THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in SOCAM Development Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

VERY SUBSTANTIAL DISPOSAL

CONDITIONAL DISPOSAL OF 45% SHARE INTEREST IN LAFARGE SHUI ON CEMENT LIMITED

A letter from the Board is set out on pages 4 to 11 of this circular.

A notice convening the special general meeting of the Company to be held at Monaco Room, Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 18 June 2015 at 3:30 p.m. (or immediately following the closure of another special general meeting of the Company convened at 3:00 p.m.) is set out on pages 55 and 56 of this circular. A form of proxy for the meeting is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjournment thereof (as the case may be), should you so wish.

* *For identification purpose only*

Hong Kong, 26 May 2015

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DEFINITIONS

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

"Board"	the board of Directors
"close associate(s)", "connected persons", "controlling shareholder" and "subsidiary(ies)"	each shall have the meaning ascribed to it under the Listing Rules
"Combination Agreement"	the agreement dated 7 July 2014 (as amended on 20 March 2015) entered into between Lafarge and Holcim Ltd. with respect to the planned merger between Lafarge and Holcim Ltd.
"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"	the completion of the Disposal
"Conditions"	the conditions precedent to Completion as set out in the S&P Agreement
"Consideration"	the consideration for the Disposal, being approximately HK$2,553 million
"Consultancy Agreement"	the consultancy engagement letter dated 3 March 2015 entered into between the Company and ViCap to formalise the Company's appointment of ViCap as its consultant to provide consultancy services with respect to the divestment of the Group's interest in LSOC
"Director(s)"	director(s) of the Company
"Disposal"	the disposal by the Seller of the LSOC Sale Shares to the Purchaser pursuant to the S&P Agreement
"Disposal Group"	LSOC and its subsidiaries
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Joint Venture Agreements"	the joint venture agreement dated 11 August 2005 entered into between (i) the Company; (ii) the Seller; (iii) the Purchaser; and (iv) LSOC, and any other agreements entered into by all of these parties in relation to LSOC, as supplemented and amended from time to time
"Lafarge"	Lafarge S.A., the parent company of the Purchaser
"Latest Practicable Date"	21 May 2015, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LSOC"	Lafarge Shui On Cement Limited (formerly known as Lafarge Holdings Hong Kong Limited), a company incorporated in Hong Kong with limited liability
"LSOC Sale Shares"	940,139 ordinary shares in the issued share capital of LSOC, representing 45% of the issued share capital of LSOC held by the Group
"Mr. Frankie Wong"	Mr. Wong Yuet Leung, Frankie, a former non-executive Director
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Taiwan and the Macao Special Administrative Region of the People's Republic of China)
"Purchaser"	Financiere Lafarge, a company incorporated in France with limited liability, which is a wholly-owned subsidiary of Lafarge holding 55% of the issued share capital of LSOC as at the date of this circular
"Remaining Group"	the Group immediately after Completion
"Resolution"	the ordinary resolution to be proposed at the SGM as set out in the notice of the SGM on pages 55 and 56 of this circular
"RMB"	Renminbi, the lawful currency of the PRC
"S&P Agreement"	the sale and purchase agreement dated 3 March 2015 entered into between (i) the Seller; (ii) the Company; (iii) the Purchaser; and (iv) LSOC in relation to the Disposal

"Seller"	Glorycrest Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company holding 45% of the issued share capital of LSOC as at the date of this circular
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held for considering and, if appropriate, approving the S&P Agreement and the transactions contemplated thereunder
"Shareholders"	holders of the ordinary shares in the issued share capital of the Company
"SOL"	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 272)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States of America
"ViCap"	V I Capital Management Limited, a company incorporated in Hong Kong with limited liability, which is wholly owned by Mr. Frankie Wong
"%"	per cent

For the purpose of this circular and for illustrative purpose only, RMB is converted into HK$ at the rate of RMB1 : HK$1.265. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates.

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

Executive Directors:
Mr. Lo Hong Sui, Vincent
Mr. Choi Yuk Keung, Lawrence
Mr. Wong Fook Lam, Raymond

Non-executive Directors:
Mr. Wong Kun To, Philip
Mr. Tsang Kwok Tai, Moses

Independent Non-executive Directors:
Mr. Gerrit Jan de Nys
Ms. Li Hoi Lun, Helen
Mr. Chan Kay Cheung

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
34th Floor
Shui On Centre
6-8 Harbour Road
Hong Kong

26 May 2015

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL

CONDITIONAL DISPOSAL OF 45% SHARE INTEREST IN LAFARGE SHUI ON CEMENT LIMITED

INTRODUCTION

On 3 March 2015, the Board announced that the Seller (an indirect wholly-owned subsidiary of the Company) and the Company entered into the S&P Agreement with the Purchaser and LSOC, pursuant to which the Seller has agreed to sell and the Purchaser has agreed to acquire, subject to, amongst other things, the successful completion of the planned merger between Lafarge and Holcim Ltd., the LSOC Sale Shares, representing 45% of the issued share capital of LSOC, for a cash consideration of approximately HK$2,553 million at Completion.

* *For identification purpose only*

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Disposal; (ii) the financial information of the Group and the Disposal Group; (iii) the unaudited pro forma financial information of the Remaining Group; and (iv) a notice of the SGM.

THE S&P AGREEMENT

Date

3 March 2015

Parties

(1) the Seller, namely Glorycrest Holdings Limited, holding 45% of the issued share capital of LSOC as at the date of this circular;

(2) the Company;

(3) the Purchaser, namely Financiere Lafarge, holding 55% of the issued share capital of LSOC as at the date of this circular; and

(4) LSOC

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

The Purchaser is a wholly-owned subsidiary of Lafarge, which is one of the world's leaders in the building materials with top-ranking positions in cement, aggregates and concrete businesses.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the S&P Agreement, the Seller has agreed to sell and the Purchaser has agreed to acquire the LSOC Sale Shares, representing 45% of the issued share capital of LSOC and the entire interest of the Group in it, subject to the Conditions identified below.

The Group's interest in LSOC represents the Group's sole investment in cement operations in the PRC, except a small cement grinding mill in Nanjing with an annual production capacity of approximately 0.5 million tonnes of cement. The Group considers that the site of this mill, given its favourable location in an area under the local government's rezoning plan, has a good redevelopment potential and intends to close down the operation and dispose of the land at an appropriate time to realise this investment.

Consideration and payment terms

The Consideration is approximately HK$2,553 million, and will be settled in cash upon Completion. The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to the carrying value of the Group's interest in LSOC of approximately HK$3,147 million and the accumulated other comprehensive income attributable to LSOC of approximately HK$767 million, representing mainly foreign exchange gains on the Group's investment in LSOC over the years, as recorded in the Group's audited consolidated financial statements as at 31 December 2014, and after taking into account the following factors:

(a) the Company's overall business strategy to exit from the cement operation in the PRC;

(b) an estimate of the enterprise value of LSOC with reference to (i) the net book value of LSOC; (ii) the enterprise value per tonne of cement capacity in recent market transactions; (iii) the projected market valuation parameters of six to seven PRC-listed cement companies and eight to ten Hong Kong-listed cement companies based on estimated enterprise value-to-EBITDA ratio (ranging from 5.7 to 6.6) and price-to-book ratio (ranging from 0.9 to 1.3) provided by a number of major equity analysts in publicly available analysts reports, allowed for the negative impact of recurring operating losses of LSOC, the discount attached to the Group's minority shareholding in LSOC and the liquidity discount to reflect the fact that LSOC is an unlisted entity; and (iv) the estimated net realisable value of each cement plant of LSOC taking into account the net borrowings and shareholding of LSOC in the relevant plants; and

(c) the fact that LSOC is a joint-venture company, in which the Group, having a 45% interest, is subject to various restrictions as set out in the Joint Venture Agreements.

The comparable companies selected for assessing the enterprise value of LSOC as mentioned in paragraph (b) above include most of the major cement companies listed in Hong Kong and/or the PRC, with business operations in the PRC. These comparable companies are largely country-wide or regional cement producers in the PRC, while LSOC is a major cement group in the southwestern region of the PRC. Accordingly, the Directors consider that the selected cement companies are fair and representative samples for the reference.

Conditions

Completion is conditional upon the satisfaction of the following Conditions:

(a) on or before 30 June 2015, the Shareholders' approval having been obtained by the Company in respect of the S&P Agreement and the transactions contemplated thereunder pursuant to the Listing Rules;

(b) the Combination Agreement not having been terminated; and

(c) before noon of 31 March 2016, the tender offer by Holcim Ltd. for the shares of Lafarge having been completed successfully in accordance with the General Regulations of the Autorité des Marchés Financiers and the Rules of Euronext Paris.

In the event that any of the Conditions has not been satisfied on or before the relevant date and time set out above, the S&P Agreement shall terminate immediately.

The public exchange offer by Holcim Ltd. for the shares of Lafarge announced by Lafarge on 7 April 2014 is subject to the satisfaction of certain conditions, including the successful completion of the public exchange offer by Holcim Ltd. for the shares of Lafarge. Further to the extraordinary general meeting of Holcim Ltd. held on 8 May 2015, which approved the resolutions necessary to launch the public exchange offer, Holcim Ltd. filed, on 11 May 2015, the draft public exchange offer for the shares of Lafarge with the Autorité des Marchés Financiers. This draft public exchange offer remains subject to the clearance of the Autorité des Marchés Financiers before opening of the offer period. The closing of the planned merger between Lafarge and Holcim Ltd. is expected to take place in July 2015.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Holcim Ltd. and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

As at the Latest Practicable Date, the Combination Agreement has not been terminated and neither of the remaining Conditions has been satisfied.

Completion

Completion shall take place on the 30th calendar day after the date on which all of the Conditions are satisfied or on such other date as agreed between the Seller and the Purchaser in writing.

Following Completion, the Company will no longer hold any share interest in LSOC, but will remain subject to the restriction from engaging in cement business in certain regions in the PRC, namely Sichuan, Chongqing, Yunnan and Guizhou, in competition with LSOC for a period of three years thereafter as stipulated in the Joint Venture Agreements.

Post Completion obligation

Pursuant to the S&P Agreement, as soon as reasonably practicable after Completion and in any event not later than six months after Completion, the Purchaser shall procure that none of LSOC and its subsidiaries will include or refer to “Shui On” or “瑞安” as their company names, initials or trademarks.

FURTHER INFORMATION ON THE PLANNED MERGER BETWEEN LAFARGE AND HOLCIM LTD.

Pursuant to the Combination Agreement, Lafarge and Holcim Ltd. are seeking a combination on a global level. Upon completion of the combination, Holcim Ltd. will be renamed as "LafargeHolcim Ltd." and will possess the global businesses and assets owned by Lafarge and Holcim Ltd. as a whole. Such combination is subject to the satisfaction of the following conditions:

(a) approvals for the combination (including antitrust clearance) from the regulatory authorities in the relevant jurisdictions having been obtained by both parties;

(b) authorisation and approval for the listing of the shares of Holcim Ltd. to be issued to the shareholders of Lafarge on Euronext Paris and SIX Swiss Exchange having been applied and obtained;

(c) approval for the public exchange offer to be made to the shareholders of Lafarge having been obtained from the Autorité des Marchés Financiers;

(d) the public exchange offer to the shareholders of Lafarge to exchange the shares of Lafarge for the shares of Holcim Ltd. having been opened after obtaining the above approvals;

(e) the public exchange offer having been accepted by the shareholders of Lafarge holding at least two-third of the share capital or voting rights of Lafarge and approval for the issuance of new shares of Holcim Ltd. having been obtained at the shareholders' general meeting of Holcim Ltd.; and

(f) registration of the newly-issued shares of Holcim Ltd. having been completed with the St. Gallen commercial registry, in accordance with Swiss law.

It is the intention of Lafarge to proceed with the Disposal only if the combination is completed, following which the merged company, LafargeHolcim Ltd., will take full control over LSOC.

INFORMATION ON LSOC

LSOC was formed by Lafarge and the Company in 2005 by merging their cement operations in the PRC, and is 55% and 45% owned by the Purchaser and the Seller respectively.

LSOC, via its subsidiaries, principally engages in production and distribution of cement in the southwestern region of the PRC. It holds approximately 75.3% interest in Sichuan Shuangma Cement Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000935.SZ), which principally engages in cement operations in Sichuan, the PRC. At 31 December 2014, LSOC had a total annual production capacity of cement of approximately 32 million tonnes.

Set out below is a summary of certain consolidated financial information of LSOC for the two years ended 31 December 2013 and 31 December 2014:

	2014 (audited)		**2013 (audited)**	
	RMB million	*Equivalent to approximately HK$ million*	*RMB million*	*Equivalent to approximately HK$ million*
Net loss (before taxation and extraordinary items)	(345.2)	(436.7)	(408.6)	(516.9)
Net loss (after taxation and extraordinary items)	(492.1)	(622.5)	(491.1)	(621.2)

The audited consolidated net asset value of LSOC as at 31 December 2014 was approximately RMB4,834 million (equivalent to approximately HK$6,115 million).

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

The Group expects to recognise a gain of approximately HK$103 million on the Disposal, being the difference between (i) the Consideration; and (ii) the audited carrying value of the Group's investment in LSOC of approximately HK$3,147 million, taking into account the accumulated other comprehensive income attributable to LSOC of approximately HK$767 million, as at 31 December 2014, as well as the costs and expenses relating to the Disposal of approximately HK$70 million.

Upon Completion, the Group will not hold any interest in the Disposal Group.

According to the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, assuming that the Disposal was completed on 31 December 2014, the Group's total assets would decrease by approximately HK$664 million while its total liabilities would remain unchanged.

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained with reference to the carrying value of the Group's investment in LSOC as at the date of Completion.

The net proceeds of approximately HK$2,483 million from the Disposal, after deducting the transaction costs and expenses, will be used by the Group to primarily reduce bank borrowings and for general working capital purpose. The exact allocation of the net proceeds will depend on the proportion of bank borrowings that may be renewed, extended or refinanced under the prevailing credit market condition.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

As disclosed in the 2013 and 2014 annual reports of the Company, the Group has been pursuing its planned exit strategy for its interest in LSOC, which had a carrying book value of approximately HK$3,147 million as at 31 December 2014 and accounted for approximately 17% of the total assets of the Group. The Disposal represents the successful implementation of the Group's exit plan for its investment in LSOC and also forms a significant part of the Company's monetisation plan for its property and cement assets. The Disposal will not only free the Group from the negative impact of recurring operating losses of LSOC, but also allow the Group to release significant resources tied-up in this non-performing joint venture. The net proceeds from the Disposal will enable the Group to reduce its bank borrowings significantly and make a positive contribution to the cash flow and financial position of the Group.

After Completion, the Company will continue with the monetisation plan for its property assets and dispose of its remaining property portfolio in an orderly manner to unlock the asset values for the Shareholders. The Company will also re-focus on the construction business in Hong Kong to capture the abundant opportunities in construction works arising from the massive public housing programme announced recently by the Hong Kong Government in its 2015 policy address — the building of an average of around 20,000 public rental units and 9,000 subsidised flats for sale per annum for the next ten years. The construction business has always been the Company's strength and underlying core business since it was formed in 1997, and its subsidiaries are major contractors engaged in the housing projects and building works in the public sector of Hong Kong, with annual turnover of HK$4-5 billion for the last three years. The Company's long track record of consistently high performance will enable it to secure construction contracts of considerable value under this programme. Currently, the order book and outstanding workloads are both among the highest in the Company's history.

The Directors (including the independent non-executive Directors) consider that the terms of the S&P Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

According to the Listing Rules, a Shareholder shall abstain from voting on the Resolution at the SGM if such Shareholder or any of his/her/its close associate(s) has a material interest in the Disposal. As ViCap, which is wholly owned by Mr. Frankie Wong and hence is his close associate, is considered to have a material interest in the Disposal given its interest in the Consultancy Agreement, Mr. Frankie Wong and his close associates shall abstain from voting on the Resolution at the SGM in accordance with the Listing Rules. At the Latest Practicable date, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Frankie Wong was entitled to exercise control over the voting rights in respect of 3,928,000 shares in the Company, representing approximately 0.81% of the total issued share capital of the Company.

Completion is subject to the Conditions having been satisfied, including (amongst other things) the approval of the Disposal by the Shareholders and the successful completion of the planned merger between Lafarge and Holcim Ltd. which would be structured as a public offer to be filed by Holcim Ltd. for all outstanding shares of Lafarge. As such, the Disposal may or may not materialise. Shareholders and potential investors should therefore exercise caution when dealing in the shares of the Company.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Monaco Room, Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 18 June 2015 at 3:30 p.m. (or immediately following the closure of another special general meeting of the Company convened at 3:00 p.m.) is set out on pages 55 and 56 of this circular. At the SGM, the Resolution will be proposed to approve, among others, the S&P Agreement and the transactions contemplated thereunder.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjournment thereof (as the case may be), should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, the Resolution will be decided by poll at the SGM. Accordingly, the chairman of the SGM will demand, pursuant to Bye-law 66 of the Bye-laws of the Company, a poll for the Resolution at the SGM. An announcement of the voting results will be made after the SGM in accordance with the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of S&P Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the Resolution at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Choi Yuk Keung, Lawrence
Vice Chairman and Managing Director

1. FINANCIAL INFORMATION OF THE GROUP AND THE DISPOSAL GROUP

(i) Financial information of the Group

The audited consolidated financial statements of the Group for the three years ended 31 December 2012, 2013 and 2014 (the "Reporting Periods") are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.socam.com), and can be accessed by the direct hyperlinks below:

(1) annual report of the Company for the year ended 31 December 2012 published on 26 April 2013 (pages 102 to 185):
http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0426/LTN201304261264.pdf

(2) annual report of the Company for the year ended 31 December 2013 published on 23 April 2014 (pages 94 to 191):
http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0423/LTN20140423742.pdf

(3) annual report of the Company for the year ended 31 December 2014 published on 24 April 2015 (pages 90 to 183):
http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0424/LTN20150424919.pdf

(ii) Financial information of the Disposal Group

The Disposal Group is owned as to 45% by the Group and is accounted for as interests in joint ventures using equity method in preparing the Group's consolidated financial statements. Under the equity method, interests in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of profit or loss and other comprehensive income of the joint ventures, less any identified impairment loss.

The financial information of the Disposal Group for the three years ended 31 December 2014 has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules, and is solely for the purposes of inclusion in this circular in connection with the Disposal pursuant to the S&P Agreement.

The reporting accountant of the Disposal Group, Deloitte Touche Tohmatsu was engaged to review the financial information of the Disposal Group set out on pages 14 to 20 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion.

Based on their review, nothing has come to their attention that causes them to believe that the financial information of the Disposal Group for the relevant years is not prepared, in all material respects, in accordance with the basis of preparation set out below.

The amounts included in the financial information of the Disposal Group have been recognised and measured in accordance with the relevant accounting policies of LSOC adopted in the preparation of the financial statements of LSOC and its subsidiaries for the relevant years, which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. The financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements" nor condensed financial statements as described in HKAS 34 "Interim Financial Reporting" issued by the HKICPA.

The financial information is presented in Renminbi, the currency of primary economic environment in which the Disposal Group operates (i.e. the functional currency of the Disposal Group).

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended 31 December 2012, 2013 and 2014

	Year ended 31 December		
	2014	**2013**	**2012**
	RMB million	*RMB million*	*RMB million*
	(audited)	*(audited)*	*(audited)*
Revenue	7,121	7,268	7,186
Cost of sales	(6,213)	(6,373)	(6,581)
Gross profit	908	895	605
Investment and other income and gains	326	303	286
Distribution and selling expenses	(87)	(80)	(75)
Administrative expenses	(535)	(543)	(512)
Finance costs	(647)	(669)	(657)
Other expenses and losses	(310)	(361)	(253)
Share of profit of associates	—	1	1
Gain on disposal of subsidiaries	—	45	(9)
Loss before tax	(345)	(409)	(614)
Income tax (expense) credit	(147)	(82)	48
Loss for the year	(492)	(491)	(566)
(Loss) gain for the year attributable to:			
Owners of the Company	(549)	(531)	(653)
Non-controlling interests	57	40	87
	(492)	(491)	(566)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit and loss:			
Changes in fair value of available-for-sale investments	2	(1)	(2)
Total comprehensive expense for the year	(490)	(492)	(568)
Total comprehensive (expense) income attributable to:			
Owners of the Company	(547)	(532)	(655)
Non-controlling interests	57	40	87
	(490)	(492)	(568)

Consolidated Statements of Financial Position

At 31 December 2012, 2013 and 2014

	At 31 December		
	2014	**2013**	**2012**
	RMB million	*RMB million*	*RMB million*
	(audited)	*(audited)*	*(audited)*
Non-current assets			
Property, plant and equipment	11,351	11,807	12,159
Prepaid lease payments	1,838	1,819	1,885
Goodwill	390	396	396
Other intangible assets	641	632	642
Interests in associates	8	8	23
Available-for-sale investments	5	3	4
Deferred tax assets	279	327	310
	14,512	14,992	15,419
Current assets			
Inventories	866	920	1,084
Trade and bills receivables	2,104	2,095	1,730
Other receivables	1,037	1,025	1,199
Prepaid lease payment - current portion	44	43	44
Assets held for sale	10	10	10
Restrict cash	59	138	68
Bank balances and cash	1,022	1,066	1,163
	5,142	5,297	5,298
Assets classified as held for sale	15	158	56
	5,157	5,455	5,354
Current liabilities			
Trade, bills and other payables	4,038	4,080	3,910
Provision	5	2	1
Borrowings - due within one year	5,504	5,671	5,177
Income tax payable	47	72	45
	9,594	9,825	9,133
Liabilities associated with assets classified as held for sale	—	52	15
	9,594	9,877	9,148
Net current liabilities	(4,437)	(4,422)	(3,794)
Total assets less current liabilities	10,075	10,570	11,625

	At 31 December		
	2014	2013	2012
	RMB million	*RMB million*	*RMB million*
	(audited)	*(audited)*	*(audited)*
Capital and reserves			
Share capital	6,536	2	2
Share premium and reserves	(1,702)	5,351	5,806
Equity attributable to owners of the Company	4,834	5,353	5,808
Non-controlling interests	1,667	1,764	1,930
Total equity	6,501	7,117	7,738
Non-current liabilities			
Borrowings - due after one year	2,919	2,761	3,165
Deferred income	124	125	109
Deferred tax liabilities	480	511	575
Provisions	51	56	38
	3,574	3,453	3,887
	10,075	10,570	11,625

Consolidated Statements of Changes in Equity

For the years ended 31 December 2012, 2013 and 2014

	Share capital	Share premium	Capital reserve	Legal reserve	Investment revaluation reserve	Other reserves	Accumulated profit/(loss)	Total	Attributable to non-controlling interests	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
At 1 January 2012	2	6,534	(685)	66	2	168	444	6,531	2,204	8,735
Loss on fair value change in available-for-sale investments	—	—	—	—	(2)	—	—	(2)	—	(2)
(Loss) profit for the year	—	—	—	—	—	—	(653)	(653)	87	(566)
Total comprehensive (expense) income for the year	—	—	—	—	(2)	—	(653)	(655)	87	(568)
Transfer to legal reserve	—	—	—	6	—	—	(6)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(57)	(57)
Disposal of interest in a subsidiary	—	—	(48)	—	—	—	—	(48)	48	—
Reversal of profit guarantee fair value in respect of the financial year ended 31 December 2011	—	—	107	—	—	—	—	107	(107)	—
Acquisition of additional interest in subsidiaries	—	—	(127)	—	—	—	—	(127)	(226)	(353)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(19)	(19)
At 31 December 2012	2	6,534	(753)	72	—	168	(215)	5,808	1,930	7,738
Loss on fair value change in available-for-sale investments	—	—	—	—	(1)	—	—	(1)	—	(1)
(Loss) profit for the year	—	—	—	—	—	—	(531)	(531)	40	(491)
Total comprehensive (expense) income for the year	—	—	—	—	(1)	—	(531)	(532)	40	(492)
Transfer to legal reserve	—	—	—	1	—	—	(1)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(45)	(45)
Disposal of interest in a subsidiary	—	—	(79)	—	—	—	—	(79)	79	—
Reversal of profit guarantee fair value in respect of the financial year ended 31 December 2012	—	—	156	—	—	—	—	156	(156)	—

	Share capital	Share premium	Capital reserve	Legal reserve	Investment revaluation reserve	Other reserves	Accumulated profit/(loss)	Total	Attributable to non-controlling interests	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
Deemed acquisition of additional interest in subsidiaries	—	—	—	—	—	—	—	—	(1)	(1)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(83)	(83)
At 31 December 2013	2	6,534	(676)	73	(1)	168	(747)	5,353	1,764	7,117
Gain on fair value change in available-for-sale investments	—	—	—	—	2	—	—	2	—	2
(Loss) profit for the year	—	—	—	—	—	—	(549)	(549)	57	(492)
Total comprehensive (expense) income for the year	—	—	—	—	2	—	(549)	(547)	57	(490)
Transfer to legal reserve	—	—	—	4	—	—	(4)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(126)	(126)
Disposal of interest in a subsidiary	—	—	(53)	—	—	—	—	(53)	53	—
Transfer from Share Premium upon abolition of par value	6,534	(6,534)	—	—	—	—	—	—	—	—
Reversal of profit guarantee fair value in respect of the financial year ended 31 December 2013	—	—	81	—	—	—	—	81	(81)	—
At 31 December 2014	6,536	—	(648)	77	1	168	(1,300)	4,834	1,667	6,501

Consolidated Statements of Cash Flows

For the years ended 31 December 2012, 2013 and 2014

	Year ended 31 December		
	2014	**2013**	**2012**
	RMB million	*RMB million*	*RMB million*
	(audited)	*(audited)*	*(audited)*
Operating Activities			
Loss before tax	(345)	(409)	(614)
Finance costs	647	669	657
Depreciation of property, plant and equipment	595	573	571
Impairment loss in respect of property, plant and equipment	61	112	13
Amortisation of prepaid lease payments	37	49	75
Amortisation of other intangible assets	49	43	36
Provision for mining site restoration and loss of employment compensation	5	20	4
(Write-back) provision for write down of inventories	(6)	3	—
Provision for bad and doubtful debts	—	2	6
(Gain) loss on disposal of property, plant and equipment	(1)	1	19
(Gain) loss on disposal of a subsidiary	—	(45)	9
(Gain) loss on disposal of prepaid lease payments	—	(8)	4
Interest income	(14)	(4)	(9)
Deferred income released to current income	(6)	(3)	(2)
Share of results of associates	—	(1)	(1)
Investment income	(2)	—	(3)
Gain on disposal of available-for-sale investment	—	—	(20)
Imputed interest income on long-term receivables	—	—	(1)
Operating cash flow before movements in working capital	1,020	1,002	744
(Decrease) increase in trade, bills and other payables	(35)	226	821
Decrease in inventories	61	158	55
(Increase) decrease in other receivables	(12)	67	(242)
Increase in trade and bills receivable	(16)	(331)	(262)
Payment of provisions	(7)	(2)	(1)
Cash generated from operations	1,011	1,120	1,115
Interest paid	(654)	(601)	(693)
Income tax paid	(154)	(111)	(89)
Net cash from operating activities	203	408	333

	Year ended 31 December		
	2014	**2013**	**2012**
	RMB million	*RMB million*	*RMB million*
	(audited)	*(audited)*	*(audited)*
Investing Activities			
Purchases of property, plant and equipment	(213)	(424)	(608)
Payment on prepaid lease payments	(65)	(125)	(64)
Decrease (increase) in restricted cash	79	(71)	28
Purchases of other intangible assets	(58)	(42)	(49)
Net cash inflow from disposal of subsidiaries	112	131	10
Proceeds on disposal of property, plant and equipment and prepaid lease payment	30	46	14
Receipt of government grant	4	19	29
Interests received	14	4	9
Dividend received from investment	2	—	3
Cash received related to other long-term receivables	—	—	15
Net Cash used in investing activities	(95)	(462)	(613)
Financing Activities			
New borrowings raised	4,489	4,090	4,854
Repayments of borrowings	(4,517)	(4,086)	(5,504)
Dividends paid to non-controlling shareholders	(126)	(45)	(57)
Acquisition of additional interests in subsidiaries	—	—	(330)
Net cash used in financing activities	(154)	(41)	(1,037)
Net decrease in cash and cash equivalents	(46)	(95)	(1,317)
Cash and cash equivalents at 1 January	1,068	1,163	2,480
Cash and cash equivalents at 31 December	1,022	1,068	1,163
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents at 31 December as shown in the statement of financial position	1,022	1,066	1,163
Cash transfer to assets classified as held for sale	—	2	—
Cash and cash equivalents at 31 December	1,022	1,068	1,163

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at 31 March 2015, being the latest practicable date for the purpose of this statement of indebtedness, the Group had total borrowings amounting to approximately HK$6,830 million, details of which are as follows:

	HK$ million
Bank and other loans	6,199
Advances from joint ventures, associates and related companies	631
	6,830
Secured	2,260
Unsecured	4,570
	6,830

Mortgages and charges

As at 31 March 2015, the Group's secured borrowings were secured by certain of the Group's bank deposits, investment properties, benefits accrued to the relevant investment properties and equity interests in certain subsidiaries and joint ventures.

Contingent liabilities

As at 31 March 2015, the Group had the following material contingent liabilities:

(a) Standby documentary credit arranged with a bank to secure a bank loan of RMB110 million (equivalent to approximately HK$139 million) granted to a subsidiary of an associate.

(b) Effective share of guarantees issued in favour of banks and other financial institution amounting to HK$972 million to secure bank and other loans granted to certain joint ventures and associates.

(c) Effective share of a guarantee issued in favour of a joint venture (the "Joint Venture", which was formed between an associate and an independent third party (the "Joint Venture Partner")) and the Joint Venture Partner for an amount not exceeding RMB99 million (equivalent to approximately HK$125 million) in respect of certain payment obligations to the Joint Venture and the Joint Venture Partner.

(d) Guarantee issued in favour of a third party for a loan granted to a former wholly-owned subsidiary (the "Former Subsidiary") with an outstanding amount of RMB542 million (equivalent to approximately HK$686 million). Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and this obligation is guaranteed by the parent company of such acquirer.

Other liabilities

Save as disclosed above and apart from intra-group liabilities and normal trade payables, at the close of business on 31 March 2015, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there has been no material change in terms of the Group's contingent liabilities and indebtedness during the period from 31 December 2014 to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after taking into account the financial resources available including the existing banking facilities of the Group, internally generated funds and the effect of the Disposal, are of the opinion that the Group has sufficient working capital for its present requirements and for at least 12 months following the date of this circular in the absence of any unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

Since 2012, the Group has been pursuing an exit strategy for its interest in LSOC. The Disposal represents the successful implementation of this strategy and also forms a significant part of the Company's overall monetisation strategy, which will make a positive contribution to the cash flow and financial position of the Group.

After Completion, the Company will continue with the monetisation plan for its property assets and re-focus on the construction business, which has always been its strength, to capture the abundant opportunities in construction works arising from the massive public housing programme announced recently by the Hong Kong Government in its 2015 policy address — the building of an average of 20,000 units of public housing per annum in the next ten years.

The construction business has been a core business of the Company since it was formed in 1997, and its subsidiaries are major contractors engaged in the housing projects and building works in the public sector of Hong Kong, with annual turnover of HK$4-5 billion for the last three years. The Company's track record of timely completion, safety, quality and environmental awareness will continue to give it an advantage in the award of government contracts. Currently, the order book and outstanding workloads of the Company are both among the highest in its history.

Against this background, the Company is cautiously optimistic on its areas of operations and business activities, albeit presenting a disappointing set of financial results during the transformation period of the Company.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for each of the Reporting Periods. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Company for the Reporting Periods.

Financial review

Turnover

The Remaining Group reported turnover of HK$6,443 million, HK$7,952 million and HK$6,102 million for the years ended 31 December 2012, 2013 and 2014 respectively, representing a year-on-year increase of 23.4% for 2013, but a year-on-year decrease of 23.3% for 2014. The construction segment remained the largest source of turnover.

Turnover from the construction segment was relatively stable over the Reporting Periods, and amounted to HK$5,358 million, HK$4,829 million and HK$5,599 million for the years ended 31 December 2012, 2013 and 2014 respectively. It also accounted for approximately 83%, 61% and 92% of the total turnover, respectively, for 2012, 2013 and 2014. Turnover from the property segment totalled HK$1,084 million, HK$3,104 million and HK$483 million for the years ended 31 December 2012, 2013 and 2014 respectively, accounting for 17%, 39% and 8% of the total turnover of the respective year. The high turnover of the property segment in 2013 mainly came from the recognition of strata-title property sales revenue of Guangzhou Parc Oasis and Shenyang Project Phase I, but revenues from these two projects were substantially reduced in 2014 as over 97% of the residential and serviced apartment units in Guangzhou Parc Oasis and around 85% of the office, residential and serviced apartment spaces in Shenyang Project Phase I were sold and delivered by the end of 2013.

Property segment

For the two years ended 31 December 2013 and 2014, the property segment of the Remaining Group recorded a loss of HK$4 million and HK$730 million respectively, as compared to a profit of HK$962 million for the year ended 31 December 2012. Such fluctuation was largely due to the sluggish luxury property sector in the Chinese Mainland following a series of restrictive government measures that adversely affected the sales of the Shanghai Four Seasons Place branded residence. In addition, acquisitions of major property projects were curtailed in the past three years, owing to the Remaining Group's monetisation plan, which had significant negative effect on the Remaining Group's income from property business in 2013 and 2014.

For the year ended 31 December 2012, the HK$962 million profit included HK$492 million net gain from the disposals of the Remaining Group's 20% interest in the Guizhou Zunyi project and certain property holding companies. In addition, the Remaining Group's share of results of its property joint ventures and associates varied over the Reporting Periods. In 2012, the Remaining Group's jointly developed projects, Beijing Centrium Residence and Shanghai Four Seasons Place, commenced to recognise property sales profit and this, coupled with the contribution from Dalian Tiandi, produced an attributable profit of HK$300 million. In 2013, Beijing Centrium Residence and Shanghai Four Seasons Place recorded less property sales and profits, and Four Seasons Hotel Pudong, which was opened in November 2012, incurred a loss during its first year of operation, and these contributed to an attributable loss of HK$117 million to the Remaining Group. The Remaining Group's share of loss of its property joint ventures and associates increased to HK$428 million in 2014, largely because of the share of net impairment loss of HK$83 million with respect to the Chengdu Centropolitan Project and foreign exchange losses incurred on borrowings due to the depreciation of Renminbi against Hong Kong dollars during the year.

Construction segment

The construction segment of the Remaining Group reported operating profit of HK$163 million, HK$115 million and HK$112 million the years ended 31 December 2012, 2013 and 2014 respectively, representing average operating margin of 3.0%, 2.4% and 2.0% of the turnover of this segment for the respective year. The decrease in margin was mainly due to upsurges in material and labour costs over the years, and profit having not been recognised under the Remaining Group's accounting policy on longer-term, large-scale construction contracts that were at their early stage of works in 2014.

Results attributable to shareholders

For the two years ended 31 December 2013 and 2014, the Remaining Group recorded a net loss attributable to shareholders of HK$603 million and HK$1,063 million, respectively, as compared to a net profit attributable to shareholders of HK$819 million for the year ended 31 December 2012. Such fluctuation was largely accounted for by the performance of the property segment due to factors explained above. For the year ended 31 December 2012, the Remaining Group recognised net compensation income of HK$89 million on resumption by the Government of Hong Kong parcels of workshop land owned by it and net gain of HK$134 million on disposal of its then 2.38% shareholding in Shui On Land Limited, which were both non-recurring.

Liquidity and financial resources

As at 31 December 2012, 2013 and 2014, the Remaining Group's current assets amounted to HK$11,262 million, HK$13,490 million and HK$9,205 million, respectively.

As at 31 December 2012, 2013 and 2014, the Remaining Group's current liabilities amounted to HK$9,053 million, HK$11,623 million and HK$9,718 million, respectively.

As at 31 December 2014, the Remaining Group reported net current liabilities of HK$513 million as long-term bank borrowings (with maturity dates over one year) totalling HK$1,188 million were reclassified as current liabilities at 31 December 2014 due to the breach of certain financial covenants stipulated in the facility agreements of these bank borrowings. Subsequent to 31 December 2014, except for a bank loan of HK$231 million, the Remaining Group has obtained consent from all the lenders of the HK$957 million loans to waive the financial covenants concerned and not to demand for immediate repayment of these loans. Such bank borrowings of HK$957 million will be due and repayable after 2015 according to the original terms of repayment. Notwithstanding this, accounting reclassification of these HK$957 million long-term bank borrowings as current liabilities was still required at 31 December 2014 under applicable accounting standard because the bank waivers were obtained after 31 December 2014. As a result, net current liabilities of HK$513 million, rather than net current assets of HK$444 million, were recorded by the Remaining Group as at 31 December 2014.

As at 31 December 2012, 2013 and 2014, the Remaining Group's bank balances, deposits and cash amounted to HK$3,264 million, HK$3,702 million and HK$2,435 million, respectively.

As at 31 December 2012, 2013 and 2014, the Remaining Group's bank and other borrowings amounted to HK$8,079 million, HK$8,205 million and HK$6,640 million, respectively.

As at 31 December 2012, 2013 and 2014, the net gearing ratio of the Remaining Group, calculated as net bank borrowings (represented by bank and other borrowings, net of bank balances, deposits and cash) over shareholders' equity, were 47.1%, 48.3% and 53.7%, respectively.

The increase in net gearing ratio at 31 December 2014, as compared to 31 December 2013 was mainly due to the loss attributable to shareholders for the year ended 31 December 2014 for the reasons stated above.

Bank and other borrowings

As at 31 December 2012, 2013 and 2014, the Remaining Group had bank and other borrowings as follows:

	31 December		
	2012	**2013**	**2014**
	HK$ million	*HK$ million*	*HK$ million*
Amounts repayable:			
Within one year	4,786	6,892	6,268
Over one year	3,293	1,313	372
	8,079	8,205	6,640

As at 31 December 2012, 2013 and 2014, RMB denominated loans accounted for 14.3%, 7.7% and 7.0% of total bank and other borrowings, respectively; HK$ denominated loans accounted for 82.6%, 87.6% and 86.6% of total bank and other borrowings, respectively; and US$ denominated loans accounted for 3.1%, 4.7% and 6.4% of total bank and other borrowings, respectively. All the bank and other borrowings during the Reporting Periods were interest-bearing.

As at 31 December 2012 and 2013, the Remaining Group had no fixed interest rate borrowings. As at 31 December 2014, the Remaining Group had fixed interest rate borrowings totalling HK$352 million.

Future Plan for Material Investments or Capital Assets

As at the Latest Practicable Date, the Remaining Group has no plan for material investments or capital assets.

Material acquisitions and disposals of subsidiaries and associates

2014

Acquisition of 10% interest in Shanghai 21st Century Tower Project — In December 2014, the Remaining Group entered into a sale and purchase agreement for acquisition of an additional 10% share interest in Lead Wealthy Investments Limited ("Lead Wealthy", a joint venture owned as to 70% by the Remaining Group, which via Shanghai 21st Century Real Estate Co., Ltd., holds the Shanghai 21st Century Tower Project, a completed property development comprising the Four Seasons Hotel Pudong and unsold branded units plus car parking spaces in Shanghai Four Seasons Place situated at the 21st Century Tower located in the Pudong District, Shanghai, the PRC) for a consideration of approximately RMB150 million (equivalent to approximately HK$190 million). Upon completion of this acquisition, the Remaining Group will own 80% share interest in Lead Wealthy. As at the Latest Practicable Date, the acquisition has not been completed.

Disposal of the construction business in the PRC — In August 2014, the Remaining Group entered into sale and purchase agreements for disposal of its entire share interests in Shui On Granpex Limited ("SO Granpex"), Famous Scene Holdings Limited ("Famous Scene") and Pat Davie (China) Limited ("Pat Davie (China") for a total consideration of HK$355 million (as adjusted). SO Granpex together with Famous Scene hold a total of 85% equity interests in 瑞安建築有限公司 (Shui On Construction Co., Ltd.*), an operating company established in the PRC which principally engages in building construction and maintenance in the PRC, while Pat Davie (China) holds various operating companies established in the PRC, which principally engages in provision of construction management consultancy services, fitting-out works, and trading of fitting-out materials in the PRC. The disposals were completed in October 2014.

Buyback and disposal of interest in Chengdu Centropolitan Project — In April 2014, the Remaining Group bought back 49% share interest in Gracious Spring Limited ("Gracious Spring", which via Chengdu Xianglong Real Estate Co., Ltd. holds the Chengdu Centropolitan Project, a mixed-use development located in the Jinniu District, Chengdu, the PRC) from its then joint venture partner at par value of the shares of US$49 pursuant to the terms of the shareholders agreement (as amended and supplemented from time to time). Thereafter, in June 2014, the Remaining Group entered into a sale and purchase agreement for disposal of 19% share interest and assignment of the corresponding shareholder's loan in Gracious Spring to another investor for a consideration of approximately HK$378 million. Following completion of the disposal in June 2014, the Remaining Group now holds 81% share interest in Gracious Spring.

Disposal of Tianjin Project Phase II — In April 2014, the Remaining Group and its joint venture partner entered into a sale and purchase agreement for disposal of their entire share interests in Silver Reach Limited ("Silver Reach", then being a joint venture owned as to 64.7% by the Remaining Group, whose principal asset is the options to acquire the entire capital of Best Surpass Limited ("Best Surpass", which via certain PRC project companies holds the Tianjin Project Phase II, a residential development located in the Wuqing District, Tianjin, the PRC)) for a total consideration of approximately RMB264 million (equivalent to approximately HK$334 million), with RMB171 million (equivalent to approximately HK$216 million) payable to the Remaining Group . The disposal was completed in April 2014.

2013

Disposal of 80% interest in Shenyang Project Phase II — In December 2013, the Remaining Group entered into a sale and purchase agreement for disposal of its 80% share interest in Loyal Max Investments Limited, which via a PRC project company holds the Shenyang Project Phase II, a "construction in progress" development located in the Huanggu District, Shenyang, Liaoning, the PRC, for a total consideration of approximately RMB1,187 million (equivalent to approximately HK$1,502 million) (as adjusted). The disposal was completed in January 2014.

Acquisition of Nanjing Project — In October 2013, the Remaining Group and its joint venture partner, via their 50/50 joint venture, entered into a framework agreement for acquisition of 65% equity interest in 江蘇九西建設發展有限公司 (Jiangsu Jiu Xi Development Co., Ltd.*) ("Jiangsu Jiu Xi", which holds three parcels of land located in the Jiangning District, Nanjing, Jiangsu, the PRC for development into a residential and commercial property) for a total consideration of approximately RMB330 million (equivalent to approximately HK$417 million) (as adjusted). The acquisition was completed in February 2014.

The Remaining Group and its joint venture partner, via their 50/50 joint venture, further entered into a framework agreement in August 2014 for acquisition of the remaining equity interest in Jiangsu Jiu Xi for a consideration of approximately RMB68 million (equivalent to approximately HK$86 million). The acquisition was completed in September 2014.

Disposal of Guangzhou Panyu Project — In February 2013, the Remaining Group entered into an equity transfer agreement for disposal of its entire interest in 廣州市番禺廣鋁實業有限公司 (Guangzhou Panyu Guanglv Industrial Co., Ltd.*), which holds two parcels of industrial land located in the Panyu District, Guangzhou, the PRC, for a total consideration of approximately RMB301 million (equivalent to approximately HK$381 million) (as adjusted). The disposal was completed in March 2013.

2012

Acquisition of Tianjin Project Phase II — In October 2012, the Remaining Group entered into a shareholders deed with its joint venture partner for formation of a joint venture, namely Silver Reach, to undertake the development of the Tianjin Project Phase II. Prior to the joint venture arrangement, Silver Reach had in September 2012 acquired for a total consideration of approximately RMB217 million (equivalent to approximately HK$275 million) (i) an option giving it the right to purchase 85% share interest in Best Surpass without payment of any exercise price; and (ii) an option giving it the right to purchase the remaining 15% share interest in Best Surpass at an exercise price to be fixed based on the fair market value of the share interest as determined by independent appraisers. Silver Reach, together with its interest in the Tianjin Project Phase II, was subsequently disposed of in April 2014.

Disposal of a portion of Shenyang Project Phase I — In August 2012, the Remaining Group entered into a framework agreement for disposal of its entire equity interest in 瀋陽盛平投資管理有限公司 (Shenyang Shengping Investment Management Co., Ltd.*), which upon completion of the disposal would hold the property comprising 5th to 30th floors of an office tower of the Shenyang Project Phase I, a mixed-use development located in the Huanggu District, Shenyang, Liaoning, the PRC, for a consideration of approximately RMB554 million (equivalent to approximately HK$701 million) (as adjusted). The disposal was completed in June 2013.

* *For identification purpose only*

Number and remuneration of employees

As at the end of each of the Reporting Periods, the number of employees in the Remaining Group was approximately 1,100, 1,110 and 1,240 in Hong Kong and Macau, and 1,050, 960 and 600 in subsidiaries and joint ventures in the PRC, respectively.

For each of the Reporting Periods, the Remaining Group reported total staff costs (including directors' emoluments) of HK$602 million, HK$621 million and HK$641 million respectively.

Pledge of assets

As at the end of each of the Reporting Periods, certain assets with the following carrying amounts were pledged by the Remaining Group as security for certain banking facilities and other loans granted to the Remaining Group.

	31 December		
	2012	**2013**	**2014**
	HK$ million	*HK$ million*	*HK$ million*
Investment properties	2,510	4,663	3,011
Properties under development for sale	699	744	—
Properties held for sale	1,668	—	—
Amounts due from joint ventures	12	13	13
	4,889	5,420	3,024

In addition, equity interests in certain subsidiaries and joint ventures have also been charged to banks as security for certain banking facilities granted to the Remaining Group at the end of each of the Reporting Periods.

Capital commitments

As at 31 December 2012 and 2013, the Remaining Group's capital commitments contracted but not provided for amounted to HK$157 million and HK$102 million, respectively. All of these capital commitments were related to investment properties and certain investments of the Remaining Group. As at 31 December 2014, the Remaining Group had no significant capital commitments.

Foreign exchange exposure

The Remaining Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Remaining Group's bank borrowings are mainly denominated in HK$ and have been arranged on a floating-rate basis. Investments in the PRC are partly funded by capital already converted into RMB and partly financed by borrowings in HK$. RMB financing is at project level only where the sources of repayment are also RMB denominated. Given that income from operations in the PRC is denominated in RMB, the Remaining Group expects that the appreciation of RMB in the long run will have positive effect on the Remaining Group's business performance and financial status. No hedging against RMB exchange risk has therefore been arranged. It is the Remaining Group's policy not to enter into derivative transactions for speculative purposes.

Contingent liabilities

As at the end of each of the Reporting Periods, the Remaining Group had the following contingent liabilities, which have not been provided for in the consolidated financial statements:

(a) Standby documentary credit arranged with a bank amounted to HK$145 million, HK$140 million and HK$139 million respectively to secure a bank loan granted to a subsidiary of an associate.

(b) Effective share of guarantees issued in favour of banks and other financial institution amounted to HK$733 million, HK$456 million and HK$975 million respectively to secure bank and other loans granted to certain joint ventures and associates.

(c) Effective share of a guarantee issued in favour of a joint venture (the "Joint Venture", which was formed between an associate and an independent third party (the "Joint Venture Partner")) and the Joint Venture Partner for an amount not exceeding RMB110 million (equivalent to approximately HK$139 million), RMB110 million (equivalent to approximately HK$139 million) and RMB99 million (equivalent to approximately HK$125 million) respectively in respect of certain payment obligations to the Joint Venture and the Joint Venture Partner.

(d) Guarantee issued in favour of a third party for a loan granted to the former subsidiary with an outstanding amount of RMB542 million (equivalent to approximately HK$685 million) at the end of each of the Reporting Periods. Both of the parent company of the acquirer and the acquirer of this former subsidiary have agreed to procure the repayment of the loan and this obligation is guaranteed by the parent company of such acquirer.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

(i) Report on unaudited pro forma financial information of the Remaining Group

The following is the text of a report received from the reporting accountant, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SOCAM DEVELOPMENT LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SOCAM Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consisted of the unaudited pro forma consolidated statement of financial position as at 31 December 2014, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2014, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2014 and related notes as set out on pages 35 to 43 of the circular issued by the Company dated 26 May 2015 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page 34 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the conditional disposal of 45% of the issued share capital of Lafarge Shui On Cement Limited ("LSOC") on the Group's financial position as at 31 December 2014 and the Group's financial performance and cash flows for the year ended 31 December 2014 as if the disposal of 45% of the issued share capital of LSOC had taken place at 31 December 2014 and 1 January 2014 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2014, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2014 or 1 January 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

26 May 2015

(ii) Unaudited pro forma financial information of the Remaining Group

Set out below is the summary of an illustrative and unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively the "Unaudited Pro Forma Financial Information") of the Group as if the disposal of 45% of the issued share capital of Lafarge Shui On Cement Limited ("LSOC") (the "Disposal") had been completed on 31 December 2014 for the unaudited pro forma consolidated statement of financial position, and on 1 January 2014 for the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

This Unaudited Pro Forma Financial Information of the Group after completion of the Disposal (the "Remaining Group") has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group at 31 December 2014 or at any future date or the results and cash flows of the Remaining Group for the year ended 31 December 2014 or for any future period.

The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2014 as disclosed in the 2014 annual report of the Company, and other financial information included elsewhere in this circular.

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared based on the audited consolidated statement of financial position of the Group at 31 December 2014, which has been extracted from the annual report of the Company for the year then ended, with the pro forma adjustments relating to the Disposal, that are factually supportable, as explained in notes below.

The unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared based on the audited consolidated statement of profit or loss, audited consolidated statement of profit or loss and comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2014, which has been extracted from the annual report of the Company for the year then ended, with the pro forma adjustments relating to the Disposal, that are factually supportable, as explained in notes below.

Unaudited pro forma consolidated statement of financial position

At 31 December 2014

	The Group at 31 December 2014	Pro forma adjustments		Unaudited Pro forma Remaining Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 2)*	*(note 3)*	
Non-current Assets				
Investment properties	2,087	—	—	2,087
Property, plant and equipment	40	—	—	40
Interests in joint ventures	3,217	(3,147)	—	70
Available-for-sale investments	55	—	—	55
Interests in associates	311	—	—	311
Club memberships	1	—	—	1
Trade debtors	25	—	—	25
Amounts due from joint ventures	2,725	—	—	2,725
Amounts due from associates	854	—	—	854
	9,315	(3,147)	—	6,168
Current Assets				
Inventories	1	—	—	1
Properties held for sale	554	—	—	554
Properties under development for sale	820	—	—	820
Debtors, deposits and prepayments	1,632	—	—	1,632
Amounts due from customers for contract work	295	—	—	295
Amounts due from joint ventures	1,122	—	—	1,122
Amounts due from associates	555	—	—	555
Amounts due from related companies	15	—	—	15
Tax recoverable	92	—	—	92
Restricted bank deposits	516	—	—	516
Bank balances, deposits and cash	1,919	—	2,483	4,402
	7,521	—	2,483	10,004
Assets classified as held for disposal	1,684	—	—	1,684
	9,205	—	2,483	11,688

	The Group at 31 December 2014	Pro forma adjustments		Unaudited Pro forma Remaining Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 2)*	*(note 3)*	
Current Liabilities				
Creditors and accrued charges	1,830	—	—	1,830
Sales deposits received	466	—	—	466
Amounts due to customers for contract work	294	—	—	294
Amounts due to joint ventures	376	—	—	376
Amounts due to associates	2	—	—	2
Amounts due to related companies	287	—	—	287
Amounts due to non-controlling shareholders of subsidiaries	3	—	—	3
Taxation payable	192	—	—	192
Bank and other borrowings due within one year	6,268	—	—	6,268
	9,718	—	—	9,718
Net Current Liabilities	(513)	—	2,483	1,970
Total Assets Less Current Liabilities	8,802	(3,147)	2,483	8,138
Capital and Reserves				
Share capital	484	—	—	484
Reserves	7,349	—	(664)	6,685
Equity attributable to owners of the Company	7,833	—	(664)	7,169
Non-controlling interests	37	—	—	37
	7,870	—	(664)	7,206
Non-current Liabilities				
Bank and other borrowings	372	—	—	372
Defined benefit liabilities	140	—	—	140
Deferred tax liabilities	420	—	—	420
	932	—	—	932
	8,802	—	(664)	8,138

Unaudited pro forma consolidated statement of profit or loss
For the year ended 31 December 2014

	The Group for the year ended 31 December 2014	Pro forma adjustments		Unaudited Pro forma Remaining Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 4)*	*(note 5)*	
Turnover				
The Company and its subsidiaries	6,102	—	—	6,102
Share of joint ventures/associates	3,985	(3,345)	—	640
	10,087	(3,345)	—	6,742
Group turnover	6,102	—	—	6,102
Other income and gains	152	(14)	—	138
Changes in inventories of finished goods, work in progress, contract work in progress and cost of properties sold	(484)	—	—	(484)
Raw materials and consumables used	(847)	—	—	(847)
Staff costs	(641)	—	—	(641)
Depreciation and amortisation expenses	(15)	—	—	(15)
Subcontracting, external labour costs and other expenses	(4,341)	—	—	(4,341)
Dividend income from available-for-sale investments	2	—	—	2
Fair value changes on investment properties	(63)	—	—	(63)
Finance costs	(372)	—	—	(372)
Loss on disposal of interests in joint ventures	(7)	—	(222)	(229)
Loss on disposal of subsidiaries	(11)	—	—	(11)
Share of results of joint ventures	(707)	325	—	(382)
Share of results of associates	(113)	—	—	(113)
Loss before taxation	(1,345)	311	(222)	(1,256)
Taxation	(14)	—	—	(14)
Loss for the year	(1,359)	311	(222)	(1,270)
Attributable to:				
Owners of the Company	(1,374)	311	(222)	(1,285)
Non-controlling interests	15	—	—	15
	(1,359)	311	(222)	(1,270)

Unaudited pro forma consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2014

	The Group for the year ended 31 December 2014	Pro forma adjustments		Unaudited Pro forma Remaining Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 4)*	*(note 5)*	
Loss for the year	(1,359)	311	(222)	(1,270)
Other comprehensive expense				
Items that may be subsequently reclassified to profit or loss:				
Fair value changes of available-for-sale investments	(3)	—	—	(3)
Exchange differences arising on translation of financial statements of foreign operations	(28)	—	—	(28)
Share of exchange differences of joint ventures	(33)	29	—	(4)
Share of exchange differences of associates	(2)	—	—	(2)
Share of other comprehensive income of a joint venture	13	—	—	13
Reclassification adjustments for amounts transferred to profit or loss:				
- upon disposal of subsidiaries	(32)	—	—	(32)
- upon disposal of property inventories, net of deferred tax of HK$2 million	(5)	—	—	(5)
Item that will not be reclassified to profit or loss:				
Recognition of actuarial loss	(38)	—	—	(38)
Other comprehensive expense for the year	(128)	29	—	(99)
Total comprehensive expense for the year	(1,487)	340	(222)	(1,369)
Total comprehensive (expense) income attributable to:				
Owners of the Company	(1,502)	340	(222)	(1,384)
Non-controlling interests	15	—	—	15
	(1,487)	340	(222)	(1,369)

Unaudited pro forma consolidated statement of cash flows

For the year ended 31 December 2014

	The Group for the year ended 31 December 2014	Pro forma adjustments		Unaudited Pro forma Remaining Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 6)*	*(note 7)*	
Operating activities				
Loss before taxation	(1,345)	89	—	(1,256)
Adjustments for:				
Impairment loss on available-for-sale investments	13	—	—	13
Loss on disposal of subsidiaries	11	—	—	11
Loss on disposal of interests in joint ventures	7	222	—	229
Gain on disposal of property, plant and equipment	(9)	—	—	(9)
Share of results of joint ventures	707	(325)	—	382
Share of results of associates	113	—	—	113
Interest income	(114)	—	—	(114)
Finance costs	372	—	—	372
Dividend income from available-for-sale investments	(2)	—	—	(2)
Fair value changes on investment properties	63	—	—	63
Depreciation of property, plant and equipment	15	—	—	15
Unrealised effect on income from associates/joint ventures	(1)	—	—	(1)
Share-based payment expense	8	—	—	8
Expense recognised in respect to defined benefit scheme	19	—	—	19
Operating cash flows before movements in working capital	(143)	(14)	—	(157)
Decrease in properties held for sale	285	—	—	285
Decrease in properties under development for sale	38	—	—	38
Increase in debtors, deposits and prepayments	(299)	—	—	(299)
Decrease in amounts due from customers for contract work	69	—	—	69
Increase in amounts due from related companies	(42)	—	—	(42)
Increase in amounts due from associates	(98)	—	—	(98)

	The Group for the year ended 31 December 2014	Pro forma adjustments		Unaudited Pro forma Remaining Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 6)*	*(note 7)*	
Increase in amounts due from joint ventures	(137)	14	—	(123)
Decrease in creditors and accrued charges	(110)	—	—	(110)
Decrease in sales deposits received in respect of disposal of properties for sale	(49)	—	—	(49)
Decrease in other bank balances	150	—	—	150
Increase in amounts due to customers for contract work	95	—	—	95
Decrease in amounts due to joint ventures	(101)	—	—	(101)
Decrease in amounts due to related companies	(15)	—	—	(15)
Contribution to defined benefit scheme	(21)	—	—	(21)
Cash used in operations	(378)	—	—	(378)
Hong Kong Profits Tax paid	(15)	—	—	(15)
Hong Kong Profits Tax refunded	1	—	—	1
Income tax of other regions in the PRC paid	(332)	—	—	(332)
Net cash used in operating activities	(724)	—	—	(724)
Investing activities				
Advances to joint ventures	(976)	—	—	(976)
Repayment from a joint venture	84	—	—	84
Additions in property, plant and equipment	(18)	—	—	(18)
Payment for construction of investment properties	(38)	—	—	(38)
Interest received	48	—	—	48
Proceeds from sales of property, plant and equipment	25	—	—	25
Dividends received from available-for-sale investments	2	—	—	2
Net proceeds from disposal of a subsidiary classified as held for disposal	1,344	—	—	1,344
Net proceeds from disposal of subsidiaries	173	—	—	173
Net proceeds from disposal of joint ventures	216	—	2,483	2,699

	The Group for the year ended 31 December 2014	Pro forma adjustments		Unaudited Pro forma Remaining Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 6)*	*(note 7)*	
Acquisition of property inventories and other assets and liabilities through acquisition of subsidiaries	(117)	—	—	(117)
Sales deposits received in respect of disposal of investment properties classified as held for disposal	1,008	—	—	1,008
Proceeds from sale of other financial asset	127	—	—	127
Restricted bank deposits placed	(621)	—	—	(621)
Restricted bank deposits refunded	1,051	—	—	1,051
Net cash from investing activities	2,308	—	2,483	4,791
Financing activities				
New bank and other loans raised	3,148	—	—	3,148
Loan from related companies	60	—	—	60
Repayment to related companies	(60)	—	—	(60)
Net proceeds received on issue of shares	3	—	—	3
Repayment of bank loans	(5,028)	—	—	(5,028)
Interest paid	(305)	—	—	(305)
Other borrowing costs paid	(67)	—	—	(67)
Dividends paid to non-controlling shareholders of subsidiaries	(13)	—	—	(13)
Net cash used in financing activities	(2,262)	—	—	(2,262)
Net decrease in cash and cash equivalents	(678)	—	2,483	1,805
Cash and cash equivalents at the beginning of the year	2,607	—	—	2,607
Effect of foreign exchange rate changes	(10)	—	—	(10)
Cash and cash equivalents at the end of the year	1,919	—	2,483	4,402
Analysis of the balances of cash and cash equivalents				
Bank balances, deposits and cash	1,919	—	2,483	4,402

Notes to the Unaudited Pro Forma Financial Information

(1) Figures are extracted from the audited consolidated financial statements of the Group as set out in the published annual report of the Company for the year ended 31 December 2014.

(2) The adjustment reflects the derecognition of the entire 45% interest in LSOC, which has been treated as the Group's joint venture and accounted for using the equity method as if the Disposal had been completed on 31 December 2014.

(3) The adjustment represents the net cash inflow and gain on disposal of LSOC, assuming the Disposal had been completed on 31 December 2014. The net cash inflow arising on the Disposal of approximately HK$2,483 million is calculated based on the agreed cash consideration of HK$2,553 million as provided in the S&P Agreement, net of the estimated directly attributable transaction costs of approximately HK$70 million.

The pro forma gain on disposal of LSOC is calculated as below:

	HK$ million
Consideration	2,553
Carrying amount of interest in LSOC as at 31 December 2014	(3,147)
Estimated directly attributable transaction costs	(70)
Release of cumulative translation reserve upon disposal	660
Release of cumulative other comprehensive income upon disposal	107
Pro forma gain on disposal recognised in profit or loss	103

The final gain or loss on the disposal may be different from the amount described above and would be subject to the carrying value of the Group's investment in LSOC on the date of completion and foreign exchange rate.

(4) The adjustment reflects the derecognition of the share of results of LSOC, which has been treated as the Group's joint venture and accounted for using the equity method, and other income from LSOC for the year ended 31 December 2014 as if the Disposal had been completed on 1 January 2014.

(5) The adjustment represents the loss on disposal of LSOC, assuming the Disposal had been completed on 1 January 2014.

The pro form loss on disposal of LSOC is calculated as below:

	HK$ million
Consideration	2,553
Carrying amount of interest in LSOC as at 1 January 2014	(3,501)
Estimated directly attributable transaction costs	(70)
Release of cumulative translation reserve upon disposal	689
Release of cumulative other comprehensive income upon disposal	107
Pro forma loss on disposal recognised in profit or loss	(222)

(6) The adjustment reflects the derecognition of the share of results of LSOC, which has been treated as the Group's joint venture and accounted for using the equity method, and other income from LSOC to the consolidated statement of cash flows as if the Disposal had been completed on 1 January 2014.

(7) The adjustment reflects the net cash inflow amounting to approximately HK$2,483 million assuming the Disposal had been completed on 1 January 2014, which represents the cash consideration for the Disposal of HK$2,553 million, net of the estimated directly attributable transaction costs of approximately HK$70 million.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

At the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares and underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

(a) Long position in the shares of the Company

	Number of ordinary shares in the Company				
Name of Director	**Personal interests**	**Family interests**	**Other interests**	**Total**	**Approximate percentage of the issued share capital of the Company**
Mr. Lo Hong Sui, Vincent	—	312,000 *(Note 1)*	234,381,000 *(Note 2)*	234,693,000	48.44%
Mr. Choi Yuk Keung, Lawrence	540,000	—	—	540,000	0.11%
Mr. Wong Fook Lam, Raymond	32,000	—	—	32,000	0.01%

Notes:

(1) These shares were beneficially owned by Ms. Loletta Chu ("Mrs. Lo"), the spouse of Mr. Lo Hong Sui, Vincent ("Mr. Lo"). Under the SFO, Mr. Lo was deemed to be interested in such shares and both Mr. Lo and Mrs. Lo were also deemed to be interested in 234,381,000 shares mentioned in note (2) below.

(2) These shares were beneficially owned by Shui On Company Limited ("SOCL"). Of these 234,381,000 shares beneficially owned by SOCL, 220,148,000 shares were held by SOCL itself and 14,233,000 shares were held by Shui On Finance Company Limited ("SOFCL"), an indirect wholly-owned subsidiary of SOCL. SOCL was owned by the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was one of the discretionary beneficiaries and HSBC International Trustee Limited ("HSBC Trustee") was the trustee. Accordingly, Mr. Lo, Mrs. Lo, HSBC Trustee and Bosrich were deemed to be interested in such shares under the SFO.

(b) Share options of the Company

At the Latest Practicable Date, the following Directors had interests in the share options granted by the Company under the share option scheme adopted by the Company on 27 August 2002:

Name of Director	Date of grant	Subscription price per share *HK$*	Period during which share options outstanding are exercisable	Number of shares subject to the share options outstanding
Mr. Choi Yuk Keung, Lawrence	9-4-2009	7.63	9-4-2012 to 8-4-2019	380,000
	12-4-2010	12.22	12-4-2013 to 11-4-2020	700,000
	23-6-2011	10.90	23-12-2011 to 22-6-2016	250,000 *(Note)*
Mr. Wong Fook Lam, Raymond	12-4-2010	12.22	12-4-2013 to 11-4-2020	700,000
	23-6-2011	10.90	23-12-2011 to 22-6-2016	250,000 *(Note)*
Mr. Wong Kun To, Philip	12-4-2010	12.22	12-4-2013 to 11-4-2020	1,050,000
	23-6-2011	10.90	23-12-2011 to 22-6-2016	400,000 *(Note)*

Note: The vesting of these share options is subject to the vesting schedules as set out in their respective offer letters.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

At the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

Certain tenancy agreements subsist between certain members of the Group as lessees and certain subsidiaries of SOCL (a company controlled by Mr. Lo) as lessors in respect of the leasing of certain office premises owned by the group companies of SOCL in Hong Kong and the PRC, the aggregate amount of the rental and management fees of which was approximately HK$0.6 million for the four-month period ended 30 April 2015. Save as disclosed above, since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up), none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

At the Latest Practicable Date, save as disclosed below, none of the Directors was a director or an employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Names of companies which had such discloseable interest or short position	Position within such companies
Mr. Lo Hong Sui, Vincent	SOCL and SOFCL	director
Mr. Choi Yuk Keung, Lawrence	SOCL and SOFCL	director
Mr. Wong Fook Lam, Raymond	SOFCL	director

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered or proposed to enter into, with any member of the Group, a service contract which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

At the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, the following Directors were considered to have interests in the business, which competed or was likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules as set out below:

(a) Mr. Lo is a director and the controlling shareholder of SOCL which, through its subsidiaries, including (among others) SOL, principally engages in property development and investment in the PRC.

(b) Mr. Lo is a director of Great Eagle Holdings Limited which, through its subsidiaries, engages in (among others) property development and investment, trading of building materials and provision of maintenance services in Hong Kong and the PRC.

(c) Mr. Choi Yuk Keung, Lawrence is a director of SOCL which, through its subsidiaries, including (among others) SOL, principally engages in property development and investment in the PRC.

(d) Mr. Wong Kun To, Philip is a director of SOL which, through its subsidiaries, principally engages in property development and investment in the PRC.

(e) Mr. Tsang Kwok Tai, Moses is a director of China Xintiandi Limited which is an indirect wholly-owned subsidiary of SOL. China Xintiandi Limited, through its subsidiaries, principally engages in investing, operating and managing premium commercial properties in the PRC.

As the Board is independent from the boards of directors of the aforesaid companies and the above Directors are unable to control the Board, the Group is capable of carrying on its business independently.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in the business, which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within the two years immediately preceding the issue of this circular, which were or might be material:

In relation to the acquisition of a property project in Nanjing

(a) a framework agreement dated 4 October 2013 (as supplemented by six supplemental agreements dated 11 November 2013, 19 November 2013, 16 December 2013, 14 March 2014, 23 July 2014 and 3 February 2015 respectively) entered into between Win Lead Holdings Limited ("Win Lead", a joint venture indirectly owned as to 50% by the Company and a subsidiary of the Company under the Listing Rules), Full Elite Investments Limited ("Full Elite", a wholly-owned subsidiary of Win Lead) as purchaser, 中金佳成(天津)房地產投資中心(有限合夥) (CICC Jiacheng (Tianjin) Real Estate Investment Centre, LP*) ("CICC Jiacheng") as vendor, 江蘇九西建設發展有限公司 (Jiangsu Jiu Xi Construction Development Co., Ltd.*) ("Jiangsu Jiu Xi", which holds three parcels of land located at the Jiangning District, Nanjing, Jiangsu, the PRC for development into a residential and commercial property) and 鋒尚資本管理有限公司 (Tiptop Investment Co., Ltd.*) ("Tiptop", being the other shareholder of Jiangsu Jiu Xi) whereby, among other things, Full Elite agreed to (i) acquire 65% equity interest in Jiangsu Jiu Xi from CICC Jiacheng; and (ii) procure its affiliate to enter into a loan agreement with Jiangsu Jiu Xi and an independent financial institution for the provision of a loan to Jiangsu Jiu Xi for repayment in full of the shareholder's loan together with interest accrued thereon owing to CICC Jiacheng by Jiangsu Jiu Xi, for a total consideration of RMB330 million (subject to adjustment) upon and subject to the terms and conditions contained therein;

(b) a framework agreement dated 6 August 2014 entered into between 上海盈吉投資諮詢有限公司 (Shanghai Yingji Investment Consultancy Limited*) ("Shanghai Yingji", an indirect wholly-owned subsidiary of Full Elite) as purchaser, Tiptop as vendor and Jiangsu Jiu Xi (as supplemented by a supplemental agreement dated 6 August 2014 entered into between Shanghai Yingji and Tiptop) whereby, among other things, Shanghai Yingji agreed to (i) acquire from Tiptop its remaining equity interest in Jiangsu Jiu Xi; and (ii) enter into a loan agreement with Jiangsu Jiu Xi and an independent financial institution for the provision of a loan to Jiangsu Jiu Xi for repayment in full of the shareholder's loan together with interest accrued thereon owing to Tiptop by Jiangsu Jiu Xi, for a total consideration of RMB68 million upon and subject to the terms and conditions contained therein;

In relation to the disposal of 80% interest in a property project in Shenyang

(c) a sale and purchase agreement dated 3 December 2013 entered into between Broad Wise Limited ("Broad Wise", an indirect wholly-owned subsidiary of the Company) as vendor, Clear Grand Limited ("Clear Grand") as purchaser and the Company as guarantor, whereby, among other things, Clear Grand agreed to (i) acquire from Broad Wise its 80% share interest in Loyal Max Investments Limited ("Loyal Max", which via a project company established in the PRC, namely 瀋陽中匯達房地產有限公司 (Shenyang Zhong Hui Da Real Estate Co., Ltd.*) (the "Shenyang Project Company"), holds a property development known as Shenyang Project Phase II located in the Huanggu District, Shenyang, Liaoning, the PRC); (ii) assume the corresponding shareholder's loan owing to Broad Wise by Loyal Max; and (iii) settle the liabilities of the Shenyang Project Company owing to certain onshore affiliates of Broad Wise, for a total consideration of RMB1.168 billion (subject to adjustment) upon and subject to the terms and conditions therein; and

(d) a shareholders' deed dated 27 January 2014 (the "Shareholders' Deed") entered into between Broad Wise, Clear Grand and Loyal Max to govern the management and operation of the affairs of Loyal Max and the Shenyang Project Company whereby, among other things, (i) Broad Wise shall have a put option, exercisable not later than 18 months from the date of the Shareholders' Deed, to require Clear Grand or its affiliate(s) to purchase all of its remaining 20% share interest in and the corresponding shareholder's loan owing to it by Loyal Max; and (ii) Clear Grand shall have a call option, exercisable at any time after 18 months from the date of the Shareholders' Deed if Broad Wise fails to exercise the put option, to require Broad Wise to sell to Clear Grand all of its remaining 20% share interest in and the corresponding shareholder's loan owing to it by Loyal Max, both at an exercise price to be determined based on the formula set out in the Shareholders' Deed (being RMB1.46 billion x 20%, plus interest income for a period of not more than 18 months from the date of the Shareholders' Deed calculated at the RMB benchmark deposit rate announced from time to time by the People's Bank of China) and subject to the other terms and conditions contained therein;

In relation to the guarantee for a loan to Beijing ZhongTian HongYe Real Estate Consulting Co., Ltd.

(e) supplemental guarantee restructuring deeds dated 16 December 2013 and 18 October 2014 (as supplemented by a supplemental deed dated 8 December 2014) entered into between the Company and China Cinda Asset Management Co., Ltd., Beijing Branch ("CCAM") whereby CCAM agreed not to demand the fulfillment of the Company's guaranteed obligations under the corporate guarantee dated 2 April 2007 entered into by the Company in favour of the original lending bank for a loan granted to Beijing ZhongTian HongYe Real Estate Consulting Co., Ltd. (a former wholly-owned subsidiary of China Central Properties Limited, which was previously an associate of the Company and, since June 2009, has become an indirect wholly-owned subsidiary of the Company) in an outstanding principal amount of approximately RMB542 million, which was subsequently acquired by CCAM, for a period up to 18 October 2015 in consideration of the Company paying compensation fees in a total amount of RMB21.4 million to CCAM subject to the terms and conditions as contained therein;

In relation to the disposal of a property project in Tianjin

(f) a sale and purchase agreement dated 17 April 2014 entered into between Wealth Frame Limited ("Wealth Frame", a wholly-owned subsidiary of the Company) and Needham Fortune Ltd. ("Needham", together with Wealth Frame, the "Sellers") as vendors, Victory Soar Limited ("Victory Soar") as purchaser and the Company as the Sellers' guarantor whereby, among other things, Victory Soar agreed to (i) acquire from the Sellers their entire share interests in Silver Reach Limited ("Silver Reach", then being a joint venture owned as to 64.7% by Wealth Frame and 35.3% by Needham, whose principal asset is the options to acquire the entire share interest in Best Surpass Limited, which via certain project companies established in the PRC holds a property development, namely Tianjin Project Phase II, located in the Wuqing District, Tianjin, the PRC); and (ii) assume all the offshore shareholders' loans owing to the Sellers by Silver Reach, for a total consideration of RMB264.3 million, with RMB171.1 million payable to Wealth Frame and RMB93.2 million payable to Needham in proportion to their respective share interests in Silver Reach, upon and subject to the terms and conditions contained therein;

In relation to the disposal of 19% interest in a property project in Chengdu

(g) a sale and purchase agreement dated 26 June 2014 entered into between Shui On China Central Properties Limited ("SOCCP", an indirect wholly-owned subsidiary of the Company) as vendor and Fine Process Limited ("Fine Process") as purchaser whereby Fine Process agreed to (i) acquire from SOCCP shares of Gracious Spring Limited ("Gracious Spring", which via a project company established in the PRC, namely Chengdu Xianglong Real Estate Co., Ltd., holds a property development known as Centropolitan located in the Jinniu District, Chengdu, Sichuan, the PRC (the "Chengdu Project")) representing 19% of its issued share capital (the "GS Sale Shares") at nominal value of US$19; and (ii) provide a shareholder's loan of US$48.76 million (the "Shareholder's Loan") to Gracious Spring, upon and subject to the terms and conditions contained therein;

(h) a shareholders' agreement dated 26 June 2014 (the "Shareholders' Agreement") entered into between the Company, SOCCP, Fine Process and Gracious Spring to govern the management and operation of the affairs of Gracious spring and its subsidiaries (the "GS Group") whereby, among other things, (i) Fine Process shall have a put option to require SOCCP to purchase all of the GS Sale Shares and the outstanding Shareholder's Loan plus interest accrued thereon, which is exercisable upon (1) occurrence of a triggering event as set out in the Shareholders' Agreement; or (2) lapse of 30 months from the date of the Shareholders' Agreement; or (3) sale or pre-sale of 75% gross floor areas of the Chengdu Project, at an exercise price equal to, in the aforesaid case (1), US$19 plus the outstanding principal amount of the Shareholder's Loan and interest accrued thereon plus the amount of any prepayment fees payable by Gracious Spring for the Shareholder's Loan, or in the aforesaid cases (2) and (3), the higher of (a) US$19 plus the outstanding principal amount of the Shareholder's Loan and interest accrued thereon; and (b) 19% of the fair market value of the GS Group to be determined in accordance with the terms of the Shareholders' Agreement (the "GS Fair Market Value") plus the outstanding principal amount of the Shareholder's Loan and interest accrued thereon; and (ii) SOCCP shall have a call option to require Fine Process to sell to it all of the GS Sale Shares, which is exercisable following full repayment of the Shareholder's Loan at an exercise price equal to the higher of (a) 19% of the GS Fair Market Value; and (b) an annual internal rate of return of 15% for the total investment of Fine Process in the Chengdu Project, and subject to the other terms and conditions contained therein;

In relation to the disposal of the Group's construction business in the PRC

(i) a sale and purchase agreement dated 21 August 2014 entered into between Shui On Contractors Limited ("SOC", a wholly-owned subsidiary of the Company) as vendor, the Company as vendor and guarantor of SOC, Sino Atrium Global Limited ("Sino Atrium", an indirect wholly-owned subsidiary of SOL) as purchaser and SOL as guarantor of Sino Atrium whereby, among other things, Sino Atrium agreed to (i) acquire from SOC its entire share interest in and the debt owing to it by Shui On Granpex Limited ("SO Granpex"); and (ii) acquire from the Company the debt owing to it by SO Granpex for a total consideration of approximately HK$120.6 million (subject to adjustment) upon and subject to the terms and conditions contained therein;

(j) a sale and purchase agreement dated 21 August 2014 entered into between Pat Davie Limited ("PDL", an indirect non-wholly owned subsidiary of the Company) as vendor, the Company as guarantor of PDL, Sino Gate Developments Limited ("Sino Gate", an indirect wholly-owned subsidiary of SOL) as purchaser and SOL as guarantor of Sino Gate whereby, among other things, Sino Gate agreed to acquire from PDL its entire share interest in and the debt owing to it by Pat Davie (China) Limited for a total consideration of approximately HK$112.5 million (subject to adjustment) upon and subject to the terms and conditions contained therein;

(k) a sale and purchase agreement dated 21 August 2014 entered into between the Company as vendor, Sino Luck International Limited ("Sino Luck", an indirect wholly-owned subsidiary of SOL) as purchaser and SOL as guarantor of Sino Luck whereby, among other things, Sino Luck agreed to acquire from the Company its entire share interest in and the debt owing to it by Famous Scene Holdings Limited for a total consideration of approximately HK$106.6 million (subject to adjustment) upon and subject to the terms and conditions contained therein;

In relation to the acquisition of 10% interest in a property project in Shanghai and the incidental disposal of properties in Shanghai

(l) a sale and purchase agreement dated 31 December 2014 entered into between Bright Jade Investments Limited ("Bright Jade", an indirect wholly-owned subsidiary of the Company), Remparts Ltd. ("Remparts"), Lead Wealthy Investments Limited ("Lead Wealthy", a joint venture indirectly owned as to 70% by the Company, which via a project company established in the PRC, namely Shanghai 21st Century Real Estate Co., Ltd. (the "Shanghai Project Company"), holds the Four Seasons Hotel Pudong and the unsold branded units plus car parking spaces in Shanghai Four Seasons Place situated at the 21st Century Tower located in the Pudong District, Shanghai, the PRC (the "21C Project")), Dignitary Limited ("Dignitary", an indirect wholly-owned subsidiary of the Company, which via Peak Century Limited ("Peak Century") holds an apartment unit in Lakeville Regency Tower 18 and a car parking space in Lakeville Regency Tower 13 located in the Huangpu District, Shanghai, the PRC) and the Shanghai Project Company whereby, among other things, Bright Jade agreed to acquire from Remparts its 10% share interest in and the corresponding shareholder's loans owing to it by Lead Wealthy together with interest accrued thereon for a total consideration of approximately RMB149.9 million, which shall be settled partly in cash as to approximately RMB10.1 million and partly by setting off against the consideration payable by Remparts to the Group for its disposal to Remparts of (i) the entire share interest of Dignitary in Peak Century together with the corresponding shareholder's loan owing to Dignitary by Peak Century for a total consideration of approximately RMB38.8 million (subject to adjustment); and (ii) two branded units together with three car parking spaces in Shanghai Four Seasons Place owned by the Shanghai Project Company for a total consideration of RMB101 million, upon and subject to the terms and conditions contained therein;

In relation to the disposal of a property project in Beijing

(m) a sale and purchase agreement dated 5 January 2015 entered into between Eagle Fit Limited ("Eagle Fit", a joint venture indirectly owned as to 65% by the Company and a subsidiary of the Company under the Listing Rules) as vendor, the Company as guarantor, Zhan Yi Investments Limited ("Zhan Yi") as purchaser and 北京啓夏房地產開發有限公司 (Beijing Qi Xia Real Estate Development Co., Ltd.*) (the "Beijing Project Company", a company established in the PRC) whereby, among other things, Zhan Yi agreed to acquire from Eagle Fit its entire share interest in Prime Asset Investment Limited ("Prime Asset", which via the Beijing Project Company holds a property development known as Beijing Centrium Residence located in the Chaoyang District, Beijing, the PRC) for a consideration (estimated to be not more than RMB520.8 million) equivalent to the balance of a new loan to Prime Asset (in an amount of the US$ equivalent of RMB685.5 million to be arranged by Zhan Yi) following repayment of all the outstanding shareholder's loan and balances owing by Prime Asset to Eagle Fit, upon and subject to the terms and conditions contained therein;

In relation to the disposal of a property project in Shanghai

(n) a sale and purchase agreement dated 24 April 2015 entered into between Lead Wealthy as vendor and Wing Tat Development Limited ("Wing Tat") as purchaser whereby, among other things, Wing Tat agreed to (i) acquire from Lead Wealthy its entire share interests in Lead Wealthy Investments (Singapore) Pte. Ltd. ("Lead Wealthy Singapore", which via the Shanghai Project Company holds the 21C Project) and Jolly Success Holdings Limited ("Jolly Success", which via a company established in the PRC, namely Shanghai 21st Century Hotel Co., Ltd., holds all the necessary licences for the operation of the Four Seasons Hotel Pudong) for a total consideration of RMB632.5 million (subject to adjustment); and (ii) settle the loans owing by Lead Wealthy Singapore and Jolly Success and their respective subsidiaries (collectively the "Target Group") to Lead Wealthy and/or its affiliates (excluding any member of the Target Group), amounting to approximately RMB690.8 million, upon and subject to the terms and conditions contained therein; and

In relation to the Disposal

(o) the S&P Agreement.

* *For identification purpose only*

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinions or advice, which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports and/or summary of its opinions (as the case may be) and references to its name in the form and context in which they appear herein.

Deloitte Touche Tohmatsu has confirmed that, at the Latest Practicable Date:

(a) it did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(b) it did not have any direct or indirect interest in any assets which had since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(c) the reports of Deloitte Touche Tohmatsu are given as of the date of this circular for incorporation herein.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong from the date of this circular up to and including 18 June 2015:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for each of the three years ended 31 December 2012, 2013 and 2014;

(c) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(d) the review report from Deloitte Touche Tohmatsu on the financial information of the Disposal Group for the three years ended 31 December 2012, 2013 and 2014 and explanatory notes;

(e) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix II to this circular;

(f) the written consent from Deloitte Touche Tohmatsu referred to in the section headed "Expert and Consent" in this appendix;

(g) the circular dated 27 April 2015 issued by the Company in respect of the acquisition of 10% share interest in Lead Wealthy and the incidental disposal of entire share interest in Peak Century and properties in Shanghai Four Seasons Place; and

(h) this circular.

9. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Ng Lai Tan, Melanie, an Associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(b) The principal share registrar and transfer office of the Company is Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

NOTICE IS HEREBY GIVEN that a special general meeting of SOCAM Development Limited (the "Company") will be held at Monaco Room, Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Thursday, 18 June 2015 at 3:30 p.m. (or immediately following the closure of another special general meeting of the Company convened at 3:00 p.m.) for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the entering into of the S&P Agreement (as defined in the circular of the Company dated 26 May 2015, a copy of which agreement is tabled at the meeting and marked "A" and signed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be hereby approved, ratified and confirmed; and

(b) the directors of the Company be hereby authorised for and on behalf of the Company to execute any such documents, instruments and agreements and to do any such acts or things as may be deemed by such directors in their absolute discretion to be incidental to, ancillary to or in connection with the S&P Agreement and the transactions contemplated thereunder."

By Order of the Board
SOCAM Development Limited
Ng Lai Tan, Melanie
Company Secretary

Hong Kong, 26 May 2015

* *For identification purpose only*

Notes:

(1) Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. A proxy need not be a member of the Company.

(2) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a member from attending and voting in person at the meeting and any adjournment thereof (as the case may be) should he/she so wish.

(3) The ordinary resolution as set out above will be voted at the meeting by way of poll.