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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)

PROPOSED SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of par value of HK\$0.025 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.125 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

As at the date of this announcement, there are 1,000,000,000 Shares in issue which are fully paid or credited as fully paid, assuming no further Shares will be allotted, issued or repurchased from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, 200,000,000 Consolidated Shares will be in issue and will be fully paid or credited as fully paid. The Shares are currently traded on GEM in board lot size of 8,000 Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lot size of 8,000 Consolidated Shares.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM. A circular containing, among other things, further details of the Share Consolidation and a notice of convening the EGM are expected to be despatched to the Shareholders on or before Thursday, 1 April 2021.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in the main text below of this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Company proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of par value of HK\$0.025 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.125 each.

The Share Consolidation is conditional upon, among other things, the approval of the Shareholders by way of poll at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the EGM.

Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 4,000,000,000 Shares of par value of HK\$0.025 each, of which 1,000,000,000 Shares had been allotted and issued as fully paid or credited as fully paid. Assuming that no further Shares will be allotted, issued or repurchased from the date of this announcement up to the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$100,000,000 divided into 800,000,000 Consolidated Shares of par value of HK\$0.125 each, of which 200,000,000 Consolidated Shares will be in issue and will be fully paid or credited as fully paid. The Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

All Consolidated Shares will rank *pari passu* with each other in all respects with each other in accordance with the Company’s articles of association. Fractions of the Consolidated Shares that arise from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated and sold for the benefit of the Company.

The Board believes that other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (a) the passing by the Shareholders of an ordinary resolution at the EGM to approve the Share Consolidation;
- (b) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation; and
- (c) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 28 April 2021 being the second Business Day after the date of EGM.

Listing Application

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirement of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time of the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

No Change in Board Lot Size

As at the date of this announcement, the Shares are traded on GEM of the Stock Exchange in the board lot size of 8,000 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will continue to be 8,000 Consolidated Shares.

Based on the closing price of HK\$0.059 per Share (equivalent to the theoretical closing price of HK\$0.295 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of the Shares is HK\$472 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,360.

OTHER ARRANGEMENTS

Fractional Consolidated Shares

Fractional Consolidated Shares (if any) arising from the Share Consolidation will be disregarded and will not be issued to the Shareholders otherwise entitled thereto but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

Arrangement on odd lots trading and matching service

In order to facilitate the trading of odd lots of the Consolidated Shares (if any) arising from the Share Consolidation, the Company will appoint a designated broker to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots arrangement will be set out in a circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares (if any) should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is expected to be Wednesday, 28 April 2021, the Shareholders may, during a period between Wednesday, 28 April 2021 and Friday, 4 June 2021 (both dates inclusive), submit existing share certificates for the Shares, which are in blue colour, to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares, which will be in green colour. It is expected that new share certificates for the Consolidated Shares will be available for collection within 10 Business Days from the date of submission for the exchange. Thereafter, the existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be from time to time be specified by the Stock Exchange) for each new share certificate for the Consolidated Shares to be issued or each existing share certificate for the Shares cancelled, whichever the number of certificates issued or cancelled is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Wednesday, 2 June 2021, trading will only be in Consolidated Shares and existing share certificates for the Shares will not be accepted for delivery, trading and settlement purposes. However, the existing share certificate for the Shares will continue to be good evidence of title to the Consolidated Shares on the basis of five (5) Shares for one (1) Consolidated Share.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.00. As at the date of this announcement, the closing price of each Share is HK\$0.059, with a board lot size of 8,000 Shares, the Company is trading below HK\$2,000.00 per board lot.

The Group has been actively reviewing from different levels and ways to enrich the development strategy of corporate sustainability and optimisation to create values. In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. It is expected that the Share Consolidation will bring about a corresponding upward

adjustment in the trading price of the Consolidated Shares, as such, it would enable the Company to comply with the trading requirements under the Listing Rules. The Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

In view of the above, the Board considers the Share Consolidation is justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to the Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company does not have any concrete plan to conduct any fund raising activities or intention of future corporate actions which will offset or negate the effect of the Share Consolidation in the next 12 months.

EXPECTED TIMETABLE

Set out below is the expected timetable in relation to the Share Consolidation. The expected timetable is subject to the satisfaction of all the conditions of the Share Consolidation and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

2021

Publication of the announcement	Friday, 12 March
Expected date of despatch of circular and proxy form for the EGM.	Thursday, 1 April
Latest date and time for lodging share transfer of the Shares in order to qualify for attending and voting at the EGM	4:30 p.m. on Tuesday, 20 April
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Wednesday, 21 April to Monday, 26 April

Latest date and time for lodging the proxy form for the EGM.11 a.m. on Saturday, 24 April
Expected date and time of the EGM.11 a.m. on Monday, 26 April
Publication of the announcement of results of the EGM.	Monday, 26 April
<i>The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:</i>	
Effective date of the Share Consolidation	Wednesday, 28 April
First day of free exchange of existing share certificates for new share certificates	Wednesday, 28 April
Dealings in the Consolidated Shares commence	9:00 a.m. on Wednesday, 28 April
Original counter for trading in Shares in board lots of 8,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 28 April
Temporary counter for trading in the Consolidated Shares in board lots of 1,600 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 28 April
Original counter for trading in the Consolidated Shares in board lots of 8,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 12 May
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Wednesday, 12 May
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares.	9:00 a.m. on Wednesday, 12 May

“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	Smart City Development Holdings Limited (智城發展控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange
“Consolidated Share(s)”	ordinary shares(s) of par value of HK\$0.125 each in the share capital of the Company after the Share Consolidation becoming effective
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Share Consolidation
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company before the Share Consolidation becoming effective
“Shareholder(s)”	holder(s) of the Share(s) or the Consolidated Share(s), as the case maybe
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Shares of par value of HK\$0.025 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.125 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 12 March 2021

As at the date of this announcement, the Board 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.

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 “Latest Listed Company Information” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company’s website at www.smartcity-d.com.