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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)

**DISCLOSEABLE TRANSACTION  
RESUMPTION COMPENSATION ARRANGEMENT**

**AND**

**RESUMPTION OF TRADING IN SECURITIES**

**THE RESUMPTION COMPENSATION AGREEMENT**

The Board announces that on 23 July 2019, Kaili Shui On Cement, an indirect wholly-owned subsidiary of the Company, entered into the Resumption Compensation Agreement with the Kaili Government, pursuant to which, among other things, the Kaili Government has agreed to compensate Kaili Shui On Cement an amount of approximately RMB171.0 million (equivalent to approximately HK\$194.1 million) for resuming the Cement Plant and reimbursing the costs and expenses incurred by the Group for closing the operation of the Cement Plant resulting from the PRC Central Government's policy of phasing out of backward and energy-inefficient capacities.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Arrangement is more than 5% but less than 25%, the Arrangement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**The Compensation will only be paid following the completion of the Public Auction. There is no certainty on when the Public Auction will be completed, and shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **RESUMPTION OF TRADING IN SECURITIES**

At the request of the Company, trading in the shares (stock code: 983) and senior notes (stock code: 4518) of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on Tuesday, 23 July 2019 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares (stock code: 983) and senior notes (stock code: 4518) of the Company on the Stock Exchange with effect from 1:00 p.m. on Tuesday, 23 July 2019.

The Board announces that on 23 July 2019, Kaili Shui On Cement, an indirect wholly-owned subsidiary of the Company, entered into the Resumption Compensation Agreement with the Kaili Government.

## **THE RESUMPTION COMPENSATION AGREEMENT**

### ***Date***

23 July 2019

### ***Parties***

- (1) Kaili Shui On Cement, an indirect wholly-owned subsidiary of the Company
- (2) The Kaili Government

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Kaili Government is a government authority in Kaili District, Guizhou Province, the PRC, and is independent of the Company and its connected persons.

### ***Subject matter***

Pursuant to the Resumption Compensation Agreement, among other things, the Kaili Government has agreed to compensate Kaili Shui On Cement an amount of approximately RMB171.0 million (equivalent to approximately HK\$194.1 million) for resuming the Cement Plant and reimbursing the costs and expenses incurred by the Group for closing the operation of the Cement Plant (the “**Arrangement**”).

The Cement Plant, located in Kaili Municipal, Guizhou Province, the PRC, was previously occupied by Kaili Shui On Cement, formerly a 90%-owned joint venture of the Group, for a wet kiln cement operation. The Cement Plant has ceased operation in previous years under the direction of the PRC Central Government to phase out backward, energy-inefficient cement plants amid the nationwide over-capacity situation. In 2013, the Group acquired the remaining 10% interest in Kaili Shui On Cement.

Under the town planning of the PRC government, it is expected that the Cement Plant site will be redesignated for commercial and residential purpose. The Kaili Government intends to put up the Cement Plant site for sale through a tender, auction or a listing-for-sale (the “**Public Auction**”) after the land resumption and has extended an invitation to the Group to participate. The Group may participate in the Public Auction and further announcement(s) will be made by the Company, if required, as and when appropriate in accordance with the Listing Rules. The Company is given to understand that the Kaili Government will use its reasonable endeavor to complete the Public Auction on or before 30 September 2019.

### ***Compensation and payment terms***

The compensation in relation to the Arrangement (the “**Compensation**”) is approximately RMB171.0 million (equivalent to approximately HK\$194.1 million), comprising (i) the aggregate sum for surrendering the Cement Plant of approximately RMB106.5 million (equivalent to approximately HK\$120.9 million); and (ii) reimbursement of the costs and expenses incurred by the Group for closing the operation of the Cement Plant totalling approximately RMB64.5 million (equivalent to approximately HK\$73.2 million). As mentioned above, the Kaili Government intends to put up the Cement Plant site for sale by way of the Public Auction. If the Cement Plant site is successfully taken up by a third party other than the Group, the Compensation will be paid to Kaili Shui On Cement after completion of the disposal of the Cement Plant site under the Public Auction.

The Compensation was arrived at by the parties after arm’s length negotiation with reference to, among other things, (i) the value of the Cement Plant as estimated by the independent valuers jointly appointed by Kaili Shui On Cement and the Kaili Government; and (ii) other costs and expenses incurred by the Group for closing the operation of the Cement Plant.

**The Compensation will only be paid following the completion of the Public Auction. There is no certainty on when the Public Auction will be completed, and shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

### **REASONS FOR AND BENEFIT OF THE ARRANGEMENT**

In recent years, the Kaili Government intends to transform and redevelop the Kaili district, in which the Cement Plant is situated. The Resumption Compensation Agreement offers the Group a fair compensation and an opportunity for the Group to participate in the Public Auction. The Directors believe that the terms of the Resumption Compensation Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **FINANCIAL EFFECTS ON THE GROUP**

The aggregate original costs and accumulated depreciation of the Cement Plant as at 31 December 2018 were approximately RMB107.3 million (equivalent to approximately HK\$121.8 million) and RMB49.2 million (equivalent to approximately HK\$55.8 million) respectively. The Cement Plant has not generated any revenue or profits for the two financial years ended 31 December 2017 and 31 December 2018 respectively.

As disclosed above, the Group may participate in the Public Auction and as such, the financial impact arising from the Arrangement can only be ascertained after the Public Auction. Further announcement(s) will be made by the Company, if required, as and when appropriate in accordance with the Listing Rules.

The Company intends to use the proceeds from the Arrangement (if the Cement Plant site is successfully taken up by a third party) as general working capital of the Group.

## **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.

Kaili Shui On Cement is an indirect wholly-owned subsidiary of the Company, which has become inactive after closing the operation of the Cement Plant.

The Kaili Government is a PRC government authority under the Guizhou Province People's Government of the PRC.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Arrangement is more than 5% but less than 25%, the Arrangement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **RESUMPTION OF TRADING IN SECURITIES**

At the request of the Company, trading in the shares (stock code: 983) and senior notes (stock code: 4518) of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on Tuesday, 23 July 2019 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares (stock code: 983) and senior notes (stock code: 4518) of the Company on the Stock Exchange with effect from 1:00 p.m. on Tuesday, 23 July 2019.

## DEFINITIONS

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

“Arrangement”	has the meaning ascribed to it under the section headed “THE RESUMPTION COMPENSATION AGREEMENT – <i>Subject matter</i> ” in this announcement;
“Board”	the board of Directors;
“Cement Plant”	buildings, other production facilities and certain land parcels owned by Kaili Shui On Cement located at No. 40 Daqiao Road, Kaili Municipal, Guizhou Province, the PRC;
“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);
“Compensation”	has the meaning ascribed to it under the section headed “THE RESUMPTION COMPENSATION AGREEMENT – <i>Compensation and payment terms</i> ” in this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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;
“Kaili Government”	the Kaili Municipal People’s Government of Guizhou Province of the PRC;
“Kaili Shui On Cement”	貴州凱里瑞安水泥有限公司 (Guizhou Kaili Shui On Cement Limited*), a company organised under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company and the sole owner of the Cement Plant;
“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;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
“Public Auction”	has the meaning ascribed to it under the section headed “THE RESUMPTION COMPENSATION AGREEMENT – <i>Subject matter</i> ” in this announcement;
“Resumption Compensation Agreement”	the resumption compensation agreement entered into between Kaili Shui On Cement and the Kaili Government on 23 July 2019 in relation to, among other things, the Arrangement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

*For the purpose of this announcement, conversions of RMB into HK\$ are based on the exchange rate of RMB1 to HK\$1.135 for the purposes of illustration only. No representation is made that any amount of HK\$ or RMB has been, could have been or could be converted at the above rate or at any other rates.*

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

Hong Kong, 23 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](http://www.socam.com)*