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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)

DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION OF BONDS

SUBSCRIPTION OF BONDS

On 11 August 2022, Latest Ventures (a direct wholly-owned subsidiary of the Company) as subscriber entered into Subscription Agreement with the Issuer, pursuant to which Latest Ventures has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to issue the Bonds in the aggregate principal amount of HK\$20,000,000.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Subscription is more than 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

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THE TERMS OF THE SUBSCRIPTION

- Date: 11 August 2022
- Subscriber: Latest Ventures
- Issuer: Deson Development International Holdings Limited, a company incorporated in Bermuda with limited liability, which shares are listed on the Main Board of the Stock Exchange
- Subscription amount: HK\$20,000,000 which shall be an amount equal to the principal amount of the Bonds payable in cash
- Conditions Precedent: The issuance of the Bonds is subject to the fulfilment (or waiver) of all of the following conditions precedent on or before the Long Stop Date:
- (i) the due execution and delivery of the Subscription Agreement and other transaction documents required to be executed and delivered on the Closing Date to Latest Ventures by the Issuer; and
 - (ii) all the representations, warranties and covenants given or procured to be given by the Issuer being true, complete and accurate in all material respects and not misleading in any respect, and the Issuer having performed all its obligations under the Subscription Agreement and the other transaction documents to be performed on or before the Closing Date; and
 - (iii) all the representations, warranties and covenants given or procured to be given by Latest Ventures being true, complete and accurate in all material respects and not misleading in any respect, and Latest Ventures having performed all its obligations under the Subscription Agreement and the other transaction documents to be performed on or before the Closing Date.

If any of the Conditions Precedent is not satisfied or waived on or before the Long Stop Date, or such date as may be agreed between Latest Ventures and the Issuer, the parties shall be released and discharged from their respective obligations to proceed with the issue and subscription of the Bonds.

Latest Ventures may at its sole and absolute discretion at any time waive in writing any of the conditions precedent and such waiver may be made subject to such terms and conditions as are determined by Latest Ventures at its sole and absolute discretion.

PRINCIPAL TERMS OF THE BONDS

Issue date:	Expected to be on or about 22 August 2022
Principal amount:	HK\$20,000,000
Issue price:	100% of the principal amount of the Bonds
Interest rate and interest payment date:	A simple interest rate of 7.0% per annum (the “ Interest Rate ”) on the principal amount of the Bonds, calculated from and including the Closing Date up to the Maturity Date, payable quarterly in arrears on 30 September, 31 December, 31 March and 30 June in each year, commencing on 30 September 2022
Maturity Date:	The date falling on the second anniversary of the date of issuance of the Bonds
Long Stop Date:	The day falling on one calendar month from the date of Subscription Agreement or such later date to be agreed by the parties in writing (“ Long Stop Date ”)
Redemption upon maturity:	Unless previously redeemed, purchased or cancelled, the Issuer will redeem all of the Bonds on the Maturity Date at the applicable redemption amount (the “ Applicable Redemption Amount ”)
Early redemption at the Issuer’s option:	Upon twelve (12) months after Closing Date, the Issuer may have the right (but not the obligation) to redeem all or any part of any Bonds on any Business Day prior to the Maturity Date at their Applicable Redemption Amount, by giving not less than 30 calendar days’ notice in advance to the Bondholder
Applicable Redemption Amount:	The aggregate amount of: <ul style="list-style-type: none">(i) the principal amount outstanding on that Bond; and(ii) any accrued and unpaid interest on the outstanding principal amount of the Bonds at the Interest Rate.

Redemption upon an event of default:	At any time and from time to time after the occurrence of an event of default and an event of default notice is served by the applicable Bondholder to which the Bonds relate to the Issuer specifying the event of default, that Bondholder shall have the right (but not the obligation) to demand the Issuer to, and the Issuer shall, redeem all or such part of the outstanding principal amount of the applicable Bonds at their Applicable Redemption Amount on the fifth (5th) Business Day after the service of such event of default notice
Status of the Bonds:	The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves
Transferability of the Bonds:	The Bonds are transferable (in whole or in part) by the Bondholder to any person subject to the prior written consent of the Issuer and pursuant to the Terms and Conditions

FUNDING OF THE SUBSCRIPTION

The Group will finance the Subscription by internal resources of the Group.

INFORMATION OF 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 and Macau and other construction related business; (ii) investment in securities; (iii) property investment; and (iv) money lending business.

Latest Ventures is a company incorporated in the British Virgin Islands with limited liability on 18 June 2014 and is a direct wholly-owned subsidiary of the Company. It is an investment holding company.

INFORMATION OF THE ISSUER

The Issuer is a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Issuer is an investment holding company and its subsidiaries are currently principally engaged in (i) property development of residential and commercial properties and the holding of investment properties; (ii) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services; and (iii) the operation of a hotel.

To the best of the Board's knowledge and information, the Issuer is owned as to approximately 35.79% by Sparta and 8.79% by Mr. Tjia Boen Sien, and Sparta is ultimately beneficially wholly-owned by Mr. Tjia Boen Sien.

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

REASONS AND BENEFITS FOR THE SUBSCRIPTION

The Group subscribed for the Bonds for investment purpose. The Directors consider that the Subscription provides the Group with an opportunity to balance and diversify its investment portfolio, as well as to generate stable return to the Group. The Subscription also supports the development of the Group's investment in securities business and is in line with the Group's growth strategy.

The Directors consider the terms of the Subscription and the Terms and Conditions are on normal commercial terms which are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Subscription is more than 5% but all are less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Bondholder(s)”	holder(s) of the Bonds;
“Bonds”	the bonds in the aggregate principal amount of HK\$20,000,000 with a coupon rate of 7% per annum due on 21 August 2024 to be issued by the Issuer on or before 22 August 2022 subscribed by Latest Ventures from the Issuer pursuant to the Subscription Agreement;
“Business Day”	a day other than a Saturday, Sunday or public holiday on which commercial banks are opened for business in Hong Kong;
“Closing Date”	the date on which the closing takes places, which is expected to be on or about 22 August 2022;
“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, the shares of which are listed on GEM of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on 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 PRC;
“Independent Third Parties”	persons independent of the Company and its connected persons (as defined in the GEM Listing Rules);
“Issuer”	Deson Development International Holdings Limited (迪臣發展國際集團有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;

“Latest Ventures”	Latest Ventures Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company;
“Maturity Date”	the maturity date of the Bonds;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Share(s)”	ordinary share(s) of the Company;
“Shareholders”	holders of the Share(s);
“Sparta”	Sparta Assets Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Issuer holding approximately 35.79% of the total issue share capital of the Issuer;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Bonds pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 11 August 2022 entered into among Latest Ventures and the Issuer;
“Terms and Conditions”	the terms and conditions of the Bonds;
“%”	per cent.

* *For identification purpose only*

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

Hong Kong, 11 August 2022

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.