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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KOALA Securities Limited

樹熊證券有限公司

Koala Securities Limited

The Board is pleased to announce that on 22 August 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act as placing agent of the Company for the purpose of procuring, on a best effort basis, the Placees to subscribe for a maximum of 48,000,000 Placing Shares at the Placing Price of HK\$0.33 per Placing Share.

The Placing Shares will be allotted and issued pursuant to the General Mandate and will be allotted to not less than six Placees.

On the assumption that all Placing Shares are fully placed, the maximum gross proceeds from the Placing are expected to be approximately HK\$15,840,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other costs, expenses and fees incurred in the Placing) are estimated to be approximately HK\$15.0 million. The maximum number of 48,000,000 Placing Shares to be placed under the Placing Agreement represents approximately (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Completion of the Placing is subject to the fulfillment of the condition set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING

The Board is pleased to announce that on 22 August 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act as placing agent of the Company for the purpose of procuring, on a best effort basis, the Placees to subscribe for a maximum of 48,000,000 Placing Shares at the Placing Price of HK\$0.33 per Placing Share.

The principal terms of the Placing Agreement are summarised below:

THE PLACING AGREEMENT

Date

22 August 2024 (after trading hours)

Parties

Issuer : the Company

Placing Agent : Koala Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placing Shares

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent, and the Placing Agent has conditionally agreed, to procure, on a best effort basis, for not less than six Placees to subscribe for up to 48,000,000 Placing Shares at the Placing Price of HK\$0.33 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 48,000,000 Placing Shares represents approximately (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares will be HK\$6,000,000.

Placees

The Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing.

Placing Price

The Placing Price of HK\$0.33 per Placing Share represents:

- (i) discount of approximately 16.46% to the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 18.32% to the average closing prices of HK\$0.404 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market price of the Shares at the time of the execution of the Placing Agreement. The Directors consider that the Placing Price is fair and reasonable under the current market conditions and is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares will, on allotment and issue, be free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares. The Placing Shares, when issued and fully paid, will rank *pari passu* in all aspects among themselves and with the Shares in issue on the date of the allotment and issue of the Placing Shares.

Placing Commission

The Placing Agent will receive a placing commission of 4.0% of the aggregate Placing Price of Placing Shares successfully placed by or on behalf of the Placing Agent on behalf of the Company in accordance with the terms of the Placing Agreement, which was determined after arm's length negotiation between the Company and the Placing Agent. The Directors consider that the placing commission payable under the Placing is fair and reasonable.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Committee having granted a listing of and permission to deal in, the Placing Shares by 12 September 2024 or such later date as the parties to the Placing Agreement may agree in writing (the "**Long Stop Date**"). Such condition cannot be waived by any party.

If the condition is not satisfied on or before the Long Stop Date, all obligations of the Placing Agent and the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement save for any antecedent breach of any obligation which may accrue under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing shall take place within five Business Days after the fulfillment of the condition set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing).

Termination and force majeure

If, at any time up to 8:00 a.m. on the Completion Date:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

(iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed,

then the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement (without liability) by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date, save in respect of any antecedent breach thereof.

The Directors are not aware of the occurrence of any of the aforesaid events or circumstances as at the date of this announcement.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

GENERAL MANDATE

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors by the Shareholders at the AGM. Under the General Mandate, the Directors are authorised to allot, issue or deal with up to 48,000,000 new Shares, being 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the Placing Shares will be allotted and issued under the General Mandate and shall not be subject to any further approval by the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing represents a good opportunity to raise additional capital for the Company while broadening the Shareholder base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the Placing Agreement is fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

On the assumption that all Placing Shares are fully placed, the maximum gross proceeds from the Placing are expected to be approximately HK\$15,840,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other costs, expenses and fees incurred in the Placing) are estimated to be approximately HK\$15.0 million. The Placing Price per Placing Share will be approximately HK\$0.33.

The Company intends to apply all the net proceeds from the Placing as follows, all of which are expected to be utilised by 31 March 2025:

- (i) approximately HK\$5.0 million, equivalent to approximately 33.33% of the net proceeds from the Placing for expansion of the Group's money lending business;
- (ii) approximately HK\$4.0 million, equivalent to approximately 26.67% of the net proceeds from the Placing for expansion of the Group's investment in securities business; and
- (iii) approximately HK\$6.0 million, equivalent to approximately 40.0% of the net proceeds from the Placing for (i) replenishing the general working capital of the Group which shall be applied on, including staff cost, professional fees, and other operating expenses of the Group; and (ii) exploring possible new business opportunities.

The Board foresees a potential growth in its money lending business, which recorded an increase of approximately 38% in its revenue contribution for the year ended 31 March 2024, and requires cash to prepare for such growth in its money lending business. Furthermore, the Hang Seng Index of the Hong Kong stock market is currently trading at its 5-year low. The Group also sees opportunities in stocking up listed shares at low end trading price for its securities investment segment.

In view of the current market conditions, the Company considers that the Placing represents a good opportunity to raise fund for working capital by equity financing to strengthen the Group's financial position and to raise additional funding for possible business opportunities of the Group. The Board is of the view that the Placing will enlarge Shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising. The Company will consider conducting further fund raising activities, including but not limited to rights issue and/or other equity or debt financing, when suitable opportunity arises to enrich the working capital for operation, expansion of existing business and exploring possible new business opportunities, and to meet the repayment obligations of the Group as and when necessary.

The Directors are of the view that the terms of the Placing Agreement (including the Placing Price) are on normal commercial terms, fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates (by reference to the information on shareholdings available to the Company as at the date of this announcement) the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Placing, on the assumption that (a) the Placing Shares are fully placed under the Placing; (b) there will be no other change to the share capital of the Company between the date of this announcement and the Completion; and (c) the Placees do not and will not hold any Shares other than the Placing Shares.

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing ⁽¹⁾	
	<i>No. of shares</i>	<i>Approximate % of number of Shares in issue</i>	<i>No. of shares</i>	<i>Approximate % of number of Shares in issue</i>
Masan Multi Strategy Fund SPC – Masan HK Equity Fund SP (“ Masan Fund ”) ⁽²⁾	39,715,200	16.55	39,715,200	13.79%
Like Capital Limited ⁽³⁾	18,661,000	7.78	18,661,000	6.48%
Ngan Chun Wing ⁽⁴⁾	15,448,000	6.43	15,448,000	5.36%
Placees	–	–	48,000,000	16.67%
Public Shareholders	<u>166,175,800</u>	<u>69.24</u>	<u>166,175,800</u>	<u>57.70%</u>
Total	<u>240,000,000</u>	<u>100.00%</u>	<u>288,000,000</u>	<u>100.00%</u>

Notes:

- (1) Assuming no change in total issued share capital of the Company other than allotment and issue of all Placing Shares.
- (2) The 39,715,200 Shares are held by Masan Fund. Masan Fund is managed by Masan Capital Limited in its capacity as an investment manager, which in turn is wholly-owned by Top Lion International Limited, a company incorporated in the BVI (“**Top Lion**”). Pursuant to the Division 7 and 8 of Part XV of the SFO, Top Lion is deemed to have an interest in all the Shares in which Masan Fund has, or deemed to have an interest.
- (3) The 18,661,000 Shares are held by Like Capital Limited, a company incorporated in Hong Kong, which is wholly-owned by Ethnocentric Investment Limited, which in turn is wholly-owned by Capital VC Limited (stock code: 2324), a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange. Pursuant to the Division 7 and 8 of Part XV of the SFO, Ethnocentric Investment Limited and Capital VC Limited are deemed to have an interest in all Shares in which Like Capital Limited has, or is deemed to have an interest.
- (4) Ngan Chun Wing is a director of a subsidiary of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past twelve months immediately preceding the date of this announcement.

GENERAL

Completion of the Placing is subject to the fulfillment of the condition set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, capitalized terms used in this announcement shall have the meanings as follow:

“AGM”	the annual general meeting of the Company held on 25 August 2023
“Board”	the board of Directors of the Company
“Business Day”	a day (excluding a Saturday, Sunday and public holiday) 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, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8268)
“Completion”	completion of the Placing under the Placing Agreement
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 48,000,000 new Shares, being 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person or persons, or entity or entities who/which is/are not a connected person(s) of the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Placee(s)”	any individual, corporate, institutional investor and other investor whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Koala Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 22 August 2024 and entered into by the Company with the Placing Agent in relation to the Placing (as may be amended or varied from time to time by an agreement in writing duly executed by the parties to the Placing Agreement)
“Placing Price”	HK\$0.33 per Placing Share
“Placing Shares”	48,000,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	the ordinary share(s) of HK\$0.125 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“trading day”	a day on which securities are traded or dealt with on the Stock Exchange
“%”	per cent

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

Hong Kong, 22 August 2024

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 website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for a minimum period of seven days from the date of its publication and on the Company’s website at www.smartcity-d.com.