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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 CHANGE OF AUDITOR

The Board announces that (i) considering that it is a good corporate governance practice to review the audit arrangement after an appropriate period of time and since EY has been acting as the Company's auditor continuously for more than seven years; and (ii) EY and the Company could not reach a consensus on the audit fee for the financial year ending 31 March 2022, with the recommendation of the Audit Committee, the Board has resolved to change the auditor. EY will retire as the auditor of the Company upon expiration of its current term of office at the forthcoming AGM. The Board, with the recommendation of the Audit Committee, proposes to appoint Baker Tilly Hong Kong Limited as the new auditor of the Company for the financial year ending 31 March 2022 following the retirement of EY and to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of the Shareholders at the AGM.

This announcement is made by Smart City Development Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") pursuant to Rule 17.50(4) of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The board (the "**Board**") of directors (the "**Directors**") of the Company announces that Ernst & Young ("**EY**") will retire as the auditor of the Company upon expiration of its current term of office at the forthcoming annual general meeting of the Company to be held on Monday, 20 September 2021 (the "**AGM**").

EY has been the auditor of the Company continuously for more than seven years. The Board and the audit committee of the Board (the "**Audit Committee**") consider that (i) changing the auditor of the Company after an appropriate period of time is a good corporate governance practice to ensure independence of the auditor; and (ii) EY and the Company could not reach a consensus on the audit fee for the financial year ending 31 March 2022. As such, the Board, with the recommendation of the Audit Committee, has resolved to change the auditor of the Company and proposed to appoint Baker Tilly Hong Kong Limited as the new auditor of the Company for the financial year ending 31

March 2022 following the retirement of EY and to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of the shareholders of the Company (the “Shareholders”) at the forthcoming AGM.

The Board and the Audit Committee confirmed that to the best of their understanding and knowledge, there are no matters regarding the retirement of EY which need to be brought to the attention of the holders of securities of the Company. EY has confirmed in writing that there were no matters relating to its retirement as the auditor of the Company that need to be brought to the attention of the holders of securities of the Company.

The Board would like to express its sincere gratitude to EY for its professional and quality services rendered to the Company in the past years.

The proposed change of auditor is subject to the approval of the Shareholders at the forthcoming AGM. A circular containing, among other things, further details of the proposed change of auditor of the Company, together with a notice of the AGM, will be dispatched to the Shareholders in due course.

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

Hong Kong, 16 August 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 the 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 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.