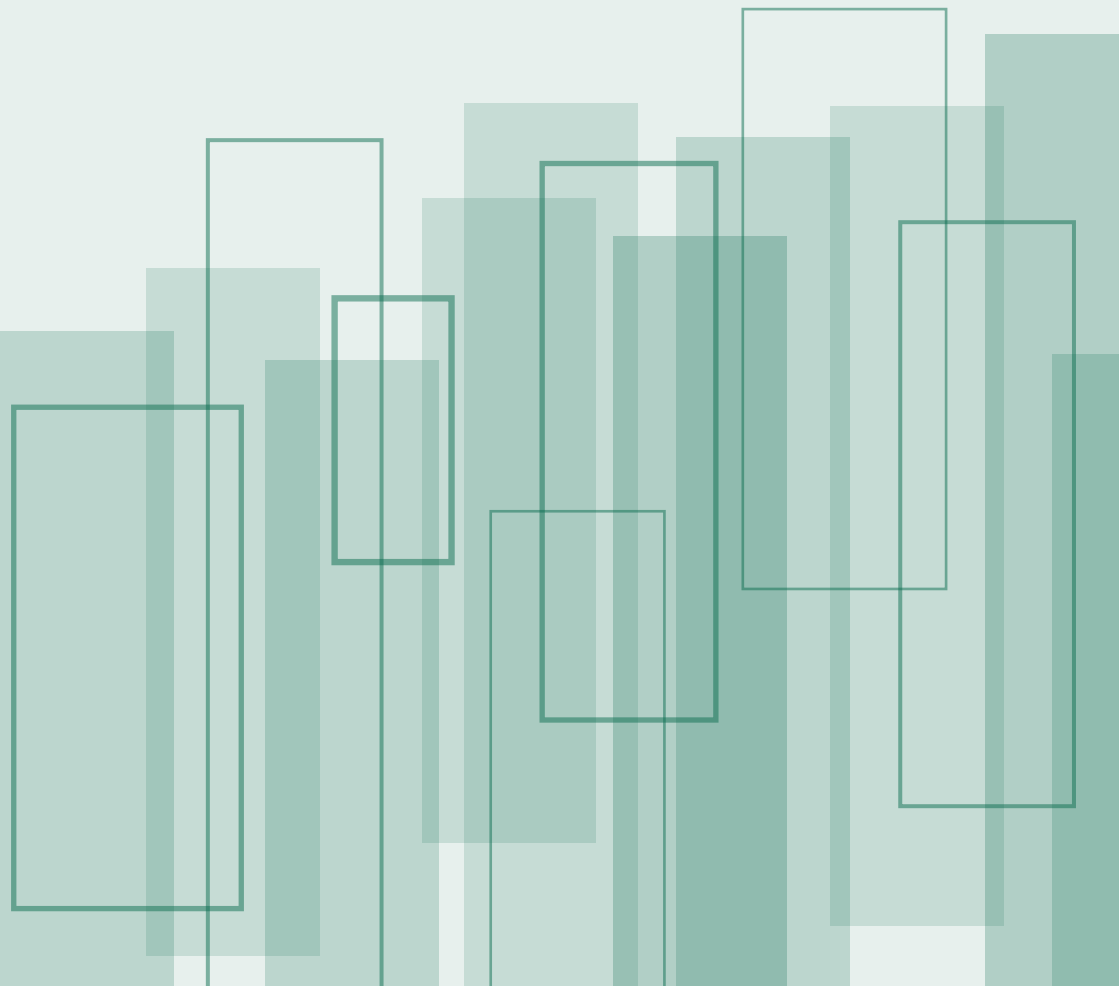
SMART CITY DEVELOPMENT HOLDINGS LIMITED

(Formerly known as “Deson Construction International Holdings Limited”)

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8268

THIRD QUARTERLY REPORT 2020



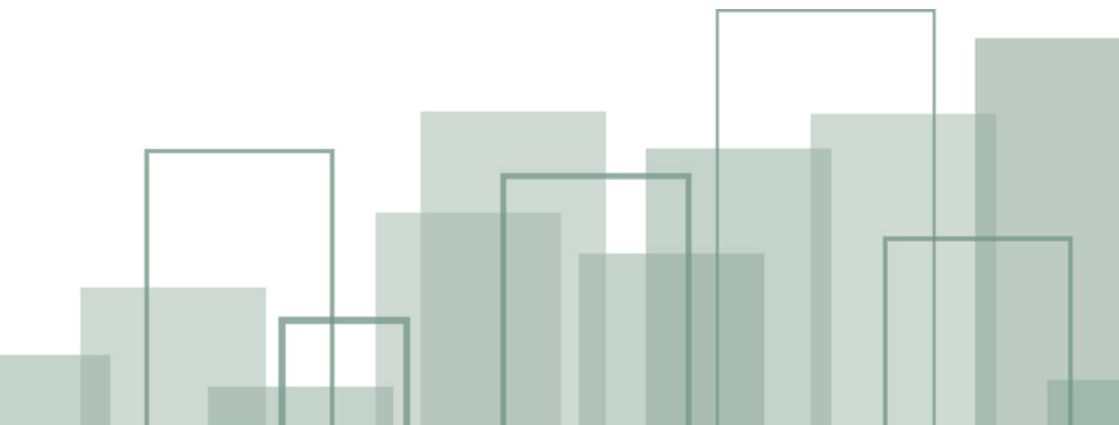
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*This report, for which the directors (the “**Directors**”) of Smart City Development Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*



THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the nine months ended 31 December 2020 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 31 December 2020

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
REVENUE	4	123,180	200,756	310,219	507,714
Cost of sales		(119,078)	(186,477)	(289,442)	(476,479)
Gross profit		4,102	14,279	20,777	31,235
Other income and gains	4	1,715	677	4,007	1,633
Administrative expenses		(8,642)	(10,703)	(25,383)	(28,323)
Other operating income, net		534	736	2,234	901
Finance costs	6	(380)	(18)	(513)	(201)
PROFIT/(LOSS) BEFORE TAX	5	(2,671)	4,971	1,122	5,245
Income tax credit/(expense)	7	124	(346)	38	(1,121)
PROFIT/(LOSS) FOR THE PERIOD		(2,547)	4,625	1,160	4,124
Attributable to:					
Owners of the Company		(2,145)	4,889	1,727	3,736
Non-controlling interests		(402)	(264)	(567)	388
		(2,547)	4,625	1,160	4,124
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8				
Basic		HK(0.21) cent	HK0.49 cent	HK0.17 cent	HK0.37 cent
Diluted		HK(0.21) cent	HK0.49 cent	HK0.17 cent	HK0.37 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2020

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(2,547)	4,625	1,160	4,124
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(259)	—	(454)	379
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(2,806)	4,625	706	4,503
Attributable to:				
Owners of the Company	(2,033)	4,889	1,928	3,560
Non-controlling interests	(773)	(264)	(1,222)	943
	(2,806)	4,625	706	4,503

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 31 December 2020

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Property revaluation reserve	Exchange fluctuation reserve	Reserve funds	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	25,000	9,381	(5,372)	15,788	3,543	5,581	56,401	110,322	(10,609)	99,713
Profit for the period	—	—	—	—	—	—	3,736	3,736	388	4,124
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	(176)	—	—	(176)	555	379
Total comprehensive income/(loss) for the period	—	—	—	—	(176)	—	3,736	3,560	943	4,503
Release of revaluation reserve	—	—	—	(345)	—	—	344	(1)	—	(1)
At 31 December 2019	25,000	9,381	(5,372)	15,443	3,367	5,581	60,481	113,881	(9,666)	104,215
At 1 April 2020 (audited)	25,000	9,381*	(5,372)*	14,580*	3,367*	5,581*	53,644*	106,181	(9,154)	97,027
Profit/(loss) for the period	—	—	—	—	—	—	1,727	1,727	(567)	1,160
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	201	—	—	201	(655)	(454)
Total comprehensive income/(loss) for the period	—	—	—	—	201	—	1,727	1,928	(1,222)	706
Release of revaluation reserve	—	—	—	(350)	—	—	350	—	—	—
At 31 December 2020	25,000	9,381*	(5,372)*	14,230*	3,568*	5,581*	55,721*	108,109	(10,376)	97,733

* These reserve accounts comprise the consolidated reserves of HK\$83,109,000 (as at 31 March 2020: HK\$81,181,000) in the condensed consolidated statement of financial position as at 31 December 2020.

The reserve funds of the Group include statutory reserves required to be appropriated from the profit after tax of the Company's subsidiaries in Mainland China under the laws and regulations of the People's Republic of China ("PRC"). The amount of the appropriation is at the discretion of these subsidiaries' boards of directors.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Smart City Development Holdings Limited (formerly known as Deson Construction International Holdings Limited) (the “**Company**”, together with its subsidiaries, the “**Group**”) was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 18 July 2014. The registered address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally involved in (i) the construction business, as a main contractor, interior fitting-out works, and as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, Mainland China and Macau and other construction related business; (ii) investment in securities; (iii) property investment; and (iv) money lending business.

Pursuant to a special resolution passed by the Company’s shareholders at the annual general meeting on 20 August 2020, the name of the Company has been changed from Deson Construction International Holdings Limited (迪臣建設國際集團有限公司) to Smart City Development Holdings Limited (智城發展控股有限公司) with effect from 27 August 2020.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, investment properties and financial assets at fair value through profit or loss which have been measured at valuation or fair value. These unaudited condensed consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2020.

2. BASIS OF PREPARATION (Continued)

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020, except for the standards, amendments and interpretations to the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA applicable to the annual period beginning on 1 April 2020.

The Group has initially adopted the following revised HKFRSs for the financial period beginning on or after 1 April 2020:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The application of the amendments to HKFRSs in the current period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four (2019: three) reportable operating segments as follows:

- (a) the construction business segment is engaged in construction contract works, as a main contractor, interior fitting-out works as well as the provision of electrical and mechanical engineering services;
- (b) the securities investment segment is engaged in investment in securities;
- (c) the property investment business segment is engaged in the holding of investment properties; and
- (d) the money lending business.

3. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, gain on disposal of subsidiaries, finance costs as well as head office and corporate expenses are excluded from such measurement.

	(Unaudited) Three months ended 31 December 2020					(Unaudited) Nine months ended 31 December 2020				
	Construction business HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Money lending business HK'000	Total HK\$'000	Construction business HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Money lending business HK'000	Total HK\$'000
Segment revenue:										
Income from external customers	121,593	1,202	20	365	123,180	303,927	5,396	40	856	310,219
Other income and gains	1,533	–	–	–	1,533	3,106	–	–	–	3,106
	123,126	1,202	20	365	124,713	307,033	5,396	40	856	313,325
Segment results										
Operating profit/(loss)	(2,122)	1,202	(275)	304	(891)	(1,254)	5,396	(407)	646	4,381
<i>Reconciliation:</i>										
Interest income					182					901
Unallocated expenses					(1,582)					(3,647)
Finance costs					(380)					(513)
Profit/(loss) before tax					(2,671)					1,122
Other segment information:										
Loss on disposal of items of property, plant and equipment	–	–	–	–	–	12	–	–	–	12
Reversal of impairment of accounts receivable	(583)	–	–	–	(583)	(2,300)	–	–	–	(2,300)
Depreciation of property, plant and equipment	266	–	63	–	329	777	–	188	–	965
Amortisation of an intangible asset	–	–	–	12	12	–	–	–	35	35

3. OPERATING SEGMENT INFORMATION (Continued)

	(Unaudited)				(Unaudited)			
	Three months ended 31 December 2019		December 2019		Nine months ended 31 December 2019		December 2019	
	Construction business	Securities investment	Property investment	Total	Construction business	Securities investment	Property investment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Income from external customers	193,901	6,795	60	200,756	503,888	3,516	310	507,714
Other income and gains	239	—	—	239	647	—	—	647
	<u>194,140</u>	<u>6,795</u>	<u>60</u>	<u>200,995</u>	<u>504,535</u>	<u>3,516</u>	<u>310</u>	<u>508,361</u>
Segment results								
Operating profit/(loss)	(1,342)	6,851	(77)	5,432	4,915	3,572	105	8,592
<i>Reconciliation:</i>								
Interest income				224				772
Gain on disposal of subsidiaries				214				214
Unallocated expenses				(881)				(4,132)
Finance costs				(18)				(201)
Profit before tax				<u>4,971</u>				<u>5,245</u>
Other segment information:								
Loss on disposal of items of property, plant and equipment	—	—	—	—	32	—	—	32
Reversal of impairment of accounts receivable	(707)	—	—	(707)	(892)	—	—	(892)
Depreciation of property, plant and equipment	241	—	—	241	672	—	—	672

Geographical information of income from external customers

	(Unaudited)		(Unaudited)	
	Three months ended 31 December 2020		Nine months ended 31 December 2020	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	80,197	127,336	219,624	345,960
Mainland China	42,983	73,420	90,595	161,754
	<u>123,180</u>	<u>200,756</u>	<u>310,219</u>	<u>507,714</u>

The revenue information above is based on the locations of the operations.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents an appropriate proportion of contract revenue from construction contracting and related business; gains on and dividend income from investment in securities and rental income from property investment.

An analysis of the Group's revenue is as follows:

	(Unaudited) Three months ended 31 December 2020		(Unaudited) Nine months ended 31 December 2020	
	2019 HK\$'000	2019 HK\$'000	2019 HK\$'000	2019 HK\$'000
Revenue from contracts with customers				
Income from the construction business	121,593	193,901	303,927	503,888
Revenue from other sources				
Fair value gain on financial assets at fair value through profit or loss, net	1,108	6,795	5,082	3,516
Dividend income from financial assets at fair value through profit or loss	—	—	27	—
Interest income on debt investments at fair value through profit or loss	94	—	287	—
Interest income on loans receivable	365	—	856	—
Gross rental income	20	60	40	310
	123,180	200,756	310,219	507,714
Other income and gains				
Bank interest income	182	224	901	772
Gain on disposal of subsidiaries	—	214	—	214
Government grants*	1,488	—	2,956	—
Others	45	239	150	647
	1,715	677	4,007	1,633

* The government grants are granted under the Employment Support Scheme ("ESS") of the Government of Hong Kong to retain employment and combat COVID-19. As at the end of each reporting period, there were no unfulfilled conditions or contingencies relating to these grants.

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	(Unaudited)		(Unaudited)	
	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Building construction works	15,826	93,182	48,632	176,915
Electrical and mechanical engineering works	49,320	22,049	129,039	76,263
Interior fitting-out works	56,447	78,670	126,256	250,710
Total revenue from contracts with customers transferred over time	121,593	193,901	303,927	503,888

For the three months and nine months ended 31 December 2020, the revenue generated from contracts with customers of HK\$121,593,000 and HK\$303,927,000, respectively, is the same as the amounts of income generated from external customers under the construction business segment.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 14 days to 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Cost of construction contract	119,078	186,477	289,442	476,479
Depreciation of property, plant and equipment	329	241	965	672
Amortisation of an intangible asset	12	—	35	—
Lease payments not included in the measurement of lease liabilities	978	850	2,728	2,551
Rental income on investment properties	(20)	(60)	(40)	(310)
Less: outgoings	5	14	15	34
Net rental income	(15)	(46)	(25)	(276)
Employee benefit expenses (including directors' remuneration):				
Wages, salaries, bonus and allowances	8,684	9,590	22,823	25,070
Pension scheme contributions*	143	211	659	677
Less: Amount included in cost of construction contract	(2,649)	(2,958)	(7,264)	(8,470)
	6,178	6,843	16,218	17,277
Gain on disposal of subsidiaries [^]	—	(214)	—	(214)
Loss on disposal of items of property, plant and equipment [^]	—	—	12	32
Reversal of impairment of accounts receivable, net [^]	(583)	(707)	(2,300)	(892)
Foreign exchange differences, net [^]	(1)	(29)	1	(41)

* As at 31 December 2020, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (31 March 2020: Nil).

[^] These amounts are included in "Other operating income, net" on the face of the condensed consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	(Unaudited) Three months ended 31 December 2020		(Unaudited) Nine months ended 31 December 2020	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Interest on lease liabilities	13	—	43	—
Interest on interest-bearing bank borrowings	379	108	645	331
Interest on convertible bonds	—	—	—	172
Less: Interest capitalised	(12)	(90)	(175)	(302)
	380	18	513	201

7. INCOME TAX

Hong Kong profits tax had been provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the nine months ended 31 December 2020 and 2019, unless the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during that period or the Group's subsidiaries had available tax losses brought forward from prior years to offset the assessable profits generated during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	(Unaudited) Three months ended 31 December 2020		(Unaudited) Nine months ended 31 December 2020	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Current — Hong Kong				
Charge for the period	(59)	346	27	1,121
Current — Elsewhere				
Charge for the period	15	—	15	—
Overprovision in prior year	(80)	—	(80)	—
Total tax charge/(credit) for the period	(124)	346	(38)	1,121

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,000,000,000 shares (31 December 2019: 1,000,000,000 shares) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the nine months ended 31 December 2020.

For the nine months ended 31 December 2019, the calculation of diluted earnings per share amount was based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds. The weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings				
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	(2,145)	4,889	1,727	3,736
Interest on convertible bonds (note 6)	—	—	—	172
Profit/(loss) attributable to ordinary equity holders of the Company before the effect of convertible bonds	(2,145)	4,889	1,727	3,908

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

	(Unaudited) Three months ended 31 December 2020		(Unaudited) Nine months ended 31 December 2020	
	2019		2019	
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Effect of dilution — weighted average number of ordinary shares:				
Convertible bonds [#]	—	—	—	103,000,000
	1,000,000,000	1,000,000,000 [#]	1,000,000,000	1,103,000,000 [#]

[#] For the nine months ended 31 December 2019, as the diluted earnings per share amount increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for that period and were ignored in the calculation of diluted earnings per share for that period. Therefore, the diluted earnings per share amount for the nine months ended 31 December 2019 was based on the profit attributable to owners of the Company for that period of HK\$3,736,000 and the weighted average number of ordinary shares in issue of 1,000,000,000 for that period.

9. DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

10. SHARE CAPITAL

	(Unaudited) 31 December 2020 HK\$'000	(Audited) 31 March 2020 HK\$'000
Authorised: 4,000,000,000 ordinary shares of HK\$0.025 each	100,000	100,000
Issued and fully paid: 1,000,000,000 ordinary shares of HK\$0.025 each	2,500	2,500



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's principal businesses are (i) acting as a contractor in the building industry operating in Hong Kong, the mainland of the People's Republic of China (the "PRC") and Macau where we provide one-stop comprehensive services with the following three major types of services: (a) building construction works; (b) electrical and mechanical engineering ("E&M") works; and (c) alterations, addition, renovation, refurbishment and fitting-out works ("**Interior fitting-out works**"); (ii) investment in securities, where the Group invests in long-term and short-term investments in marketable securities; (iii) property investment in Hong Kong, where the Group acquires properties and earn rental income; and (iv) money lending business.

The Group's revenue for the nine months ended 31 December 2020 amounted to approximately HK\$310,219,000 which represented a decrease of approximately 39% from approximately HK\$507,714,000 for the nine months ended 31 December 2019. For construction business segment, revenue for the nine months ended 31 December 2020 amounted to approximately HK\$303,927,000 which represented a decrease of approximately 40% from approximately HK\$503,888,000 for the nine months ended 31 December 2019. For securities investment segment, revenue for the nine months ended 31 December 2020 amounted to approximately HK\$5,396,000 which represented an increase of approximately 53% from approximately HK\$3,516,000 for the nine months ended 31 December 2019. For property investment segment, revenue for the nine months ended 31 December 2020 amounted to approximately HK\$40,000 which represented a decrease of approximately 87% from approximately HK\$310,000 for the nine months ended 31 December 2019. For money lending business segment, revenue for the nine months ended 31 December 2020 amounted to approximately HK\$856,000, while nil for the nine months ended 31 December 2019.

(i) Construction business segment

(a) *Building construction works:*

For the nine months ended 31 December 2020, revenue recorded from building construction works amounted to approximately HK\$48,632,000 (nine months ended 31 December 2019: HK\$176,915,000). The decrease of approximately 73% when compared with the corresponding period in 2019 was mainly due to recognition of a large portion of revenue from the main construction works of the residential redevelopment works at Peak Road House A, Hong Kong which was commenced in January 2018 in the last reporting period.

(b) Electrical and mechanical engineering works:

For the nine months ended 31 December 2020, revenue generated from electrical and mechanical engineering works amounted to approximately HK\$129,039,000 (nine months ended 31 December 2019: HK\$76,263,000). The significant increase of approximately 69% when compared to the corresponding period in 2019 was mainly due to the (i) triennial term contract for operation and maintenance of air-conditioning installations at Attended Municipal Venues in Hong Kong and mechanical ventilation and air conditioning installation works nominated sub-contract for the proposed residential & commercial development at Catchick Street, Hong Kong commenced in April 2020; and (ii) additional revenue recognised in the Reporting Period for electrical and fire services installations for construction of two 30-classroom primary schools at Queen's Hill, Hong Kong.

(c) Interior fitting-out works:


For the nine months ended 31 December 2020, revenue generated from interior fitting-out works amounted to approximately HK\$126,256,000 (nine months ended 31 December 2019: HK\$250,710,000).

The significant decrease of approximately 50% when compared to the corresponding period in 2019 was mainly due to (i) the interior fitting-out works at House A and House C at Stubbs Road, Hong Kong having generated more revenue in the last reporting period were almost completed in March 2020 and therefore not much revenue was recognised in the Reporting Period; and (ii) Beijing city has just resumed gradually to normal business in late 2020 due to COVID-19 pandemic and therefore less revenue was recognised in the Reporting Period.

(ii) Securities investment segment

For the nine months ended 31 December 2020, gain recorded from this segment amounted to approximately HK\$5,396,000 (nine months ended 31 December 2019: HK\$3,516,000).

As at 31 December 2020, the Group managed a portfolio of listed equity investments and fund investments with fair value of approximately HK\$35,976,000 (31 March 2020: HK\$32,226,000) which are classified as financial assets at fair value through profit or loss.



During the Reporting Period, the Group recorded (i) an unrealised gain on fair value change of listed equity investments and fund investments of approximately HK\$2,400,000 (nine months ended 31 December 2019: HK\$4,525,000); (ii) a realised gain of approximately HK\$2,682,000 (nine months ended 31 December 2019: loss of HK\$1,009,000); (iii) interest income received from unlisted debt investments of approximately HK\$287,000 (nine months ended 31 December 2019: Nil); and (iv) dividend income received from equity investments of approximately HK\$27,000 (nine months ended 31 December 2019: Nil). Details of the marketable securities are disclosed under the section headed “**SIGNIFICANT INVESTMENTS**” in this report.

(iii) Property investment business segment

For the nine months ended 31 December 2020, revenue recorded from this segment amounted to approximately HK\$40,000 (nine months ended 31 December 2019: HK\$310,000). It mainly represents the rental income earned from the Group’s investment property.

The Group’s existing portfolio consists of one commercial property in Hong Kong which generates rental income. In view of the recent volatility in the property market, the Board will adopt cautious measures to manage the Group’s portfolio.

(iv) Money lending business segment

For the nine months ended 31 December 2020, revenue recorded from this segment amounted to approximately HK\$856,000 (nine months ended 31 December 2019: Nil).

Basic earnings per share is HK0.17 cent for the nine months ended 31 December 2020.



Status of the legal case

Reference was made to the announcement of the Company dated 21 December 2017. As stated in the announcement of the Company dated 2 February 2021, the Company has received a judgement in favour of Beijing Chang-de Architectural & Decoration Co., Limited (北京長迪建築裝飾工程有限公司) (“**Beijing Chang-de**”) on the suspected case of internet fraud which involved fraudulent transfers of funds of approximately HK\$22 million from the bank of account of Beijing Chang-de (the “**Legal Case**”) from the People’s Court in Chaoyang District, Beijing (the “**Judgement**”) rendered on 30 December 2020. Pursuant to the Judgement, Beijing Chang-de had claimed total damages of approximately RMB19 million from a former employee of Beijing Chang-de who was involved in the suspected case of internet fraud which involved fraudulent transfers of funds of approximately HK\$22 million (approximately RMB19 million). However, having considered, among others, the nature of works and experience of the defendant, the gravity of the mistake and the ability of the defendant to bear the loss, the People’s Court in Chaoyang District, Beijing has ordered that the defendant to (i) pay a principal amount of approximately RMB3,790,000 plus interests to Beijing Chang-de within 10 days after the delivery of the Judgement; and (ii) bear litigation costs and expenses of approximately RMB28,000 payable within 7 days after the delivery of the Judgement.

Based on the opinion of the PRC legal adviser of the Company, if the defendant does not make any further appeal within 15 days after the delivery of the Judgement, the Legal Case will be concluded and final. Based on the information currently available, the Board of the Company expects that the Judgement will have no material impact on the overall financial or operating conditions of the Group.



Financial Review

Revenue

For the nine months ended 31 December 2020, the Group's revenue amounted to approximately HK\$310,219,000, decreased by approximately 39% as compared to the corresponding period in 2019. The decrease in revenue was mainly due to the decrease in revenue arising from the projects of the building construction works and the interior fitting works in Hong Kong and the PRC.

Gross profit margin

Our gross profit decreased by approximately HK\$10,458,000 or 33%, from approximately HK\$31,235,000 for the nine months ended 31 December 2019 to approximately HK\$20,777,000 for the nine months ended 31 December 2020.

During the nine months ended 31 December 2020, the gross profit margin was approximately 6.7%, improved by approximately 0.5 percentage point as compared to the corresponding period of approximately 6.2 percentage point in 2019.

After excluding the portion generated from the securities investment segment, the property investment business segment and money lending business segment, the gross profit margin for the Reporting Period was approximately 4.8%, decreased by approximately 0.6 percentage point as compared to the corresponding period of approximately 5.4% in 2019.

Other income and gains

Other income and gains increased by approximately HK\$2,374,000 or 145% from approximately HK\$1,633,000 for the nine months ended 31 December 2019 to approximately HK\$4,007,000 for the nine months ended 31 December 2020. The increase was mainly due to the increase in government grants during the Reporting Period.

Administrative expenses

Administrative expenses decreased by approximately HK\$2,940,000 or approximately 10% from approximately HK\$28,323,000 for the nine months ended 31 December 2019 to approximately HK\$25,383,000 for the nine months ended 31 December 2020. The decrease was mainly due to the decrease in legal and professional fees and directors' remuneration during the Reporting Period.

Finance costs

Finance costs increased by approximately HK\$312,000 or 155% from approximately HK\$201,000 for the nine months ended 31 December 2019 to approximately HK\$513,000 for the nine months ended 31 December 2020. The increase was mainly due to increase in short-term loans in the Reporting Period.



Dividend

The Directors do not recommend the payment of any interim dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

Liquidity and financial resources

The Group continued to maintain a suitable liquid position. As at 31 December 2020, the Group had cash and cash equivalents of HK\$170,265,000 (31 March 2020: HK\$107,689,000) mainly in Hong Kong dollar and Renminbi. As at 31 December 2020, the Group had total assets of HK\$436,552,000 (31 March 2020: HK\$388,034,000). The Group's current ratio as at 31 December 2020 was 1.15 compared to 1.17 at 31 March 2020.

As at 31 December 2020, the gearing ratio for the Group is 1% (31 March 2020: 1%). It was calculated based on the non-current liabilities of HK\$1,034,000 (31 March 2020: HK\$1,155,000) and long-term capital (equity and non-current liabilities) of HK\$98,765,000 (31 March 2020: HK\$98,182,000).

Capital expenditure

The Group's total capital expenditure for the nine months ended 31 December 2020 was approximately HK\$125,000, which was mainly used in the purchase of items of property, plant and equipment.

Contingent liabilities

At the end of the Reporting Period, there were no significant contingent liabilities for the Group.

Commitments

On 14 December 2020, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire an industrial property with a total saleable floor area of approximately 3,565 square feet at a consideration of HK\$14,700,000. Completion took place on 14 January 2021. For details, please refer to the Company's announcements dated 14 December 2020 and 14 January 2021.

On 7 January 2021, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire a commercial property with a total saleable floor area of approximately 1,095 square feet at a consideration of HK\$15,000,000. Completion of this acquisition took place on 8 February 2021. For details, please refer to the Company's announcements dated 7 January 2021 and 8 February 2021.



Charges on group assets

The Group's banking facilities are secured by:

- (i) the pledge of the Group's leasehold land and buildings situated in Hong Kong of approximately HK\$19,641,000 (31 March 2020: HK\$20,100,000); and
- (ii) the pledge of the Group's deposits of approximately HK\$17,131,000 (31 March 2020: HK\$17,074,000).

Treasury policies

The Directors will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy level of liquidity to ensure that the Group is well-placed to take advantage of growth opportunities. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings are principally denominated in Hong Kong dollars, hence, the Group has no significant exposure to foreign exchange rate fluctuations.

Exchange risk exposure

The Group is mainly exposed to Renminbi, which arises from the relevant group entities' foreign currency-denominated monetary assets and liabilities for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

Capital structure of the Group

There is no change in capital structure of the Group during the nine months ended 31 December 2020.



Prospects

(i) Construction business

The Group will uphold an on-going parallel development of its construction business (including building construction, interior fitting-out works and E&M works) in the PRC, Hong Kong and Macau. To cope with the difficulties encountered in the construction and engineering industry, the Group has adopted a prudent strategy in project tendering.

With its proven track records and adequate expertise in the main contracting business, the Group was included in Building Category Group C of the “List of Approved Contractors for Public Works”, and Turn-key Interior Design and Fitting-out Works Category Group II of the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works” under Development Bureau of the Government of the Hong Kong Special Administrative Region (the “**HKSAR**”); the Registered General Building Contractor, the Minor Works Class I Contractor and the Registered Specialist Contractor (Site Formation Works and Foundation Works Categories) under the Buildings Department of the Government of the HKSAR.

For the E&M works, the Group was included in 11 categories of the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works” under Development Bureau of the Government of the HKSAR; and the Registered Specialist Contractor (Ventilation) and Minor Works Class III Type E Contractor under the Buildings Department of the Government of the HKSAR.

The Group is able to take an active part in the construction business development.

During the Reporting Period, new projects such as design & construction of piling foundations, pile caps & ELS works at No. 49 and No. 51 Kimberley Road and quadrennial term contract for maintenance of fire service installations for various HKSAR government departments, in Hong Kong Region; animal shelter, supporting facilities and indoor and outdoor exhibition areas at Beijing Wildlife Park at Beijing and Sephora beauty-retail shops renovation in various provinces in mainland china, the PRC were secured. As at the date of this report, the Group has contracts on hand with a total contract sum of over HK\$1,378 million.



With the Group's proven track record, comprehensive services and numerous licences, permits and qualifications, the Directors believe that the Group could strengthen its position in the Hong Kong market and diversify its customer base particularly by attracting larger corporate customers and tenders for more capital intensive projects for such customers. The overall building and construction expenditure maintained its uptrend which was contributed by the growth in private building and construction position in Hong Kong to capture more sizeable and profitable projects as well as to further diversify the customer base by bidding works from more private residential developers.

Furthermore, with the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and after obtaining adequate job reference for construction works, the Group will continue to pursue the following key business strategies: (i) further expand the Group's service scope by application for additional licences, permits or qualifications which may be required; (ii) exercise more caution when tendering for new construction contracts and continue to selectively undertake new contracts; and (iii) further strengthen the Group's construction department through recruiting additional qualified and experienced staff.

(ii) **Investment in securities business**

Regarding the investments in securities business, the Group has set up a Treasury Management Committee ("**Treasury Management Committee**") to implement on the Group's behalf the investment policy and guidelines. The Treasury Management Committee comprises one chairman and two committee members (comprising at least two Directors of the Company, including at least one executive Director who acts as the investment manager). The Board will adopt cautious measures to manage this business activity aiming to generate additional investment return on available funds of the Group from time to time.

Despite the uncertainties in the global financial markets, the Group will continue to respond to the changing market environment and review its investment strategy regularly. The Group will also seek investment opportunities in listed securities and other financial products in Hong Kong and other recognised financial markets overseas with a view to generate additional income and enhance the capital use of the Group.

In view of the recent volatility of the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.



(iii) Property investment business

The Group's investment property consisted of one commercial property in Hong Kong. The Directors have determined that the investment property was commercial property, based on the nature, characteristics and risks of the property. In view of the recent unstable condition of the economic environment, the Board will from time to time review the Group's portfolio of investment properties.

(iv) Money lending business

The Group was engaged in money lending business through a wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group continued to make efforts to develop the money lending business. Even though the market of the money lending industry in Hong Kong has become increasingly competitive and uncertain in view of the external business environment, the Group believes that the money lending business will provide a positive impact and return to the Group.

SIGNIFICANT INVESTMENTS

As at 31 December 2020, the Group held approximately HK\$35,976,000 financial assets at fair value through profit or loss. Details of the significant investments are as follows:

	Stock/ fund code	Place of incorporation	Unrealised fair value gain/(loss)	Market value	Approximate percentage of financial assets at fair value through profit and loss	Approximate percentage to the net assets of the Group
Notes			HK\$'000	HK\$'000	%	%
Listed equity investments						
Hands Form Holdings Limited	1 1920	Cayman Islands	881.0	4,737.2	13.2	4.8
Hong Kong Education (Int'l) Investments Limited	2 1082	Incorporated in the Cayman Islands and continued in Bermuda	2,350.0	5,502.0	15.3	5.6
Eternity Technology Holdings Limited	3 1725	Cayman Islands	(196.0)	3,581.5	10.0	3.7
Individual investments representing less than 5% of net assets the Group			(1,358.3)	14,369.3	39.9	14.7
			<hr/>	<hr/>	<hr/>	<hr/>
			1,676.7	28,190.0	78.4	28.8
Fund investments						
JPMorgan Asian Total Return Bond (Mth)	4 HK0000102936	Hong Kong	321.1	3,894.5	10.8	4.0
AB FCP I — American Income Portfolio (At USD)	5 LU0157308031	Luxembourg	401.7	3,891.2	10.8	4.0
			<hr/>	<hr/>	<hr/>	<hr/>
			722.8	7,785.7	21.6	8.0
			<hr/>	<hr/>	<hr/>	<hr/>
			2,399.5	35,975.7	100.0	36.8



Notes:

1. Hands Form Holdings Limited is principally engaged in the provision of wet trades works (including plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works) and other wet trades related ancillary works in Hong Kong. No dividend was received during the Reporting Period. According to its latest published financial statements, it had a net assets value of approximately HK\$232,443,000 as at 30 June 2020.
2. Hong Kong Education (Int'l) Investments Limited is principally engaged in the provision of private educational services, investment in securities and money lending business. No dividend was received during the Reporting Period. According to its latest published financial statements, it had a net assets value of approximately HK\$107,949,000 as at 30 June 2020.
3. Eternity Technology Holdings Limited is principally engaged in the business of electronics manufacturing services. No dividend was received during the Reporting Period. According to its latest published financial statements, it had a net assets value of approximately RMB598,224,000 as at 30 June 2020.
4. The investment objective of the fund is to achieve a competitive total return, consisting of capital growth and regular dividend income, through an actively managed portfolio investing primarily in Asian bonds and other debt securities.
5. The portfolio seeks to provide a high level of current income consistent with preservation of capital by investing in a diversified portfolio of U.S. dollar-denominated fixed income securities. The portfolio invests solely in U.S. dollar-denominated fixed income securities, including investment grade and high yield, non-investment grade securities of issuers domiciled within and outside the U.S.

During the nine months ended 31 December 2020, the Group disposed some of the investments on market and the sales proceeds generated from the investments in marketable securities amounted to approximately HK\$28.8 million and realised gain for the amount of approximately HK\$2.7 million. Details of the transactions are as follows:


	Stock code	Place of incorporation	Sales proceeds HK\$'000	Realised gain HK\$'000
Hong Kong Education (Int'l) Investments Limited	1082	Incorporated in the Cayman Islands and continued in Bermuda	2,868	991
C-LINK Squared Limited	1463	Cayman Islands	3,550	740
Investments with individual realised gain/(loss) of less than HK\$500,000			22,430	951
			28,848	2,682

In view of the recent volatility of the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 August 2015 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "**Share Option Scheme**") on 11 August 2015, the Company adopted the Share Option Scheme. Under the terms of the Share Option Scheme, the Board of the Company may, at its discretion, grant options to eligible participants to subscribe for shares in the Company. There was no share option outstanding under the Share Option Scheme as at 31 December 2020.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.



Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. An option may be exercised under the Share Option Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period.

The exercise price of share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option has been granted during the Reporting Period and there was no share option outstanding as at 31 December 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2020, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of GEM Listing Rules.

As at 31 December 2020, none of the Directors nor the chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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

As at 31 December 2020, so far as is known to the Directors, the persons (other than Directors or chief executive of the Company) had interests and 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 were as follows:

Long positions in ordinary shares of the Company

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Energy Luck Limited	Beneficial owner	167,302,082	16.73%
Mr. Wong Kui Shing, Danny	Interest in controlled corporation (Note)	167,302,082	16.73%

Note: Energy Luck Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Wong Kui Shing, Danny. By virtue of the SFO, Mr. Wong Kui Shing, Danny is deemed to be interested in the shares beneficially owned by Energy Luck Limited.


Save as disclosed above, as at 31 December 2020, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The following is the change in the information of the Directors subsequent to the 2020 annual report of the Company dated 22 June 2020 and up to the date of this report, which is required to be disclosed pursuant to the Rule 17.50A(1) of the GEM Listing Rules:

Mr. Wong Yuk Lun Alan

Appointed as an executive director of NOVA Group Holdings Limited (stock code: 1360), a company whose shares are listed on the Main Board of the Stock Exchange, on 15 July 2020.



Resigned as an independent non-executive director of TUS International Limited (stock code: 872), a company whose shares are listed on the Main Board of the Stock Exchange, on 17 July 2020.

Mr. Lam Wai Hung

Resigned as an executive director of Ming Lam Holdings Limited (stock code: 1106), a company whose shares are listed on the Main Board of the Stock Exchange, on 4 September 2020.

Appointed as the company secretary of Titan Petrochemicals Group Limited (stock code: 1192), a company whose shares are listed on the Main Board of the Stock Exchange, on 18 January 2021.

Save as disclosed above, there are no other matters required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the Reporting Period and up to the date of this report, Mr. Wong Yuk Lun Alan has the following interests in the business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business:

Director	Name of company	Nature of business	Nature of interests
Mr. Wong Yuk Lun Alan	*NOVA Group Holdings Limited (" NOVA ")	Money lending business	Executive director of NOVA

* listed on the Main Board of the Stock Exchange

As the Board is independent to the board of NOVA, the Group is capable of carrying on its business independently of, and at arm's length, from the business of NOVA.

Save as disclosed above, the Directors are not aware of any business and interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the Reporting Period.



DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. No Director has dealt in the shares of the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders.

The Company has adopted the code provisions as set out in the Corporate Governance Code (the **"CG Code"**) contained in Appendix 15 to the GEM Listing Rules as its own corporate governance code since the Listing Date. The Company has, so far as applicable, principally complied with the CG Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and to provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this report, the audit committee comprises three independent non-executive Directors, namely Mr. Wong Yuk Lun Alan, Mr. Lam Wai Hung and Ms. Au Shui Ming Anna (the **"Audit Committee Members"**).

The unaudited third quarterly results of the Group for the nine months ended 31 December 2020 have not been audited by the Company's independent auditor, but have been reviewed by the Audit Committee Members who have provided advice and comments thereon.



EVENTS AFTER THE REPORTING PERIOD

On 14 December 2020, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire an industrial property with a total saleable floor area of approximately 3,565 square feet at a consideration of HK\$14,700,000. Completion took place on 14 January 2021. For details, please refer to the Company's announcements dated 14 December 2020 and 14 January 2021.

On 7 January 2021, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire a commercial property with a total saleable floor area of approximately 1,095 square feet at a consideration of HK\$15,000,000. Completion took place on 8 February 2021. For details, please refer to the Company's announcements dated 7 January 2021 and 8 February 2021.

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

Hong Kong, 10 February 2021

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