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瑞安建業有限公司\*  
**SOCAM Development Limited**  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 983)

## **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF SHARE INTEREST IN SHUI ON CONTRACTORS LIMITED**

Reference is made to the 2022 Announcement in respect of (i) the Company's partial exercise of the 6% Call Option granted by Mr. Lawrence Choi under the Sale and Purchase Agreement to acquire 6 of his 12 SOCON Shares (i.e. the Previous Acquisition), representing 3% of the issued share capital of SOCON; and (ii) the agreement of the Company not to exercise the 6% Call Option in relation to the remaining 6 SOCON Shares held by Mr. Lawrence Choi (i.e. the Remaining Shares), representing 3% of the issued share capital of SOCON, subject to the condition, among other things, that he shall sell and transfer all the Remaining Shares only to such purchaser(s) as designated by the Company on or before 31 July 2023 in accordance with the Deed.

On 31 July 2023, pursuant to the terms of the Deed, the Company served the Designation Notice on Mr. Lawrence Choi requesting him to sell and transfer all the Remaining Shares to the Company free from all encumbrances (i.e. the Acquisition) for a consideration of approximately HK\$48.13 million.

The SOCON Group principally engages in construction and maintenance works in Hong Kong and Macau.

As certain applicable percentage ratio(s) calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition, on a stand-alone basis or in aggregation with the Previous Acquisition, exceed(s) 5% but all such ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **BACKGROUND**

Pursuant to the terms of the 6% Call Option as set out in the Sale and Purchase Agreement, on 29 July 2022, the Company served a written notice on Mr. Lawrence Choi, who retired and ceased to be an employee on 1 July 2022 upon which the 6% Call Option became exercisable, to partially exercise the 6% Call Option to acquire 6 of his 12 SOCON Shares, representing 3% of the issued share capital of SOCON, free from all encumbrances (the “**Previous Acquisition**”) for a consideration of approximately HK\$42.03 million. Details about the Previous Acquisition, which was completed on 24 August 2022, have been set out in the 2022 Announcement.

As further disclosed in the 2022 Announcement, the Company entered into the Deed with Mr. Lawrence Choi whereby the Company agreed not to exercise the 6% Call Option in relation to the remaining 6 SOCON Shares held by him (the “**Remaining Shares**”), representing 3% of the issued share capital of SOCON, subject to the condition, among other things, that he shall sell and transfer all the Remaining Shares only to such purchaser(s) as designated by the Company on or before 31 July 2023, at the sale price per SOCON Share to be determined on the same basis as the exercise price of the 6% Call Option as stipulated in the Sale and Purchase Agreement, which on this basis will be equal to the adjusted pro-forma consolidated net asset value of the SOCON Group attributable to each SOCON Share as at the end of the month immediately preceding the date of the Designation Notice.

## **ACQUISITION OF THE REMAINING SHARES**

### **Subject matter**

On 31 July 2023, pursuant to the terms of the Deed, the Company served the Designation Notice on Mr. Lawrence Choi requesting him to sell and transfer all the Remaining Shares, i.e. 6 SOCON Shares, representing 3% of the issued share capital of SOCON, to the Company free from all encumbrances (the “**Acquisition**”).

### **Consideration**

The consideration payable by the Company to Mr. Lawrence Choi for the Acquisition is approximately HK\$48.13 million, which is equal to the exercise price of the 6% Call Option in relation to the Remaining Shares to be acquired by the Company and is determined based on the adjusted pro-forma consolidated net asset value of the SOCON Group as at 30 June 2023, being the end of the month immediately preceding the date of the Designation Notice served on Mr. Lawrence Choi. The consideration shall be settled in cash upon completion of the Acquisition and will be funded by internal resources of the Group.

### **Completion**

Pursuant to the terms of the Deed, completion of the Acquisition shall take place within 30 calendar days from the date of the Designation Notice served on Mr. Lawrence Choi.

At the date of this announcement, SOCON is a 89.75%-owned subsidiary of the Company. Following completion of the Acquisition, SOCON will be 92.75% owned by the Company and will continue to be accounted for as a subsidiary in the consolidated financial statements of the Group.

## INFORMATION ON THE SOCON GROUP

The SOCON Group principally engages in the construction and maintenance works in Hong Kong and Macau.

Set out below is a summary of certain financial information of the SOCON Group based on its unaudited pro-forma consolidated financial statements for the two years ended 31 December 2021 and 2022:

	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net profit (before taxation)	521	571
Net profit (after taxation)	436	479

As at 31 December 2022, the unaudited pro-forma consolidated net asset value of the SOCON Group was approximately HK\$1,548 million.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

As mentioned in the 2022 Announcement, the reason for the Company's non-exercise of the 6% Call Option in relation to the Remaining shares, subject to the terms and conditions of the Deed, was to give the Company the flexibility to look for suitable employees to take up the Remaining Shares as and when appropriate for upholding the objective of the Disposal.

As no suitable employees were identified by the Company for designation as purchasers of the Remaining Shares as of 31 July 2023 in accordance with the Deed, the Company proceeds with the Acquisition to consolidate its ownership of the SOCON Shares.

Having considered that the terms of the Acquisition are in accordance with the terms of the Deed, in particular, the sale price of the Remaining Shares, which are determined with reference to the terms of the Call Options and have been previously approved by the Board, the Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

As certain applicable percentage ratio(s) calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition, on a stand-alone basis or in aggregation with the Previous Acquisition, exceed(s) 5% but all such ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION**

The Group principally engages in construction and maintenance works in Hong Kong and Macau, provision of smart building solutions and property management services in Hong Kong and the PRC, and property development and investment in the PRC.

Mr. Lawrence Choi stepped down as a director and the vice-chairman of SOCON and a director of certain of its subsidiaries on 1 July 2022 following his retirement and continues to serve as senior adviser to SOCON thereafter. As a period of 12 months has lapsed after he ceased to hold the directorships in the Company's subsidiaries, he is no longer a connected person of the Company at the date of this announcement and, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and its connected persons under the Listing Rules.

## **DEFINITIONS**

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

“2022 Announcement”	the announcement issued by the Company on 29 July 2022 in respect of the Company's partial exercise of the 6% Call Option in relation to 6 SOCON shares and conditional agreement to the non-exercise of the 6% Call Option in relation to the Remaining Shares held by Mr. Lawrence Choi
“6% Call Option”	the call option granted by Mr. Lawrence Choi to the Company under the Sale and Purchase Agreement to require him to sell and transfer all or part of his 12 SOCON Shares to the Company
“Acquisition”	has the meaning ascribed to it under the section headed “ACQUISITION OF THE REMAINING SHARES – Subject matter” of this announcement
“Board”	the board of directors of the Company

“Call Options”	the call options (including the 6% Call Option) exercisable by the Company at its absolute discretion to require the grantors concerned (including Mr. Lawrence Choi), being the purchasers of 30 SOCON Shares in the Disposal, to sell and transfer all or part of their SOCON Shares to the Company upon the occurrence of certain specified events pursuant to the Sale and Purchase Agreement
“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)
“connected person(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Deed”	the deed of agreement dated 29 July 2022 entered into between the Company and Mr. Lawrence Choi in respect of the Company’s conditional agreement not to exercise the 6% Call Option in relation to the Remaining Shares
“Designation Notice”	the notice to be served by the Company on Mr. Lawrence Choi requesting for the sale and transfer of his Remaining Shares to the designated purchaser(s) pursuant to the terms of the Deed
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 30 SOCON Shares, representing 15% of the issued share capital of SOCON, by the Company to the purchasers (all being employees of the SOCON Group at the relevant time, including Mr. Lawrence Choi) pursuant to the Sale and Purchase Agreement
“Group”	collectively, 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 Macao Special Administrative Region of the People’s Republic of China

“Mr. Lawrence Choi”	Mr. Choi Yuk Keung, Lawrence, who was a director and the vice-chairman of SOCON and a director of certain of its subsidiaries before his retirement on 1 July 2022
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan)
“Previous Acquisition”	has the meaning ascribed to it under the section headed “BACKGROUND” of this announcement
“Remaining Shares”	has the meaning ascribed to it under the section headed “BACKGROUND” of this announcement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 August 2017 (as amended and supplemented by the supplemental agreement dated 26 May 2020) in relation to the Disposal and the grant of the Call Options (including the 6% Call Option) as disclosed in the announcement of the Company dated 4 August 2017
“SOCON”	Shui On Contractors Limited, a company incorporated in the British Virgin Islands with limited liability, which is a 89.75%-owned subsidiary of the Company at the date of this announcement
“SOCON Group”	collectively, SOCON and its subsidiaries
“SOCON Shares”	issued ordinary shares of US\$1.00 each of SOCON
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**SOCAM Development Limited**  
**Lee Chun Kong, Freddy**  
*Executive Director and Chief Executive Officer*

Hong Kong, 31 July 2023

*At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent and Mr. Lee Chun Kong, Freddy; 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, Mr. William Timothy Addison and Mr. Lau Ping Cheung, Kaizer*

\* *For identification purpose only*

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