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SMART CITY DEVELOPMENT HOLDINGS LIMITED

智城發展控股有限公司

(formerly known as Deson Construction International Holdings Limited 迪臣建設國際集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8268)

DISCLOSEABLE TRANSACTION

DISPOSAL OF THE SALE SHARES IN THE TARGET COMPANY

THE DISPOSAL

The Board wishes to announce that, on 9 April 2021 (after trading hours of the Stock Exchange), the Company through its indirect wholly-owned subsidiary, executed the Bought and Sold Notes to effect the sale and transfer of the Sale Shares, representing approximately 0.92% of the existing issued share capital of the Target Company, to the Purchaser, an independent third party, at a total consideration of HK\$5,490,000. As a result of the Disposal, the Group is expected to recognise a gain of approximately HK\$1,710,000 (exclusive of transaction costs), which is calculated on the basis of the difference between the aggregate acquisition costs, being approximately HK\$3,764,000 (exclusive of transaction costs), and the aggregate gross sales proceeds, being approximately HK\$5,474,000 (exclusive of transaction costs).

Upon Completion, the Group has ceased to have any interests in the Target Company.

IMPLICATIONS UNDER GEM LISTING RULES

As the Previous Disposal and the Disposal took place within a 12-month period, the Previous Disposal and the Disposal shall be aggregated as a single 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 Disposal when aggregated with the Previous Disposal exceed 5% but all of them are less than 25%, the Disposal and the Previous Disposal together constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

On 9 April 2021 (after trading hours of the Stock Exchange), the Vendor and the Purchaser executed the Bought and Sold Notes to effect the sale and transfer of the Sale Shares by the Vendor to the Purchaser. Details of the Disposal are set out as follows:

Vendor	:	Achieve Plus Investments Limited, an indirect wholly-owned subsidiary of the Company.
Purchaser	:	Hong Kong Aerospace Technology Group Limited, a company incorporated in Hong Kong with limited liability.
Assets to be disposed of	:	The Sale Shares, being 2,745,000 ordinary shares of HK\$0.01 each in the existing issued share capital of the Target Company, representing approximately 0.92% of the existing issued share capital of the Target Company as at the date of this announcement.
Consideration	:	The consideration for the Disposal is HK\$5,490,000 at a sale price of HK\$2.00 per share. The consideration has been fully settled as at the date of the execution of the Bought and Sold Notes. The consideration was determined after arm's length negotiations between the parties, having taken into account the historical acquisition cost and current liquidity of the Sale Shares.
Completion	:	Upon satisfaction of the relevant stamping requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

PREVIOUS DISPOSAL

The disposal of an aggregate of 10,000 shares in the Target Company on the open market through the Stock Exchange at an average sale price of HK\$1.64 per share, for an aggregate consideration of approximately HK\$16,400 (exclusive of transaction costs) in the 12 months preceding the Disposal. The Previous Disposal on its own did not constitute a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules at the relevant time.

REASONS FOR AND BENEFIT OF THE DISPOSAL AND THE PREVIOUS DISPOSAL

The Group acquired the Sale Shares for investment purpose. As a result of the Disposal and the Previous Disposal, the Board considers the Group will realise a book gain of approximately HK\$1,710,000, being the difference between the consideration received

from the Disposal and the Previous Disposal and the aggregate costs of the relevant Sale Shares (exclusive of transaction costs), and will enhance the liquidity of the Company by liquidating its securities investment and to re-allocate its resources for other investment purposes or the Group's business development. The Group intends to use the proceeds from the Disposal and the Previous Disposal for general working capital.

It is further noticed that the historical trading volume of the shares in the Target Company was generally low during the past twelve months and it may be difficult to dispose all the Sale Shares in the open market without exerting a significant downward pressure on its price.

Based on the above and taking into consideration the recent market condition, the Board considers that the Disposal, including the considerations received for the Disposal is on normal commercial terms which is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole, particularly for the reason to sell a large amount of Sale Shares in the open market.

INFORMATION ON THE VENDOR AND THE GROUP

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

The Vendor, an indirect wholly-owned subsidiary of the Company, is incorporated under the laws of Hong Kong with limited liability. The principal business of the Vendor is investment in securities and property investment.

INFORMATION OF THE PURCHASER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in the business of electronics manufacturing services which includes provision of design enhancement and verification, offering of technical advice and engineering solutions, raw materials selection and procurement, quality control, logistic and delivery and after-sale services to our customers in respect of our assembling and production of printed circuit board assemblies and fully-assembled electronic products.

Set out below is a summary of the audited financial information of the Target Company for the two years ended 31 December 2020 and 2019:

	For the year ended 31 December 2020	For the year ended 31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	547,825	546,325
Profit before taxation	20,327	29,187
Profit after taxation	17,323	25,457
	For the year ended 31 December 2020	For the year ended 31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Total assets	575,763	444,549
Net assets	250,290	236,181

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Group has ceased to have any interests in the Target Company.

As a result of the Disposal, the Group is expected to recognise a gain of approximately HK\$1,710,000 (exclusive of transaction costs), which is calculated on the basis of the difference between the aggregate acquisition costs, being approximately HK\$3,764,000 (exclusive of transaction costs), and the aggregate gross sales proceeds, being approximately HK\$5,474,000 (exclusive of transaction costs). The aggregate gross sales proceeds from the Disposal was received in cash on settlement. The Group intends to use the sales proceeds from the Disposal as general working capital.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the Previous Disposal and the Disposal took place within a 12-month period, the Previous Disposal and the Disposal shall be aggregated as a single 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 Disposal when aggregated with the Previous Disposal exceed 5% but all of them are less than 25%, the Disposal and the Previous Disposal together constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“%”	per cent
“Board”	the board of Directors
“Bought and Sold Notes”	the bought and sold notes executed by the Vendor and Purchaser in respect of the sale and transfer of the Sale Shares
“Business Day(s)”	a day (excluding 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
“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
“Completion”	upon the satisfaction of the relevant stamping requirement
“Consideration”	the aggregate consideration of the Disposal of HK\$5,490,000 calculated at HK\$2.00 per Sale Share. The consideration has been fully settled as at the date of the execution of the Bought and Sold Notes
“Directors”	the directors of the Company
“Disposal”	the disposal of 2,745,000 shares in the Target Company by the Vendor at the Consideration pursuant to the Bought and Sold Notes
“GEM”	the 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

“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)”	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)
“Previous Disposal”	the disposal of an aggregate of 10,000 shares in the Target Company on the open market through the Stock Exchange for an aggregate consideration of approximately HK\$16,400 (exclusive of transaction costs), calculated at an average sale price of HK\$1.64 per share, in the 12 months preceding the Disposal
“Purchaser”	Hong Kong Aerospace Technology Group Limited, a company incorporated in Hong Kong with limited liability
“Sale Shares”	2,745,000 ordinary share(s) of HK\$0.01 each in the existing issued share capital of the Target Company, representing approximately 0.92% of the issued share capital of the Target Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Eternity Technology Holdings Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on the Stock Exchange (stock code: 1725)
“Vendor”	Achieve Plus Investments Limited, a company incorporated under the laws of Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 13 April 2021

As at the date of this announcement, 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.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 Company Announcements” 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.