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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)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PLACING OF NEW SHARES UNDER GENERAL MANDATE**

Reference is made to the announcement of Smart City Development Holdings Limited (the “**Company**”) dated 22 August 2024 in relation to placing of new shares under general mandate (the “**Announcement**”). Unless otherwise specified, all capitalised terms used herein have the same meaning as those defined in the Announcement.

The Board would like to provide further details of (i) the specific use of the Group’s existing cash and bank balance; (ii) funding needs of the Group for the next 12 months; and (iii) further breakdown of the use of proceeds as set out below.

### ***(i) Specific use of the Group’s existing cash and bank balance***

Based on the Annual Report of the Group for the year ended 31 March 2024, as at 31 March 2024, the Group has cash and cash equivalents of approximately HK\$49.2 million. The Group’s cash and cash equivalents have decreased significantly from approximately HK\$49.2 million as at 31 March 2024 to approximately HK\$40.0 million as at 31 July 2024, representing a decrease of approximately 18.7%.

The main reasons leading to the substantial decrease of the Group's cash and cash equivalents from approximately HK\$49.2 million as at 31 March 2024 to approximately HK\$40.0 million as at 31 July 2024 were due to:

- (a) HK\$3.0 million has been utilised for additional pledged deposit for bank facilities;
- (b) approximately HK\$2.8 million has been utilised for repayment of bank facilities comprising of letters of credits and trust receipts; and
- (c) approximately HK\$3.5 million is the cash outflow due to the slowdown of the collection of account receivables and payment of other operating expenses of the Group's construction business.

**(ii) Funding needs of the Group for the next 12 months**

As at 31 July 2024, the Group has cash and cash equivalents of approximately HK\$40.0 million. In addition, the Company has approximately HK\$6.4 million interest-bearing bank borrowings as at 31 March 2024.

As at the date of this announcement, the Company has imminent funding needs as it only has approximately HK\$4.9 million of cash and cash equivalents as at 31 July 2024 available for immediate use after deducting the expected funding needs for the next 12 months as estimated below.

The Group's expected funding needs for the next 12 months based on the Board's latest estimates are as follows:

- (a) approximately HK\$3 million cash deposit for collateral for facilities line with Dah Sing Bank to be paid out of the cash balance as at 31 July 2024;
- (b) approximately HK\$9 million for payment to sub-contractors of the Group's construction business, to be paid out of the cash balance by utilising time deposits as at 31 July 2024;
- (c) approximately HK\$6.1 million for repayment of bank borrowings (comprising letters of credit and trust receipts facilities) in view of the increasing interest rates, to be paid out of the cash balance as at 31 July 2024;
- (d) approximately HK\$9 million for defraying preliminary expenses of new jobs of the Group's construction business, to be paid out of the cash balance as at 31 July 2024;

- (e) approximately HK\$8 million for defraying preliminary expenses of potential tenders of the Group's construction business, to be paid out of the cash balance as at 31 July 2024; and
- (f) approximately HK\$4 million per month to defray the Group's monthly expenses including salary expenses, office rental, utilities and office supplies, to sustain the Groups operating businesses. The customers of its construction business generally have a credit period of 14 days to 90 days. Hence, the Group will need to prepare at least three months of cash flows for its construction business, which tentatively will be funded by cash flows from operations and the existing cash balance that will be available when the time deposit matures in August and September 2024.

**(iii) Use of proceeds and expected timeline**

As set out in the Announcement, the maximum net proceeds from the Placing are expected to be approximately HK\$15.0 million, which the Company intends to apply in the net proceeds from the Placing as follows:

<b>Purpose</b>	<b>Expected timeline</b>
(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;	By 31 March 2025
(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;	By 31 March 2025
(iii) approximately HK\$6.0 million, equivalent to approximately 40.0% of the net proceeds from the Placing will be applied in the following manners:	
(1) approximately HK\$4.0 million for 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	By 31 March 2025

- (2) approximately HK\$2.0 million for exploring possible new business opportunities to be identified on or before 31 December 2024, which will be utilised by 31 March 2025 as follows: By 31 March 2025
- (a) approximately HK\$1.5 million as capital for acquisition price or investment amount; and
  - (b) approximately HK\$0.5 million for transaction costs such as professional fees for feasibility study, due diligence, stamp duty.

As at the date of this announcement, the Group has not identified any new business opportunities. However, the Group is actively exploring opportunities in high-tech electronic and mechanical engineering industry with an aim to expand its construction business. If there are no new business opportunities identified by the Group by 31 December 2024, the Board of Directors of the Company will reallocate such amount for exploring new business opportunities into replenishing the general working capital of the Group.

The Board confirms that the abovementioned clarification does not affect other information contained in the Announcement. Save as disclosed above, all other information in the Announcement shall remain unchanged.

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

Hong Kong, 30 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.*

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