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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

DISPOSAL OF ENTIRE SHARE INTEREST IN PROFIT POINT DEVELOPMENT LIMITED

The Board announces that on 19 July 2019, the Company and the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which (i) the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Vendor has agreed to assign and the Purchaser has agreed to assume the Sale Loan, for the Consideration of approximately HK\$386.69 million (subject to 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 Disposal is more than 25% but less than 75%, the Disposal 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 Disposal. 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 Disposal pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting of Shareholders will be convened by the Company for considering the Disposal.

A circular containing, among other things, further details of the Disposal is expected to be despatched to the Shareholders on or before 9 August 2019 in accordance with Rule 14.41(a) of the Listing Rules.

Completion is subject to the Conditions having been satisfied or (where applicable) waived by the Purchaser. As such, the Disposal may or may not materialise. Securities holders and potential investors should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcement issued by the Company on 20 June 2019 in relation to the potential Disposal.

The Board is pleased to announce that on 19 July 2019, the Company and the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in respect of the Disposal.

THE SALE AND PURCHASE AGREEMENT

Date

19 July 2019

Parties

- (1) Vendor: Talent Reach Group Limited, an indirect wholly-owned subsidiary of the Company
- (2) Purchaser: Millennium Fortune Investment Corporation
- (3) Guarantor of the Vendor: The Company

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are independent of the Company and its connected persons.

Subject matter

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

Consideration and payment terms

The Consideration is approximately HK\$386.69 million, and shall be adjusted as follows (the “**Adjusted Purchase Price**”):

- (1) upward by an amount where the Net Current Asset Value as set out in the Completion Management Accounts is more than zero; or
- (2) downward by an amount where the Net Current Asset Value as set out in the Completion Management Accounts is less than zero.

The Adjusted Purchase Price shall be subject to further adjustment (the “**Post Completion Adjustment**”), if any, for the difference between the Net Current Asset Value as shown in the Completion Management Accounts and that based on the Audited Completion Accounts. Such Post Completion Adjustment shall be determined following the delivery of the Audited Completion Accounts by the Vendor within 30 days from the date of Completion and the adjustment sum, if any, shall be paid by the Purchaser to the Vendor or refunded by the Vendor to the Purchaser (as the case may be) within 5 days thereafter.

To the best estimation of the Company, the upward adjustments, if any, to the Consideration will not exceed an aggregate amount of HK\$1 million. As such, it is contemplated that such adjustments will not result in a change in the classification of the Disposal under Chapter 14 of the Listing Rules.

Prior to signing of the Sale and Purchase Agreement, the Vendor has received a sum of approximately HK\$19.33 million as initial deposit from the Purchaser. The balance of the Adjusted Purchase Price shall be settled by the Purchaser in the following manner:

- (a) a sum of approximately HK\$58.00 million as further deposit shall be paid to the Vendor (or at its direction) upon signing of the Sale and Purchase Agreement (together with the initial deposit, the “**Deposits**”); and
- (b) the remaining balance of the Adjusted Purchase Price shall be paid to the Vendor (or at its direction) at Completion. It is expected that the Vendor will direct part of such balance to be paid to the Bank directly for repayment of the Outstanding Bank Loan at Completion.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the net asset value of the Target Company; (ii) the amount of the Sale Loan; (iii) the amount of the Outstanding Bank Loan; and (iv) the market value of the Property.

Conditions

Completion is conditional upon the satisfaction, or (as applicable) waiver by the Purchaser, of the following Conditions:

- (a) the Vendor has shown to the Purchaser that the Target Company has a good title to the Property and has proved the Target Company's good title to the Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) at the Vendor's own costs and expenses; and
- (b) all fundamental warranties (as defined in the Sale and Purchase Agreement) given by the Vendor remaining true and accurate in all material respects and not misleading as at the date of Completion.

Guarantee

Pursuant to the Sale and Purchase Agreement, the Company agreed to guarantee as primary obligor to the Purchaser the performance of the Vendor's obligations and to pay, on demand, any sum which the Vendor fails to pay to the Purchaser in accordance with the terms of the Sale and Purchase Agreement. The guarantee shall be effective upon signing of the Sale and Purchase Agreement until all the Vendor's obligations thereunder have been fulfilled.

Completion

Completion shall take place on or before 21 October 2019.

If any of the Conditions has not been fulfilled (or waived by the Purchaser) on or before the date of Completion, the Vendor shall forthwith return all the Deposits and any other monies received (if any) in full to the Purchaser without interest and the Sale and Purchase Agreement shall lapse.

Following Completion, the Vendor will no longer have any share interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company accordingly.

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 at No. 93 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong with a total gross floor area of approximately 27,800 square feet. Currently, certain units of the Property are leased to commercial tenants by the Target Company for rental income.

Set out below is a summary of certain audited financial information of the Target Company for the two years ended 31 March 2017 and 31 March 2018 and for the period from 1 April 2018 to 31 December 2018:

	For the period from 1 April 2018 to 31 December 2018 ^{<i>Note</i>} <i>HK\$ million</i>	For the year ended 31 March 2018 <i>HK\$ million</i>	For the year ended 31 March 2017 <i>HK\$ million</i>
Net (loss) profit (before taxation and extraordinary items)	(20.5)	135.7	(0.3)
Net (loss) profit (after taxation and extraordinary items)	(20.1)	136.0	(0.3)

Note: The Target Company has changed its financial year end date from 31 March to 31 December. Therefore, the results for the nine-month period ended 31 December 2018 are presented.

As at 31 December 2018, the audited net asset value of the Target Company was approximately HK\$115.3 million, and the carrying value of the Property is HK\$360 million.

FINANCIAL EFFECT OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

It is expected that upon Completion, the Group will record a gain of approximately HK\$18.2 million on the Disposal, being the difference between (i) the Consideration and (ii) the aggregate of the net asset value of the Target Company, the amounts of the Sale Loan and the Outstanding Bank Loan, and the estimated costs and expenses in relation to the Disposal.

The Company intends to use the net proceeds of approximately HK\$264 million from the Disposal (representing the sum to be received after repayment of the Outstanding Bank Loan and deducting the estimated costs and expenses in relation to the Disposal) as general working capital for the existing operations of the Group and/or future investments if opportunities arise.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The Disposal represents a good opportunity for the Group to realise its investment for a reasonable profit which, the Board believes, is in the interest of the Company to capture. In addition, as mentioned above, the Disposal is expected to generate a net cash inflow of approximately HK\$264 million.

The Board believes that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its 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 Disposal is more than 25% but less than 75%, the Disposal 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 Disposal. 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 Disposal pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting of Shareholders will be convened by the Company for considering the Disposal.

A circular containing, amongst other things, further details relating to the Disposal is expected to be despatched to the Shareholders on or before 9 August 2019 in accordance with Rule 14.41(a) of the Listing Rules.

Completion is subject to the Conditions having been satisfied or (where applicable) waived by the Purchaser. As such, the Disposal 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 Group principally engages in property development and investment, and asset management in the PRC, property investment and management in Hong Kong, and construction in Hong Kong and Macau.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. Its principal activity is investment holding.

As far as the Company is aware after having made all reasonable enquiries, the Purchaser 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 following meanings:

“Adjusted Purchase Price”	has the meaning ascribed to it under the section headed “The SALE AND PURCHASE AGREEMENT – <i>Consideration and payment terms</i> ” in this announcement;
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“Audited Completion Accounts”	the audited management accounts of the Target Company for the period from 1 January 2019 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;
“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 Disposal in accordance with the terms of the Sale and Purchase Agreement;
“Completion Management Accounts”	the pro forma balance sheet of the Target Company as at the date of Completion and the unaudited profit and loss account of the Target Company for the period from 1 January 2019 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;
“Conditions”	conditions of the Sale and Purchase Agreement;
“connected persons” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration payable to the Vendor by the Purchaser for the Disposal;
“Deposits”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT – <i>Consideration and payment terms</i> ” in this announcement;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan pursuant to the Sale and Purchase Agreement;
“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 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;
“Net Current Asset Value”	the net current asset value of the Target Company as at Completion (excluding the Sale Loan and the Outstanding Bank Loan) as more particularly set out in the Sale and Purchase Agreement;
“Outstanding Bank Loan”	the amount owed by the Target Company to the Bank as at the date of Completion under a loan facility granted by the Bank pursuant to a facility letter dated 6 May 2019, the outstanding amount of which as at the date of this announcement is approximately HK\$117.4 million;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“Property”	a commercial building situated at No. 93 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong;
“Post Completion Adjustment”	has the meaning ascribed to it under the section headed “The SALE AND PURCHASE AGREEMENT – <i>Consideration and payment terms</i> ” in this announcement;
“Purchaser”	Millennium Fortune Investment Corporation, a company incorporated in the British Virgin Islands with limited liability;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 July 2019 entered into between the Purchaser, the Vendor and the Company in relation to the Disposal;
“Sale Loan”	all amounts owed 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 at Completion, the aggregate sum of which as at the date of this announcement is approximately HK\$132.7 million;

“Sale Share”	one ordinary share of US\$1.00 of the Target Company, representing the entire issued share capital of the Target Company;
“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”	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; 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, 19 July 2019

At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent and Mr. Wong Yuet Leung, Frankie; the non-executive Director is Ms. Lo Bo Yue, Stephanie; 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