

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



瑞安建業有限公司\*

**SOCAM Development Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

## **CONTINUING CONNECTED TRANSACTION**

### **NEW PROPERTY MANAGEMENT SERVICES AGREEMENT**

#### **THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT**

The Board announces that on 13 December 2024, PEPM (an indirect wholly-owned subsidiary of the Company) entered into the New Property Management Services Agreement with SOCPML (an indirect wholly-owned subsidiary of SOCL), pursuant to which SOCPML has agreed to continue engaging PEPM, and PEPM has agreed to accept the engagement, to provide the SOC Property Management Services for a term of three years from 1 January 2025 to 31 December 2027 (both dates inclusive) upon expiration of the Existing Property Management Services Agreement.

#### **LISTING RULES IMPLICATIONS**

Since SOCPML is an indirect wholly-owned subsidiary of SOCL, the controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the continual provision of the SOC Property Management Services under the New Property Management Services Agreement will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Annual Cap exceeds HK\$3 million while all the applicable percentage ratios as defined under the Listing Rules calculated in respect of the Annual Cap are less than 5%, the said continuing connected transaction is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 16 December 2021 in relation to the continuing connected transaction regarding the provision of the SOC Property Management Services by PEPM to SOCPML under the Existing Property Management Services Agreement.

As the Existing Property Management Services Agreement will expire on 31 December 2024, PEPM and SOCPML entered into the New Property Management Services Agreement in respect of the engagement of PEPM for the continual provision of the SOC Property Management Services for a term of three years from 1 January 2025 to 31 December 2027 (both dates inclusive).

## **THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT**

### ***Date***

13 December 2024

### ***Parties***

- (1) PEPM, an indirect wholly-owned subsidiary of the Company
- (2) SOCPML, an indirect wholly-owned subsidiary of SOCL and the management company under the DMC in respect of Shui On Centre

### ***Subject matter***

Pursuant to the New Property Management Services Agreement, PEPM shall continue to provide the SOC Property Management Services to SOCPML for a term of three years from 1 January 2025 to 31 December 2027 (both dates inclusive), or until the termination of the engagement of SOCPML to provide the related services under the DMC (whichever is earlier).

### ***Service Fee and Disbursements***

PEPM's annual service fee (the "**Service Fee**") for provision of the SOC Property Management Services under the New Property Management Services Agreement shall be the aggregate sum of:

- (1) 9% of (a) the budgeted expenses for the management of Shui On Centre (the "**Management Expenses**") calculated in accordance with the provisions set out in the DMC for the relevant financial year (excluding (i) the budgeted expenses on remuneration to be received by SOCPML in its capacity as the management company appointed under the DMC; and (ii) the sinking fund maintained under the DMC (the "**Sinking Fund**") to meet all expenditure of a heavy and/or non-recurrent nature for the common areas of Shui On Centre (collectively, the "**Excluded Management Expenses**")); and (b) any additional sums demanded by SOCPML in accordance with the DMC provisions to cover any insufficiency in the Excluded Management Expenses; and

- (2) 5% of the actual capital expenditure incurred (if any) from 1 January 2025 to 31 December 2027.

The Service Fee shall be subject to a possible downward adjustment of not exceeding 10%, based on the key performance indicators to be mutually agreed upon between PEPM and SOCPML at a later stage. SOCPML shall pay the Service Fee to PEPM in cash on a monthly basis within 30 days of receiving the payment request from PEPM.

The pricing for the Service Fee was determined after arm’s length negotiations, with reference to the market level of property management fees for comparable properties in Hong Kong, taking into account the amount of work and costs involved in providing the SOC Property Management Services.

SOCPML shall also reimburse PEPM on a cost basis, up to HK\$3.42 million per calendar year, for the costs, expenses and disbursements properly and actually incurred in the course of performing the SOC Property Management Services, such as the charges of main office overheads, facilities, accountancy or other professional services, any staff costs and sums payable for the use of any premises reasonably required by PEPM as the management office (the “Disbursements”). Written confirmation of the parties shall be obtained on the Disbursements for the relevant period before PEPM issues an invoice, and SOCPML shall settle payment within 30 days of receiving the invoice, unless otherwise agreed by the parties in writing.

## HISTORICAL TRANSACTION AMOUNTS

The total payments received or receivable by PEPM from SOCPML for providing the SOC Property Management Services under the Existing Property Management Services Agreement are set out below:

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the period from 1 January 2024 to 30 November 2024</b>
	HK\$ <i>(approximately million)</i>	HK\$ <i>(approximately million)</i>	HK\$ <i>(approximately million)</i>
Service fee (Note)	3.83	5.65	6.98
Disbursements	<u>10.69</u>	<u>10.13</u>	<u>7.82</u>
Total	14.52	15.78	14.80

Note: Pursuant to the Existing Property Management Services Agreement, the service fee was charged at a rate of 9% of the Management Expenses (net of the Excluded Management Expenses) and the part of the actual capital expenditure of Shui On Centre that exceeded the Sinking Fund’s accumulated balance as at 31 December 2021.

## **ANNUAL CAP AND BASIS OF DETERMINATION**

It is expected that the total payments, comprising the Service Fee and Disbursements, to be received by PEPM from SOCPML under the New Property Management Services Agreement would not exceed HK\$8.7 million (the “**Annual Cap**”) for each of the three years ending 31 December 2025, 2026 and 2027.

The Annual Cap was determined with reference to the following:

- (i) the historical amounts of service fee and disbursements paid or payable by SOCPML to PEPM under the Existing Property Management Services Agreement for the years ended 31 December 2022 and 31 December 2023 and for the period from 1 January 2024 to 30 November 2024, respectively, which were charged based on the amounts of the Management Expenses, actual capital expenditure and disbursements incurred for Shui On Centre during the said years and period;
- (ii) the estimated amounts of the Service Fee based on a projection of the Management Expenses and capital expenditure to be incurred for Shui On Centre for the three years ending 31 December 2025, 2026 and 2027, respectively, taking into account the expected reduction in the capital expenditure in the next three years following the completion of the asset enhancement initiative of Shui On Centre and a lower chargeable rate on the capital expenditure; and
- (iii) the estimated amounts of the Disbursements for the three years ending 31 December 2025, 2026 and 2027, which are expected to be reduced substantially to an amount of not exceeding the cap of HK\$3.42 million for each year as prescribed in the New Property Management Services Agreement, primarily due to certain staff costs being borne by SOCPML directly and the proposed cost-saving measures to be implemented by PEPM.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT**

PEPM principally engages in the provision of property management services in Hong Kong and has a wide range of experience and property management capabilities. Provision of the SOC Property Management Services under the New Property Management Services Agreement forms part of the usual business activities of PEPM, allowing PEPM to capitalise on its experience and expertise to earn a stable income from its services.

The Directors (save for those who abstained from voting on the relevant Board resolutions as mentioned below) (including the independent non-executive Directors) consider that the terms of the New Property Management Services Agreement are fair and reasonable, and that the transaction contemplated thereunder is on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Since SOCPML is an indirect wholly-owned subsidiary of SOCL, the controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the continual provision of the SOC Property Management Services under the New Property Management Services Agreement will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Annual Cap exceeds HK\$3 million while all the applicable percentage ratios as defined under the Listing Rules calculated in respect of the Annual Cap are less than 5%, the said continuing connected transaction is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

SOCL, being the holding company of SOCPML, is held under the Bosrich Unit Trust, the units of which are the property of a discretionary trust, of which Mr. Lo, an executive Director and the Chairman of the Company, is the founder and both Mr. Lo and Ms. Lo, a non-executive Director and the daughter of Mr. Lo, are discretionary beneficiaries. Given the interests of Mr. Lo and Ms. Lo in SOCL as set out above, both of them are considered to have material interests in the New Property Management Services Agreement. Mr. Lo abstained from voting on the relevant resolutions at a Board meeting, while Ms. Lo did not attend the meeting.

Additionally, Mr. Chan is also a director of SOCPML. To avoid any conflict of interest, he voluntarily abstained from voting for good corporate governance.

## **INTERNAL CONTROL MEASURES**

The Company will adopt the following internal control measures to ensure that the transaction contemplated under the New Property Management Services Agreement is conducted according to its terms, including the pricing basis, and that the Annual Cap will not be exceeded:

- (i) the finance department of PEPM will be responsible for monitoring the Management Expenses and capital expenditure of Shui On Centre to calculate the Service Fee and the Disbursements to be charged to SOCPML on a monthly basis in accordance with the terms of the New Property Management Services Agreement;
- (ii) the corporate evaluation department of the Company will be responsible for reviewing and assessing whether the transaction contemplated under the New Property Management Services Agreement is conducted according to its terms and whether the Service Fee and Disbursements are within the Annual Cap set for the relevant years;

- (iii) in accordance with the Company policy on connected transactions, the corporate evaluation department of the Company will, on a quarterly basis, compile a report on all connected transactions and continuing connected transactions of the Group, including that under the New Property Management Agreement, setting out the relevant transaction amounts for submission to the audit committee of the Company and the Board for review to ensure that the annual caps of the continuing connected transactions of the Company (including the Annual Cap) will not be exceeded;
- (iv) the independent non-executive Directors will conduct an annual independent review of the above control measures and the continuing connected transaction contemplated under the New Property Management Agreement to ensure that such transaction is on normal commercial terms, fair and reasonable, and is carried out pursuant to the terms of the New Property Management Agreement; and
- (v) the external auditor of the Company will also be engaged to conduct an annual review and report on the continuing connected transaction in accordance with Rule 14A.56 of the Listing Rules. The Company will provide necessary information to and facilitate access to such information by the independent non-executive Directors and auditor for the purpose of such review.

## **INFORMATION ON THE PARTIES TO THE TRANSACTION**

The Group principally engages in construction, fitting-out and maintenance works in Hong Kong and Macau, provision of property management services in Hong Kong and the PRC, and property development and investment in the PRC.

PEPM is an indirect wholly-owned subsidiary of the Company and its principal activity is provision of property management services in Hong Kong.

SOCFML is an indirect wholly-owned subsidiary of SOCL and its principal activity is property management.

## **DEFINITIONS**

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

“Annual Cap”	has the meaning as defined under the section headed “ANNUAL CAP AND BASIS OF DETERMINATION” of this announcement
“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)

“connected person”, “continuing connected transaction”, “controlling shareholder” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disbursements”	has the meaning as defined under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT – <i>Service Fee and Disbursements</i> ” of this announcement
“DMC”	the Deed of Mutual Covenant and Management Agreement in respect of Shui On Centre dated 17 February 1994 entered into between, among others, Shui On Centre Company Limited (the first owner of Shui On Centre) and SOCPML (as the management company)
“Excluded Management Expenses”	has the meaning as defined under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT – <i>Service Fee and Disbursements</i> ” of this announcement
“Existing Property Management Services Agreement”	the agreement dated 16 December 2021 entered into between PEPM and SOCPML in relation to the provision of the SOC Property Management Services by PEPM to SOCPML
“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 Macau Special Administrative Region of the People’s Republic of China
“Management Expenses”	has the meaning as defined under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT – <i>Service Fee and Disbursements</i> ” of this announcement

“Mr. Chan”	Mr. Chan Wai Kan, George, a non-executive Director
“Mr. Lo”	Mr. Lo Hong Sui, Vincent, an executive Director and the Chairman of the Company
“Ms. Lo”	Ms. Lo Bo Yue, Stephanie, a non-executive Director and the daughter of Mr. Lo
“New Property Management Services Agreement”	the agreement dated 13 December 2024 entered into between PEPM and SOCPML in relation to the continual provision of the SOC Property Management Services by PEPM to SOCPML
“PEPM”	Pacific Extend Properties Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan)
“Service Fee”	has the meaning as defined under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT – <i>Service Fee and Disbursements</i> ” of this announcement
“Shui On Centre”	a commercial building located at 6-8 Harbour Road, Hong Kong
“Sinking Fund”	has the meaning as defined under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT – <i>Service Fee and Disbursements</i> ” of this announcement
“SOC Property Management Services”	the services of management and maintenance of Shui On Centre
“SOCL”	Shui On Company Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company
“SOCPML”	Shui On Centre Property Management Limited, a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of SOCL and the management company under the DMC



“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, 13 December 2024

*At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent (Chairman) and Mr. Lee Chun Kong, Freddy (Chief Executive Officer); the non-executive Directors are Ms. Lo Bo Yue, Stephanie and Mr. Chan Wai Kan, George; and the independent non-executive Directors are Mr. Chan Kay Cheung, Mr. Lau Ping Cheung, Kaizer and Mr. Wong Hak Wood, Louis.*

*\* For identification purposes only*

*Website: [www.socam.com](http://www.socam.com)*