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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)

DISCLOSABLE TRANSACTION

PROPOSED ACQUISITION OF PROPERTY

THE PROPOSED ACQUISITION

The Board wishes to announce that on 7 January 2021 after trading hours, the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property at the consideration of HK\$15,000,000. Completion is scheduled to take place on or before 11 February 2021 or such later date to be mutually agreed by the Vendor and the Purchaser in writing.

The Property is a commercial property with a total gross floor area of approximately 1,578 square feet.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.06 of the GEM Listing Rules in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a disclosable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirements under the GEM Listing Rules.

INTRODUCTION

The Board wishes to announce that on 7 January 2021 after trading hours, the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell the Property at the consideration of HK\$15,000,000.

THE SALE AND PURCHASE AGREEMENT

Set out below are the salient terms of the Sale and Purchase Agreement:

Date

7 January 2021

Parties

- (i) Purchaser: Mark Sino Limited, an indirect wholly-owned subsidiary of the Company
- (ii) Vendor: Lexon Investments Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor and its shareholders are Independent Third Parties of the Company.

PROPERTY TO BE ACQUIRED

As at the date of this announcement, the Vendor is the legal and beneficial owner of the Property. Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Property, which is a commercial property consisting of certain units in Corn Yan Centre, 3 Jupiter Street, North Point, Hong Kong with a total gross floor area of approximately 1,578 sq. ft. The Property is currently leased to an Independent Third Party tenant at HK\$31,000 per month for a term of 3 years commencing from 16 July 2019 to 17 July 2022 (both days inclusive). Pursuant to the Sale and Purchase Agreement, the Vendor shall deliver the Property free from all encumbrances and on an "as-is" basis upon Completion and subject to the existing tenancy.

CONSIDERATION

Pursuant to the Sale and Purchase Agreement, the total Consideration for the sale and purchase of the Property shall be HK\$15,000,000 payable in cash by the Purchaser to the Vendor in the following manner:

- (i) a sum of HK\$1,500,000 ("**Deposit**") has been paid upon signing of the Sale and Purchase Agreement as the Deposit; and
- (ii) the balance of the Consideration of HK\$13,500,000 shall be paid upon Completion.

The Consideration for the Proposed Acquisition was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the market value of similar properties in the same district. If the condition precedent is not fulfilled (or not waived by the Purchaser) on or before 11 February 2021 (or such later date to be agreed by the Purchaser and Vendor), the Vendor shall fully refund the Deposit to the Purchaser within five Business Days.

CONDITION PRECEDENT

Completion is conditional upon and subject to the Vendor giving and proving a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) at the Vendor's own costs and expenses.

COMPLETION OF THE PROPOSED ACQUISITION

Completion of the Proposed Acquisition shall take place on or before 11 February 2021 or such later date to be mutually agreed by the Vendor and the Purchaser in writing.

SOURCE OF FINANCING

The Purchaser intends to settle the Consideration by way of internal resources of the Group.

INFORMATION ON THE VENDOR, THE COMPANY, THE GROUP AND THE PURCHASER

The Vendor is an investment holding company incorporated in Hong Kong with limited liability and is owned as to 50% by Mr. Tjia Boen Sien and 50% by Mr. Tjia Wai Yip, William. The Vendor is the legal and beneficial owner of the Property.

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 Purchaser is a company incorporated in Hong Kong with limited liability on 16 October 2020 and is an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

One of the Group's principal businesses is property investment. The Property is situated in a prime area in Hong Kong. The Proposed Acquisition has been made for investment purposes and will allow the Group to benefit from the rising property prices in Hong Kong and recurring rental income. The Group's existing portfolio consists of commercial properties in Hong Kong. The Proposed Acquisition, which involves a commercial property in Hong Kong, will enhance and enlarge the property investment portfolio of the Group, hence increasing the rental revenue base and is in line with the Group's business strategy.

In view of the above, the Directors, including the independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the entering into of the Sale and Purchase Agreement and the Proposed Acquisition are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.06 of the GEM Listing Rules in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a disclosable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirements under the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning No.8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“Company”	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), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Completion”	completion of the Proposed Acquisition

“connected persons(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the sum of HK\$15,000,000, being the consideration for the Proposed Acquisition
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by 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)”	a third person who is independent of the Company and its connected persons and who is not a connected person of the Company
“Property”	a commercial property consisted of certain units in Corn Yan Centre, 3 Jupiter Street, North Point, Hong Kong
“Proposed Acquisition”	the proposed acquisition of the Property by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Purchaser”	Mark Sino Limited (華駿有限公司), a company incorporated in Hong Kong with limited liability on 16 October 2020 and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the Provisional Sale and Purchase Agreement dated 7 January 2021 entered into between the Purchaser and the Vendor for the Proposed Acquisition
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Lexon Investments Limited (業承投資有限公司), an investment holding company incorporated in Hong Kong with limited liability
“%”	per cent

On behalf of the Board
Smart City Development Holdings Limited
Hung Kenneth
Executive Director

Hong Kong, 7 January 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 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 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.