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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 – PROVISION OF FINANCIAL ASSISTANCE IN RELATION TO THE RENEWAL OF LOAN

RENEWAL OF THE LOAN

The Board announces that, after the trading hours on 11 March 2024, the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Loan Agreement with the Borrower, pursuant to which the Lender agreed to renew the Loan in the principal amount of HK\$8,000,000 granted to the Borrower to be repayable on 15 August 2025 at an interest rate of 12% per annum.

GEM LISTING RULES IMPLICATIONS

As one of the relevant applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the monetary advantage together with the value of the financial assistance pursuant to the renewal of the Loan under the Supplemental Loan Agreement (under the assets and consideration ratios) and the interest income for the Loan during the period so renewed (under the revenue and profit ratios), when aggregated with the monetary advantage or interest income derived under the Loan prior to such renewal, exceeds 5% but is less than 25%, the renewal of the Loan under the Supplemental Loan Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

PROVISION OF THE LOAN

The board (“**Board**”) of directors (“**Directors**”) of Smart City Development Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) announces that, after the trading hours on 11 March 2024, Yellow River Consultants Services Limited (“**Lender**”), an indirect wholly-owned subsidiary of the Company, as the lender, entered into a supplemental agreement to the loan agreement dated 15 February 2023 (“**Supplemental Loan Agreement**”) with Volcano Spring International Holdings Limited (formerly known as Miji International Holdings Limited) (“**Borrower**”) as the borrower, pursuant to which the Lender agreed to renew the loan in the principal amount of HK\$8,000,000 (“**Loan**”) granted to the Borrower to be repayable on 15 August 2025 at an interest rate of 12% per annum. The principal terms of the Loan under loan agreement dated 15 February 2023 (“**Loan Agreement**”) and the Supplemental Loan Agreement are summarised as below:

THE LOAN AGREEMENT AND THE SUPPLEMENTAL LOAN AGREEMENT

Date:	15 February 2023, as supplemented by the Supplemental Loan Agreement on 11 March 2024
Lender:	Yellow River Consultants Services Limited, an indirect wholly-owned subsidiary of the Company
Borrower:	Volcano Spring International Holdings Limited (formerly known as Miji International Holdings Limited)
Principal amount:	HK\$8,000,000
Loan period:	Initially, 12 months, from 15 February 2023 to 15 February 2024.
Renewal:	Upon renewal, 18 months, from 15 February 2024 to 15 August 2025.
Interest:	Initially under the Loan Agreement, 7% per annum and payable half yearly. Upon renewal, under the Supplemental Loan Agreement, 12% per annum and payable half yearly.

Repayment: Subject to as otherwise provided in the Loan Agreement and the Supplemental Loan Agreement, the Borrower shall repay the Loan on the maturity date of the Loan.

Prepayment: The Borrower may at any time prepay all or part of the Loan and the accrued interests by giving prior written notice to the Lender.

INFORMATION ON THE GROUP AND THE LENDER

The Company is an investment holding company. The Group is principally engaged in the following activities: (i) acting as a contractor in the construction business to provide building construction works, electrical and mechanical engineering works and alterations, addition, renovation, refurbishment and fitting-out works, mainly in Hong Kong and Macau; (ii) investment in marketable securities; (iii) investment in properties; and (iv) money lending.

INFORMATION ON THE BORROWER

The Borrower is a company incorporated in the Cayman Islands whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) under the stock code of 1715. The principal activity of the Borrower is investment holding. The subsidiaries of the Borrower are principally engaged in the developing, manufacturing and trading of healthcare products and premium kitchen appliances with a major focus on the People’s Republic of China market.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL LOAN AGREEMENT

The Lender, being an indirect wholly-owned subsidiary of the Company, is a registered money lender holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services. The granting of the Loan to the Borrower pursuant to the Loan Agreement and the renewal of the Loan under the Supplemental Loan Agreement are transactions carried out as part of the ordinary and usual course of business activities of the Group. The Loan is funded by internal resources of the Group.

The Directors are of the view that the credit assessment procedures for renewing the Loan with the Borrower would be simpler, quicker and more cost-effective as compared to the granting of a new loan to a new customer, since the Lender already has the benefit of the background understanding, established customer relationship and signed legal documentation with the Borrower.

The terms of the Loan Agreement (including the interest rate and the terms of the Loan) and the Supplemental Loan Agreement were negotiated on arm's length basis between the Lender and the Borrower and were on normal commercial terms based on the Group's credit policy. Taking into account the results of due diligence on the financial background and repayment ability of the Borrower and the stable interest income generated/expected to be generated from the Loan and its renewal and the satisfactory payment records of the Borrower in the past, the Directors consider that the terms of the Loan Agreement (including the interest rate and the terms of the Loan) and the Supplemental Loan Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Loan Agreement and the Supplemental Loan Agreement is in the interests of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one of the relevant applicable percentage ratios (as defined under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”)) in respect of the monetary advantage together with the value of the financial assistance pursuant to the renewal of the Loan under the Supplemental Loan Agreement (under the assets and consideration ratios) and the interest income for the Loan during the period so renewed (under the revenue and profit ratios), when aggregated with the monetary advantage or interest income derived under the Loan prior to such renewal, exceeds 5% but is less than 25%, the renewal of the Loan under the Supplemental Loan Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

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

Hong Kong, 11 March 2024

As at the date of this announcement, the Board comprises Mr. Hung Kenneth and Ms. Lau Po Yee as executive Directors and 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 website of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk> on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at www.smartcity-d.com.