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瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983 and Debt Stock Code: 4518)

MAJOR TRANSACTION

ACQUISITION OF COMMERCIAL BUILDING IN HONG KONG

The Board announces that on 13 November 2018, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor and the Guarantor, pursuant to which (i) the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Purchaser has agreed to assume and the Vendor has agreed to assign the Sale Loan for the Consideration of HK\$303.5 million (subject to upward or downward adjustments).

The principal asset of the Target Company is the Property, which is a commercial building situated in Kwun Tong, Kowloon, Hong Kong.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company, which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. Shui On Company Limited and its wholly-owned subsidiary, namely Shui On Finance Company Limited, which together constitute a closely allied group of

Shareholders, hold 232,148,000 Shares and 2,233,000 Shares respectively, representing an aggregate of approximately 60.97% of the issued share capital of the Company as at the date of this announcement. The Company has obtained the written approval of these Shareholders for the Acquisition pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be convened by the Company for considering the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, amongst other things, further details relating to the Acquisition is required to be despatched to all the Shareholders within 15 Business Days after publication of this announcement. As the Company requires time for compiling the information for inclusion in the circular pursuant to the requirements of the Listing Rules, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The Company will publish an announcement in relation to the despatch of the circular as and when appropriate.

Completion is subject to the Conditions having been satisfied or (where applicable) waived by the Purchaser and the respective obligations of the Vendor and the Purchaser under the Sale and Purchase Agreement having been fulfilled. As such, the Acquisition may or may not materialise. Securities holders and potential investors should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board announces that on 13 November 2018, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement in respect of the Acquisition.

THE SALE AND PURCHASE AGREEMENT

Date

13 November 2018

Parties

- (1) Purchaser: Talent Reach Group Limited, an indirect wholly-owned subsidiary of the Company
- (2) Vendor: Profit Mastery Investments Limited
- (3) Guarantor: Mr. Cheung Siu Wing

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner as well as the Guarantor are independent of the Company and its connected persons.

Subject Matter

Pursuant to the Sale and Purchase Agreement, (i) the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Purchaser has agreed to assume and the Vendor has agreed to assign the Sale Loan.

Consideration and Payment Terms

The Consideration is HK\$303.5 million, subject to adjustment in accordance with the terms of the Sale and Purchase Agreement based on the Proforma Adjusted NAV (the “**Adjusted Purchase Price**”) on Completion. The Adjusted Purchase Price shall be subject to further adjustment (the “**Post Completion Adjustment**”), if any, for any difference between the Proforma Completion Accounts and the Audited Completion Accounts after Completion. Such Post Completion Adjustment shall be determined following the delivery of the Audited Completion Accounts by the Vendor within 30 days after Completion and the adjustment payment, if any, shall be made within 7 Business Days thereafter.

Pursuant to the terms of the Sale and Purchase Agreement, in the event that consent from the Bank to the change of control of the Target Company to the Purchaser in relation to the Outstanding Bank Loan is obtained prior to Completion, the Consideration shall be adjusted downward by approximately HK\$130 million, being the amount of the Outstanding Bank Loan.

To the best estimation of the Company, the upward adjustments to the Consideration will not exceed an aggregate amount of HK\$1 million. As such, it is currently contemplated that such adjustments will not result in a change in the classification of the Acquisition as a major transaction under the Listing Rules. However, the Company will comply with the relevant requirements of the Listing Rules if there is an upward change in the classification of the transaction due to any adjustment to the Consideration.

The Adjusted Purchase Price shall be settled by the Purchaser in cash in the following manner:-

- (a) a deposit of HK\$15.5 million that has been paid to the Vendor's solicitors prior to the date of the Sale and Purchase Agreement and a further deposit of HK\$14.85 million which shall be paid to the Vendor's solicitors on the next Business Day following the execution of the Sale and Purchase Agreement (collectively, the "**Deposit**") shall be released to the Vendor by the Vendor's solicitors at Completion; and
- (b) the remaining balance of the Adjusted Purchase Price (after deducting the repayment of the Outstanding Bank Loan by the Purchaser upon Completion, if applicable) shall be paid to the Vendor or its designated party at Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the net asset value of the Target Company; and (ii) the market value of the Property.

The Group intends to finance the Acquisition by its internal resources and banking facilities available to the Group.

Conditions

Completion is conditional, amongst other things, upon the satisfaction or (as applicable) waiver of the following Conditions:

- (a) no legal or disciplinary proceedings being instituted or threatened against the Target Company or any director or any of the officers of the Target Company by any regulatory authority prior to Completion; and
- (b) there are no outstanding construction costs owed by the Target Company in relation to the Property.

Completion

Completion shall take place on a date on or before 18 January 2019 or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

In the event that any Conditions have not been satisfied or (where applicable) waived by the Purchaser at any time prior to Completion, either the Vendor or the Purchaser shall have the right to terminate the Sale and Purchase Agreement by written notice to the other, upon which the Vendor's solicitors shall refund the Deposit in full but without any interest to the Purchaser as soon as possible and in no event later than 7 Business Days from the date of termination of the Sale and Purchase Agreement, and neither the Purchaser nor the Vendor shall have any right to claim any damages and/or other remedies thereafter.

If either the Purchaser or the Vendor fails to comply with its respective obligations under the Sale and Purchase Agreement, the Sale and Purchase Agreement will be terminated, upon which the Vendor's solicitors shall refund the Deposit in full but without any interest to the Purchaser as soon as possible and in no event later than 5 Business Days from the date of termination of the Sale and Purchase Agreement, and neither the Purchaser nor the Vendor shall have any right to claim any damages and/or other remedies thereafter.

Following Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

Guarantee

The Guarantor has unconditionally and irrevocably agreed to guarantee as primary obligor to the Purchaser the due and punctual performance and observance by the Vendor of all its obligations and undertakings under the Sale and Purchase Agreement until the same thereunder have been satisfied in full.

INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Target Company is legally and beneficially owned by the Vendor.

The principal asset of the Target Company is the Property, which is a commercial building situated in Kwun Tong, Kowloon, Hong Kong.

Set out below is a summary of certain financial information of the Target Company for the years ended 31 March 2017 and 2018:

	For the years ended 31 March	
	2018	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net profit/loss (before taxation and extraordinary items)	135.7	(0.3)
Net profit/loss (after taxation and extraordinary items)	136.0	(0.3)

As at 31 March 2018, the net asset value of the Target Company was approximately HK\$135 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group principally engages in property development and investment, and asset management in the PRC, and construction in Hong Kong and Macau.

The Board believes that the Acquisition represents an attractive opportunity for the Group to expand its property portfolio beyond Mainland China, and the Group will benefit from the anticipated growth in the value of the Property.

The Board is of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company, which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. Shui On Company Limited and its wholly-owned subsidiary, namely Shui On Finance Company Limited, which together constitute a closely allied group of Shareholders, hold 232,148,000 Shares and 2,233,000 Shares respectively, representing an

aggregate of approximately 60.97% of the issued share capital of the Company as at the date of this announcement. The Company has obtained the written approval of these Shareholders for the Acquisition pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting will be convened by the Company for considering the Acquisition.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, amongst other things, further details relating to the Acquisition is required to be despatched to all the Shareholders within 15 Business Days after publication of this announcement. As the Company requires time for compiling the information for inclusion in the circular pursuant to the requirements of the Listing Rules, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. The Company will publish an announcement in relation to the despatch of the circular as and when appropriate.

Completion is subject to the Conditions having been satisfied or (where applicable) waived by the Purchaser and the respective obligations of the Vendor and the Purchaser under the Sale and Purchase Agreement having been fulfilled. As such, the Acquisition may or may not materialise. Securities holders and potential investors should therefore exercise caution when dealing in the securities of the Company.

GENERAL INFORMATION

The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal activity is investment holding.

As far as the Company is aware after making reasonable enquires, the Vendor is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding.

DEFINITIONS

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

“Acquisition” the acquisition of the Sale Share and the assumption of the Sale Loan pursuant to the Sale and Purchase Agreement;

“Adjusted Purchase Price”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Consideration and Payment Terms” in this announcement;
“Audited Completion Accounts”	the audited management accounts of the Target Company for the period from 1 April 2018 up to the date of Completion to be prepared in accordance with the terms of the Sale and Purchase Agreement for the purpose of determining the Post Completion Adjustment to be made to the Adjusted Purchase Price;
“Bank”	a licensed bank established under the laws of Hong Kong;
“Board”	the board of Directors;
“Business Day”	a day (other than Saturday, Sunday or a public holiday) on which banks are generally open for normal banking business in Hong Kong;
“Company”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 983);
“Completion”	completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement;
“Conditions”	conditions of the Sale and Purchase Agreement;
“connected person(s)” and “subsidiary(ies)”	each has the same meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration payable to the Vendor by the Purchaser for the Acquisition;
“Deposit”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Consideration and Payment Terms” in this announcement;
“Directors”	directors of the Company;

“Group”	collectively, the Company and its subsidiaries;
“Guarantor”	Mr. Cheung Siu Wing, the guarantor to the Sale and Purchase Agreement;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Outstanding Bank Loan”	a facility granted by the Bank to the Target Company pursuant to a facility letter dated 14 September 2017, the outstanding amount of which is approximately HK\$130 million as at the date of this announcement;
“Post Completion Adjustment”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Consideration and Payment Terms” in this announcement;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“Proforma Adjusted NAV”	the net asset value of the Target Company as shown in the Proforma Completion Accounts;
“Proforma Completion Accounts”	the projected unaudited management accounts of the Target Company for the period from 5 September 2018 up to the date of Completion to be prepared in accordance with the terms of the Sale and Purchase Agreement for the purpose of calculating the Adjusted Purchase Price;
“Property”	a commercial building situated at No. 93 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong;
“Purchaser”	Talent Reach Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company;

“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 November 2018 entered into between the Purchaser, the Vendor and the Guarantor in relation to the Acquisition;
“Sale Share”	one ordinary share of US\$1.00 of the Target Company, representing the entire issued share capital of the Target Company;
“Sale Loan”	all debts (including interests) owing by the Target Company to the Vendor as at the date of Completion, which shall be assigned to the Purchaser pursuant to the Sale and Purchase Agreement on Completion;
“Shares”	ordinary shares in the capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Profit Point Development Limited, a company incorporated in the British Virgin Islands with limited liability and a registered non-Hong Kong company in Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Profit Mastery Investments Limited, a company incorporated in the British Virgin Islands with limited liability; and
“%”	per cent.

By order of the Board
SOCAM Development Limited
Wong Yuet Leung, Frankie
*Executive Director, Chief Executive Officer and
Chief Financial Officer*

Hong Kong, 13 November 2018

At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent and Mr. Wong Yuet Leung, Frankie; and the independent non-executive Directors are Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. William Timothy Addison.

* *For identification purpose only*

Website: www.socam.com