
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).

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



瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

ACQUISITION OF 10% SHARE INTEREST IN LEAD WEALTHY INVESTMENTS LIMITED

AND

INCIDENTAL DISPOSAL OF ENTIRE SHARE INTEREST IN PEAK CENTURY LIMITED AND PROPERTIES IN SHANGHAI FOUR SEASONS PLACE

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 8 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 18 and 19 of this circular. A letter from Investec, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 20 to 37 of this circular.

A notice convening the special general meeting of the Company to be held at Regal Ballroom, Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 29 May 2015 at 12:15 p.m. (or immediately following the closure of the annual general meeting of the Company) is set out on pages 53 and 54 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, 27 April 2015

CONTENTS

DEFINITIONS	1
LETTER FROM THE BOARD	8
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	18
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	20
APPENDIX I — PROPERTY VALUATION REPORT	38
APPENDIX II — GENERAL INFORMATION	48
NOTICE OF SPECIAL GENERAL MEETING	53

DEFINITIONS

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

“21C Consideration (A)”	has the meaning given to it under the section headed “Consideration and payment terms” in the letter from the Board contained in this circular
“21C Consideration (B)”	has the meaning given to it under the section headed “Consideration and payment terms” in the letter from the Board contained in this circular
“21C Mortgage”	the pledge agreement dated 24 July 2013 executed between the 21C Project Co as mortgagor and an independent third party bank as mortgagee in respect of Shanghai Four Seasons Place to secure the repayment obligations of the 21C Project Co under certain loan facilities granted by such bank
“21C Project”	a hotel, namely Four Seasons Hotel Pudong, and the unsold apartment units and car parking spaces in a branded residence, namely Shanghai Four Seasons Place, situated at the 21st Century Tower located in the Pudong District, Shanghai, the PRC
“21C Project Co”	Shanghai 21st Century Real Estate Co., Ltd., a wholly foreign-owned enterprise organised under the laws of the PRC, which is an indirect wholly-owned subsidiary of Lead Wealthy and the sole owner of the 21C Project, including the 21C Properties
“21C Properties”	collectively, the 21C Property (A) and the 21C Property (B)
“21C Property (A)”	an apartment unit numbered 5502 and two car parking spaces numbered B3-97 and B3-98 in Shanghai Four Seasons Place
“21C Property (B)”	an apartment unit numbered 5503 and a car parking space numbered B3-99 in Shanghai Four Seasons Place
“21C Property Consideration (A)”	has the meaning given to it under the section headed “Consideration and payment terms” in the letter from the Board contained in this circular
“21C Property Consideration (B)”	has the meaning given to it under the section headed “Consideration and payment terms” in the letter from the Board contained in this circular

DEFINITIONS

“21C Sale Shares (A)”	337 shares of Lead Wealthy, representing 3.37% of its enlarged issued share capital upon completion of the Share Allotment
“21C Sale Shares (B)”	337 shares of Lead Wealthy, representing 3.37% of its enlarged issued share capital upon completion of the Share Allotment
“21C Shareholder Loan (A)”	the shareholder’s loan in a principal amount of approximately RMB30.8 million together with interest accrued thereon owing by Lead Wealthy to Remparts at the date of Second Closing, the total outstanding amount of which was approximately RMB35.8 million (equivalent to approximately HK\$45.4 million) at 31 December 2014
“21C Shareholder Loan (B)”	the shareholder’s loan in a principal amount of approximately RMB30.8 million together with interest accrued thereon owing by Lead Wealthy to Remparts at the date of Second Closing, the total outstanding amount of which was approximately RMB35.8 million (equivalent to approximately HK\$45.4 million) at 31 December 2014
“associate(s)”, “close associates”, “connected person”, “subsidiary(ies)” and “substantial shareholder”	each shall have the meaning ascribed to it under the Listing Rules
“Acquisition”	the acquisition of the Lead Wealthy Sale Shares and the Lead Wealthy Shareholder Loans by Bright Jade from Remparts pursuant to the Sale and Purchase Agreement
“Acquisition Consideration”	the total consideration for the Acquisition, being approximately RMB149.9 million (equivalent to approximately HK\$189.9 million)
“Board”	the board of Directors
“Bright Jade”	Bright Jade Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, which owns 70% share interest in Lead Wealthy at the date of this circular

DEFINITIONS

“Business Day”	a day (other than a Saturday or Sunday) on which banks are open in Hong Kong to the general public for business
“Cash Consideration”	has the meaning given to it under the section headed “Consideration and payment terms” in the letter from the Board contained in this circular
“Cash Sale Shares”	67 shares of Lead Wealthy, representing 0.67% of its enlarged issued share capital upon completion of the Share Allotment
“Cash Shareholder Loan”	the shareholder’s loan in a principal amount of approximately RMB6.1 million together with interest accrued thereon owing by Lead Wealthy to Remparts at the date of First Closing, the total outstanding amount of which was approximately RMB7.1 million (equivalent to approximately HK\$9.0 million) at 31 December 2014
“Colliers”	Colliers International (Hong Kong) 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)
“Conditions”	has the meaning given to it under the section headed “Conditions” in the letter from the Board contained in this circular
“Dignitary”	Dignitary Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, which owns the entire share interest in Peak Century at the date of this circular
“Director(s)”	director(s) of the Company
“Disposals”	the disposal of (i) the Peak Century Sale Share together with the Peak Century Shareholder Loan by Dignitary to Remparts; and (ii) the 21C Properties by the 21C Project Co to Remparts, incidental to the Acquisition pursuant to the Sale and Purchase Agreement
“Disposal Consideration”	the total consideration for the Disposals, being approximately RMB139.8 million (equivalent to approximately HK\$177.1 million), subject to adjustment

DEFINITIONS

“First Closing”	closing of (i) the acquisition of the Cash Sale Shares, the T18 Sale Shares, the Cash Shareholder Loan and the T18 Shareholder Loan by Bright Jade from Remparts; and (ii) the incidental disposal of the Peak Century Sale Share and the Peak Century Shareholder Loan by Dignitary to Remparts
“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
“HPL Holdings”	HPL Leisure Holdings Pte Ltd, a company incorporated in Singapore with limited liability, which owns 20% share interest in Lead Wealthy at the date of this circular
“Independent Board Committee”	the committee of the Board comprising Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen and Mr. Chan Kay Cheung, all being the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Acquisition and the Disposals
“Independent Shareholders”	the Shareholders, other than Penta and its associates (including Remparts)
“Investec” or “Independent Financial Adviser”	Investec Capital Asia Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, which is the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Disposals
“Latest Practicable Date”	23 April 2015, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
“Lead Wealthy”	Lead Wealthy Investments Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 70% by Bright Jade, 20% by HPL Holdings and 10% by Remparts at the date of this circular
“Lead Wealthy Group”	Lead Wealthy and its subsidiaries, including the 21C Project Co

DEFINITIONS

“Lead Wealthy Sale Shares”	collectively, the Cash Sale Shares, the T18 Sale Shares, the 21C Sale Shares (A) and the 21C Sale Shares (B)
“Lead Wealthy Shareholder Loans”	collectively, the Cash Shareholder Loan, the T18 Shareholder Loan, the 21C Shareholder Loan (A) and the 21C Shareholder Loan (B)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the last day for satisfaction of the Conditions, which is 30 September 2015 (or such later date as postponed by either Remparts or Bright Jade in accordance with the terms of the Sale and Purchase Agreement)
“Mount Shine”	Mount Shine Limited, a company incorporated in the British Virgin Islands with limited liability, which is the immediate holding company of Dignitary and an indirect wholly-owned subsidiary of the Company
“Peak Century”	Peak Century Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of Dignitary at the date of this circular
“Peak Century Completion Accounts”	the unaudited accounts of Peak Century for the period from 1 January 2015 to the date of First Closing to be prepared in accordance with the terms of the Peak Century Sale and Purchase Agreement
“Peak Century Consideration”	has the meaning given to it under the section headed “Consideration and payment terms” in the letter from the Board contained in this circular
“Peak Century NTAV”	the aggregate of all tangible assets of Peak Century which are readily convertible into cash or cash equivalents (but excluding the carrying value of the T18 Property and, for the avoidance of doubt, all intangible assets and deferred tax), less the aggregate of all liabilities (but excluding the Peak Century Shareholder Loan) and provisions of Peak Century at the date of First Closing
“Peak Century Sale Share”	one share of Peak Century, representing its entire issued share capital
“Peak Century Sale and Purchase Agreement”	a sale and purchase agreement to be entered into between Dignitary as seller, Remparts as purchaser and Bright Jade as guarantor at the date of First Closing in respect of the disposal of the Peak Century Sale Share and the Peak Century Shareholder Loan pursuant to the Sale and Purchase Agreement

DEFINITIONS

“Peak Century Shareholder Loan”	the interest-free shareholder’s loan owing by Peak Century to Dignitary at the date of First Closing, the outstanding amount of which is approximately RMB34.3 million (equivalent to approximately HK\$43.5 million) at the date of this circular
“Penta”	Penta Investment Advisers Limited, a company incorporated in the British Virgin Islands with limited liability, which is a substantial shareholder of the Company
“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)
“Remparts”	Remparts Ltd., a company incorporated in the British Virgin Islands with limited liability, which owns 10% share interest in Lead Wealthy at the date of this circular
“Resolution”	the ordinary resolution to be proposed at the SGM as set out in the notice of the SGM on page 53 of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 December 2014 entered into between Remparts, Bright Jade, Lead Wealthy, Dignitary and the 21C Project Co in respect of the Acquisition and the Disposals
“Second Closing”	closing of (i) the acquisition of the 21C Sale Shares (A), the 21C Sale Shares (B), the 21C Shareholder Loan (A) and the 21C Shareholder Loan (B) by Bright Jade from Remparts; and (ii) the incidental disposal of the 21C Properties by the 21C Project Co to Remparts
“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 Sale and Purchase Agreement and the transactions contemplated thereunder, including the Acquisition and the Disposals
“Shanghai Four Seasons Place”	the branded residence situated at level 42 to 55 of the 21st Century Tower located in the Pudong District, Shanghai, the PRC, which offers a total of 73 apartment units with full access to the service and facilities of the Four Seasons Hotel Pudong

DEFINITIONS

“Shareholders”	holders of the ordinary shares in the issued share capital of the Company
“Share Allotment”	allotment and issue of additional 9,900 shares in the capital of Lead Wealthy to Bright Jade, HPL Holdings and Remparts on pro-rata basis on or before the date of First Closing
“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
“T18 Consideration”	has the meaning given to it under the section headed “Consideration and payment terms” in the letter from the Board contained in this circular
“T18 Property”	an apartment unit numbered 3101 in Lakeville Regency Tower 18 and a car parking space numbered 137 at level B1 of Lakeville Regency Tower 13 located in the Huangpu District, Shanghai, the PRC
“T18 Sale Shares”	259 shares of Lead Wealthy, representing 2.59% of its enlarged issued share capital upon completion of the Share Allotment
“T18 Security Documents”	the security documents all dated 10 March 2014 executed by Peak Century or Dignitary in favour of an independent third party bank to secure the repayment obligations of Mount Shine under a loan facility granted by such bank
“T18 Shareholder Loan”	the shareholder’s loan in a principal amount of approximately RMB23.6 million together with interest accrued thereon owing by Lead Wealthy to Remparts at the date of First Closing, the total outstanding amount of which was approximately RMB27.5 million (equivalent to approximately HK\$34.8 million) at 31 December 2014
“%”	per cent

For the purpose of this circular and for illustrative purpose only, HK\$ is converted into RMB at the rate of HK\$1 : RMB0.78921. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

LETTER FROM THE BOARD



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

27 April 2015

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

**ACQUISITION OF 10% SHARE INTEREST IN
LEAD WEALTHY INVESTMENTS LIMITED**

AND

**INCIDENTAL DISPOSAL OF ENTIRE SHARE INTEREST IN
PEAK CENTURY LIMITED
AND PROPERTIES IN SHANGHAI FOUR SEASONS PLACE**

INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2014 in relation to the proposed acquisition of the Lead Wealthy Sale Shares, representing 10% of the enlarged issued

* For identification purpose only

LETTER FROM THE BOARD

share capital of Lead Wealthy (a 70%-owned subsidiary of Bright Jade) upon completion of the Share Allotment, and the Lead Wealthy Shareholder Loans for a total consideration of approximately RMB149.9 million (equivalent to approximately HK\$189.9 million). Such Acquisition Consideration will be settled partly in cash and partly by setting off against the Disposal Consideration payable by Remparts in relation to the disposal of (i) the Peak Century Sale Share, representing the entire issued share capital of Peak Century, together with the Peak Century Shareholder Loan by Dignitary (an indirect wholly-owned subsidiary of the Company) to Remparts; and (ii) the 21C Properties by the 21C Project Co (an indirect wholly-owned subsidiary of Lead Wealthy) to Remparts.

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Acquisition and the Disposals; (ii) the letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser with its advice and recommendation to the Independent Board Committee and the Independent Shareholders; (iv) the property valuation report from Colliers; and (v) a notice of the SGM.

THE SALE AND PURCHASE AGREEMENT

Date

31 December 2014

Parties

- (1) Remparts, being an associate of Penta, a substantial shareholder of the Company, as (i) seller of the Lead Wealthy Sale Shares and the Lead Wealthy Shareholder Loans; and (ii) purchaser of the Peak Century Sale Share and the Peak Century Shareholder Loan as well as the 21C Properties
- (2) Bright Jade, an indirect wholly-owned subsidiary of the Company, as (i) purchaser of the Lead Wealthy Sale Shares and the Lead Wealthy Shareholder Loans; and (ii) guarantor of Dignitary as seller of the Peak Century Sale Share and the Peak Century Shareholder Loan
- (3) Lead Wealthy, a joint venture owned as to 70% by Bright Jade, 20% by HPL Holdings and 10% by Remparts at the date of this circular
- (4) Dignitary, an indirect wholly-owned subsidiary of the Company, as seller of the Peak Century Sale Share and the Peak Century Shareholder Loan
- (5) the 21C Project Co, an indirect wholly-owned subsidiary of Lead Wealthy, as seller of the 21C Properties

Subject matters

The Acquisition

Subject to the terms and conditions contained in the Sale and Purchase Agreement, Bright Jade has agreed to acquire from Remparts (i) the Lead Wealthy Sale Shares, divided into four tranches

LETTER FROM THE BOARD

comprising the Cash Sale Shares, the T18 Sale Shares, the 21C Sale Shares (A) and the 21C Sale Shares (B), together representing 10% of the enlarged issued share capital of Lead Wealthy upon completion of the Share Allotment; and (ii) the Lead Wealthy Shareholder Loans, divided into four tranches comprising the Cash Shareholder Loan, the T18 Shareholder Loan, the 21C Shareholder Loan (A) and the 21C Shareholder Loan (B).

The Disposals

Subject to the terms and conditions contained in the Sale and Purchase Agreement, (i) Dignitary has agreed to sell to Remparts the Peak Century Sale Share, representing the entire issued share capital of Peak Century, together with the Peak Century Shareholder Loan (thereby disposing of the T18 Property, which is owned by Peak Century, to Remparts); and (ii) the 21C Project Co has agreed to sell to Remparts the 21C Properties.

Consideration and payment terms

The Acquisition Consideration payable by Bright Jade to Remparts is approximately RMB149.9 million (equivalent to approximately HK\$189.9 million), which comprises:

- (a) an amount of approximately RMB10.1 million (equivalent to approximately HK\$12.8 million), being the consideration for the Cash Sale Shares and the Cash Shareholder Loan (the “**Cash Consideration**”);
- (b) an amount of approximately RMB38.8 million (equivalent to approximately HK\$49.1 million), being the consideration for the T18 Sale Shares and the T18 Shareholder Loan (the “**T18 Consideration**”);
- (c) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million), being the consideration for the 21C Sale Shares (A) and the 21C Shareholder Loan (A) (the “**21C Consideration (A)**”); and
- (d) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million), being the consideration for the 21C Sale Shares (B) and the 21C Shareholder Loan (B) (the “**21C Consideration (B)**”).

Subject to adjustment, the Disposal Consideration payable by Remparts to the Group is approximately RMB139.8 million (equivalent to approximately HK\$177.1 million), which comprises:

- (a) an amount of approximately RMB38.8 million (equivalent to approximately HK\$49.1 million), subject to adjustment, being the consideration for the Peak Century Sale Share and the Peak Century Shareholder Loan (the “**Peak Century Consideration**”);
- (b) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million), being the consideration for the 21C Property (A) (the “**21C Property Consideration (A)**”); and

LETTER FROM THE BOARD

- (c) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million), being the consideration for the 21C Property (B) (the “**21C Property Consideration (B)**”).

The Peak Century Consideration shall be adjusted in accordance with the terms of the Peak Century Sale and Purchase Agreement based on the Peak Century NTAV as shown in the Peak Century Completion Accounts, provided that the adjustment shall not exceed RMB250,000 (equivalent to approximately HK\$316,800).

The Acquisition Consideration and the Disposal Consideration shall be settled in the following manner:

- (a) At First Closing, (i) the T18 Consideration shall be settled in full by setting off against the Peak Century Consideration (prior to adjustment) payable by Remparts to Dignitary, which in turn shall be settled in such manner as agreed between Bright Jade and Dignitary; and (ii) the Cash Consideration shall be settled in full by cash payment by Bright Jade to Remparts.
- (b) At Second Closing, the 21C Consideration (A) and the 21C Consideration (B) shall be settled in full by setting off against the 21C Property Consideration (A) and the 21C Property Consideration (B) payable by Remparts to the 21C Project Co, which in turn shall be settled by cash payment of an equivalent amount by Bright Jade to the 21C Project Co.
- (c) Within three Business Days after agreement on the Peak Century Completion Accounts, any shortfall in the Peak Century Consideration after adjustment shall be paid in cash by Remparts to Dignitary or, where appropriate, Dignitary shall pay back in cash any excess amount of the Peak Century Consideration after adjustment to Remparts.

The funding needs of the Group for the cash payments under the above settlement arrangements will be satisfied by the internal resources of the Group and banking facilities available to it.

The Acquisition Consideration was determined following arm’s length negotiations with Remparts with reference to 10% of the estimated fair value of the Lead Wealthy Group. In estimating the fair value of the Lead Wealthy Group, certain factors, including (i) the consolidated net asset book value of the Lead Wealthy Group; (ii) the amount of the Lead Wealthy Shareholder Loans; and (iii) the expected profits to be generated by the Lead Wealthy Group, have been considered. The expected profits to be generated by the Lead Wealthy Group are calculated with reference to the estimated market values of all properties of the 21C Project on a strata-title sale basis and having taken into account the corresponding deferred tax liabilities arising on revaluation of these properties based on the applicable PRC tax rate.

As at 31 January 2015, the market values of all properties of the 21C Project and the corresponding deferred tax liabilities amounted to approximately RMB3,647.0 million (equivalent to approximately HK\$4,621.1 million) and RMB565.3 million (equivalent to approximately HK\$716.3 million), respectively.

LETTER FROM THE BOARD

The Disposals were determined following arm's length negotiations with Remparts on setting off part of the Acquisition Consideration with properties from the property portfolio of the Group, and having considered factors including the Group's property inventories available for sales, the selection preference of Remparts, the market values of the T18 Property and the 21C Properties and the Group's intention to realise some of its luxury inventories amid the prevailing sluggish market conditions in the high-end property segment in the PRC.

Conditions

Closing of the Acquisition and the Disposals (including First Closing and Second Closing) is conditional upon the satisfaction of the following conditions (the "Conditions") on or before the Long Stop Date:

- (a) the Independent Shareholders' approval having been obtained in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to the Listing Rules;
- (b) all relevant consents and approvals from third parties having been obtained in connection with the Share Allotment, the proposed changes in the shareholdings of Lead Wealthy and Peak Century and the proposed transfer of the titles of the 21C Properties contemplated under the Sale and Purchase Agreement pursuant to the 21C Mortgage and the T18 Security Documents;
- (c) waiver of any right of pre-emption and tag-along and consent having been obtained from HPL Holdings in respect of the sale of the Lead Wealthy Sale Shares by Remparts and the other transactions contemplated under the Sale and Purchase Agreement; and
- (d) in addition to the conditions set out in paragraphs (a) to (c) above, (i) First Closing is conditional upon the T18 Security Documents having been released; and (ii) Second Closing is conditional upon the 21C Mortgage in respect of the 21C Properties having been released.

At the Latest Practicable Date, the Conditions set out in paragraphs (b), (c) and (d)(i) above have been satisfied.

Closing

Both First Closing and Second Closing shall take place on the fifth Business Day following satisfaction of all the relevant Conditions or on such other date as Bright Jade and Remparts may agree in writing.

LETTER FROM THE BOARD

INFORMATION ON LEAD WEALTHY AND THE 21C PROPERTIES

Lead Wealthy is a company incorporated in Hong Kong with limited liability in 2008. At the date of this circular, it has a total of 100 shares in issue, which are owned as to 70% by Bright Jade, 20% by HPL Holdings and 10% by Remparts. As the 10% share interest held by Remparts in Lead Wealthy will be transferred to Bright Jade in two batches pursuant to the terms of the Sale and Purchase Agreement, being 3.26% at First Closing and 6.74% at Second Closing, the number of issued shares of Lead Wealthy will be increased to 10,000 shares by way of the Share Allotment to avoid the creation of any fractional shares as a result of the Acquisition.

The principal asset of Lead Wealthy is an investment in the 21C Project held via the 21C Project Co, an indirect wholly-owned subsidiary of Lead Wealthy. The 21C Project Co is the sole owner of the 21C Project, comprising the Four Seasons Hotel Pudong and the unsold apartment units and car parking spaces in Shanghai Four Seasons Place situated at the 21st Century Tower located in the Pudong District, Shanghai, the PRC. The 21C Properties comprise two apartment units and three car parking spaces in Shanghai Four Seasons Place.

At 31 December 2014, the unaudited consolidated net liabilities of Lead Wealthy were approximately RMB253.4 million (equivalent to approximately HK\$321.1 million).

For the financial year ended 31 December 2012, the audited consolidated net profits before and after taxation and extraordinary items of Lead Wealthy were approximately HK\$171.7 million and HK\$103.1 million, respectively.

For the financial year ended 31 December 2013, the audited consolidated net losses before and after taxation and extraordinary items of Lead Wealthy were approximately HK\$119.5 million and HK\$175.7 million, respectively.

For the financial year ended 31 December 2014, the unaudited consolidated net losses before and after taxation and extraordinary items of Lead Wealthy were approximately HK\$263.9 million and HK\$272.4 million, respectively.

At 31 December 2014, the book value of the 21C Project was approximately RMB2,372.8 million (equivalent to approximately HK\$3,006.6 million).

At 31 December 2014, the aggregate book value of the 21C Properties was approximately RMB73.0 million (equivalent to approximately HK\$92.5 million).

INFORMATION ON PEAK CENTURY AND THE T18 PROPERTY

Peak Century is a company incorporated in Hong Kong with limited liability in 2005, which is a wholly-owned subsidiary of Dignitary. It is the sole owner of the T18 Property, comprising 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.

LETTER FROM THE BOARD

At 31 December 2014, the unaudited net asset value of Peak Century was approximately RMB2.1 million (equivalent to approximately HK\$2.6 million).

For the financial year ended 31 December 2012, the audited net profits before and after taxation and extraordinary items of Peak Century were approximately HK\$0.8 million and HK\$0.7 million, respectively.

For the financial year ended 31 December 2013, the audited net profit before taxation and extraordinary items and net loss after taxation and extraordinary items of Peak Century were approximately HK\$7.7 million and HK\$0.6 million, respectively.

For the financial year ended 31 December 2014, the unaudited net losses before and after taxation and extraordinary items of Peak Century were approximately HK\$8.8 million and HK\$5.0 million, respectively.

FINANCIAL IMPACT ON THE GROUP

Following First Closing, the Group will no longer own any share interest in Peak Century, which will cease to be a subsidiary of the Company.

Following Second Closing, the Group will own 80% share interest in Lead Wealthy, which will continue to be accounted for as a joint venture in the financial statements of the Group.

Effects on the Group's earnings

It is expected that the Group will record a gain of approximately RMB0.4 million (equivalent to approximately HK\$0.5 million) arising from the Disposals, comprising:

Disposal of Peak Century Sale Share

Further to the announcement of the Company made on 31 December 2014, a revaluation of the T18 Property has been taken up in Peak Century's accounts for the year ended 31 December 2014 in accordance with prevailing accounting standard and the carrying value of the T18 Property has been adjusted down as a result. Based on the latest estimated net asset value of Peak Century as at 31 December 2014, it is expected that Dignitary and the Group will record a gain of approximately RMB0.4 million (equivalent to approximately HK\$0.5 million) on the disposal of the Peak Century Sale Share, being the difference between (i) the Peak Century Consideration of approximately RMB38.8 million (equivalent to approximately HK\$49.1 million); and (ii) the aggregate of the estimated net asset value of Peak Century at 31 December 2014 of approximately RMB2.1 million (equivalent to approximately HK\$2.6 million), the carrying amount of the Peak Century Shareholder Loan of RMB34.3 million (equivalent to approximately HK\$43.5 million), and the estimated transaction costs and other expenses in relation to such disposal amounting to approximately RMB2.0 million (equivalent to approximately HK\$2.5 million).

LETTER FROM THE BOARD

Disposal of the 21C Properties

It is expected that Lead Wealthy will record a gain of approximately RMB7.8 million (equivalent to approximately HK\$9.9 million) on the disposal of the 21C Properties, being the difference between (i) the aggregate of the 21C Property Consideration (A) and the 21C Property Consideration (B) totaling RMB101.0 million (equivalent to approximately HK\$128.0 million); and (ii) the aggregate of the carrying values of the 21C Properties at 31 December 2014 of approximately RMB73.0 million (equivalent to approximately HK\$92.5 million) and the estimated transaction taxes in relation to such disposal amounting to approximately RMB20.2 million (equivalent to approximately HK\$25.6 million). In accordance with prevailing accounting standards, the share of this disposal gain will be treated as unrealised gain and credited against the Group's investment in Lead Wealthy, and cannot be recognised as income in the Group's consolidated financial statements.

Effects on the Group's financial position

The Directors are of the views that the Acquisition and the Disposals will not have any significant impact on the assets and liabilities of the Group.

Effects on the Group's cash flow

The Acquisition Consideration will be settled (i) by setting off an amount of approximately RMB139.8 million (equivalent to approximately HK\$177.1 million) against the Disposal Consideration; and (ii) in cash of RMB10.1 million (equivalent to approximately HK\$12.8 million). Taking into account the estimated related transaction costs and expenses of approximately RMB2.0 million (equivalent to approximately HK\$2.5 million), it is expected that the Group will record a net cash outflow of approximately RMB12.1 million (equivalent to approximately HK\$15.3 million) in relation to the Acquisition and the Disposals.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE DISPOSALS

The Group has been actively pursuing the monetisation plan and enters into negotiations with interested buyers from time to time about the disposal of its property projects and inventories, including the 21C Project. The Company considers that the Acquisition represents an opportunity for the Group to consolidate the shareholding in and to simplify the ownership control of Lead Wealthy, which will facilitate the implementation of future disposal of the shares of Lead Wealthy, thereby enhancing the Group's flexibility to realise the value of the assets of the 21C Project, when considered appropriate. In addition, the Disposals incidental to the Acquisition will also enable the Group to realise some of its luxury inventories in its ordinary and usual course of business amid the prevailing sluggish market conditions in the high-end property segment in the PRC.

GENERAL INFORMATION

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

Both Bright Jade and Dignitary are wholly-owned subsidiaries of the Company and are investment holding companies.

LETTER FROM THE BOARD

As far as the Company is aware after making reasonable enquiries, Remparts is an associate of Penta and is a property investment company established by a fund. Remparts acquired the Lead Wealthy Sale Shares from Bright Jade in 2010 for a cash consideration of RMB76.3 million (equivalent to approximately HK\$96.6 million). In addition, Remparts subsequently provided a shareholder's loan of RMB15.0 million (equivalent to approximately HK\$19.0 million) to Lead Wealthy.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Remparts is an associate of Penta, a substantial shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the Disposals) constitute connected transactions of the Company. As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition and the Disposals exceeds 5%, these transactions are, in addition to the reporting and announcement requirements, subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As none of the Directors has a material interest in the Sale and Purchase Agreement, none of them was required to abstain from voting on the resolutions passed by the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

In view of the interest of Remparts in the Sale and Purchase Agreement, Penta and its associates (including Remparts) 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 enquires, Penta and its associates were together entitled to exercise control over the voting rights in respect of 82,999,125 shares in the Company, representing approximately 17.13% of the total issued share capital of the Company.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Regal Ballroom, Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 29 May 2015 at 12:15 p.m. (or immediately following the closure of the annual general meeting of the Company) is set out on pages 53 and 54 of this circular. At the SGM, the Resolution will be proposed to approve, among others, the Sale and Purchase Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

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 Sale and Purchase Agreement, the Acquisition and the Disposals are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the Resolution at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 18 and 19 of this circular which contains its recommendation to the Independent Shareholders; (ii) the letter from the Independent Financial Adviser, Investec, set out on pages 20 to 37 of this circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iii) 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter of recommendation from the Independent Board Committee, which was prepared for inclusion in this circular.



瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

27 April 2015

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

ACQUISITION OF 10% SHARE INTEREST IN LEAD WEALTHY INVESTMENTS LIMITED

AND

INCIDENTAL DISPOSAL OF ENTIRE SHARE INTEREST IN PEAK CENTURY LIMITED AND PROPERTIES IN SHANGHAI FOUR SEASONS PLACE

We refer to the circular dated 27 April 2015 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the Disposals) (the “**Transactions**”), taking into account the recommendation of the Independent Financial Adviser. Investec has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

** For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board set out on pages 8 to 17 of the Circular, which contains the information about the Transactions, and the letter from the Independent Financial Adviser, Investec, set out on pages 20 to 37 of the Circular, which contains its advice and recommendation in the same regard.

Having considered the terms of the Sale and Purchase Agreement, the advice of Investec and the relevant information contained in the letter from the Board, we are of the opinion that the Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the Resolution at the SGM.

Yours faithfully,
For and on behalf of
Independent Board Committee
Chan Kay Cheung
Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder prepared for the purpose of incorporation in this circular.



Investec Capital Asia Limited
Room 3609, 36/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong
香港中環金融街8號國際金融中心二期36樓3609室
Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

27 April 2015

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

**ACQUISITION OF 10% SHARE INTEREST IN
LEAD WEALTHY INVESTMENTS LIMITED
AND
INCIDENTAL DISPOSAL OF ENTIRE SHARE INTEREST IN
PEAK CENTURY LIMITED
AND PROPERTIES IN SHANGHAI FOUR SEASONS PLACE**

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the Disposals), details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular dated 27 April 2015 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 31 December 2014, Bright Jade (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with, among others, Remparts pursuant to which Remparts has agreed to sell and Bright Jade has agreed to acquire the Lead Wealthy Sale Shares, representing 10% of the enlarged issued share capital of Lead Wealthy (a 70%-owned subsidiary of Bright Jade) upon completion of the Share Allotment, and the Lead Wealthy Shareholder Loans for a total consideration of approximately RMB149.9 million (equivalent to approximately HK\$189.9 million). Such Acquisition Consideration will be settled partly in cash and partly by setting off against the Disposal Consideration payable by Remparts in relation to the disposal of (i) the Peak Century

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Sale Share, representing the entire issued share capital of Peak Century, together with the Peak Century Shareholder Loan (thereby disposing of the T18 Property, which is owned by Peak Century) by Dignitary (an indirect wholly-owned subsidiary of the Company) to Remparts; and (ii) the 21C Properties by the 21C Project Co (an indirect wholly-owned subsidiary of Lead Wealthy) to Remparts.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Remparts is an associate of Penta, a substantial shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder also constitute connected transactions of the Company. As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition and the Disposals exceeds 5%, these transactions are, in addition to the reporting and announcement requirements, subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of the interest of Remparts in the Sale and Purchase Agreement, Penta and its associates (including Remparts) 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 of the Company having made all reasonable enquires, Penta and its associates were together entitled to exercise control over the voting rights in respect of 82,999,125 shares in the Company, representing approximately 17.13% of the total issued share capital of the Company.

II. THE INDEPENDENT BOARD COMMITTEE

The Board consists of three executive Directors, namely, Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence and Mr. Wong Fook Lam, Raymond; two non-executive Directors, namely, Mr. Wong Kun To, Philip and Mr. Tsang Kwok Tai, Moses; and three independent non-executive Directors, namely, Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen and Mr. Chan Kay Cheung.

The Independent Board Committee comprising all of the independent non-executive Directors, namely, Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen and Mr. Chan Kay Cheung, has been established to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, and whether they were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the past two years, we have acted as independent financial adviser to the independent board committee and independent shareholders of the Company in relation to a connected transaction of the Company (details of which were set out in the circular of the Company dated 12 March 2014). Under this engagement, we provided independent advisory services to the independent board committee and independent shareholders of the Company pursuant to the Listing Rules, and received a normal advisory fee from the Company for such services. Notwithstanding our relationship with the Company due to the said engagement, we have assessed that such relationship would not affect our independence in providing the advice to the Independent Board Committee and the Independent Shareholders regarding the Sale and Purchase Agreement and the transactions contemplated thereunder.

At the date of this letter, we are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules, and accordingly, qualified to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders. Apart from the normal advisory fee payable to us in connection with our current engagement, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

III. BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and/or the Group's senior management staff (the "**Management**"). We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Directors and/or the Management and for which they are solely responsible were true and accurate and valid in all material respects at the time they were made and given and continue to be true and valid in all material respects as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed sufficient information and documents to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Directors and/or the Management and the advisers to the Group or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the respective business and affairs of the Company, Lead Wealthy, Peak Century, Remparts, and any of their subsidiaries or the prospects of the markets in which they respectively operate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Sale and Purchase Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background information

Set out below are the background information of the parties and properties under the Acquisition and the Disposals as well as an overview of the PRC and the property market of Shanghai:

1.1 Information on the Group

The Company, via its subsidiaries, principally engages in property development and investment, asset management, construction and investment in cement operations in Hong Kong and the PRC.

As set out in the interim report of the Company for the six months ended 30 June 2014 (the “**2014 Interim Report**”) and the final results announcement of the Company for the year ended 31 December 2014 (the “**2014 Final Results Announcement**”), the Group has four reportable segments, namely, (i) property; (ii) construction and building maintenance; (iii) cement operations through Lafarge Shui On Cement Limited; and (iv) other businesses. The construction and building maintenance segment is the largest reportable segment of the Group, which contributed to approximately 89.6% and approximately 91.8% of the total revenue from external customers (before the share of joint venture/associates’ revenue) for the six months ended 30 June 2014 and for the year ended 31 December 2014, respectively.

According to the 2014 Interim Report, the restructuring of the Company continued in the first half of 2014. The 2014 Interim Report also sets out that the Group has committed to its monetisation plan to divest its property assets in an orderly manner to unlock value for the Shareholders since March 2013.

It was also noted from the 2014 Interim Report that during the six months ended 30 June 2014, the Group completed the disposal of (i) 80% interest in Shenyang Project Phase II; and (ii) Tianjin Project Phase II en-bloc.

As set out in the 2014 Final Results Announcement, the Group continued its efforts to monetise assets in 2014. We further noted that the Company is aware of the benefits arising from monetising its property portfolio, including cash inflow enhancement, reduction of interest costs and streamlining of manpower.

Subsequent to the financial year ended 31 December 2014, as set out in the announcement of the Company dated 5 January 2015, a joint venture indirectly owned as to 65% by the Company entered into an agreement to dispose of its interest in a project company, the principal asset of which is an investment in a residential development located in the Chaoyang District, Beijing, the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Information on Lead Wealthy, the 21C Project and the 21C Properties

As set out in the Letter from the Board, Lead Wealthy is owned as to 70% by Bright Jade, 20% by HPL Holdings and 10% by Remparts at the date of the Circular. The principal asset of Lead Wealthy is an investment in the 21C Project held via the 21C Project Co, an indirect wholly-owned subsidiary of Lead Wealthy.

The 21C Project Co is the sole owner of the 21C Project, which comprises the Four Seasons Hotel Pudong and the unsold apartment units and car parking spaces in Shanghai Four Seasons Place situated at the 21st Century Tower in the Pudong District, Shanghai, the PRC. According to the Company's website, 21st Century Tower is situated at the Century Boulevard of the Pudong District in the Lujiazui Financial District. Adjacent to the 21st Century Tower are the Shanghai World Financial Center and the Jin Mao Tower.

The Group acquired the 26th to 49th floors of this 49-storey tower in Pudong in December 2010 for the development of the Four Seasons Hotel Pudong and Shanghai Four Seasons Place.

Shanghai Four Seasons Place offers a total of 73 apartment units with full access to the service and facilities of the Four Seasons Hotel Pudong, which targets for the discerning top-end buyers.

The Four Seasons Hotel Pudong was opened in November 2012 and as set out in the 2014 Final Results Announcement, the hotel achieved an improved occupancy rate of approximately 60% and a number of the apartment units in Shanghai Four Seasons Place were sold as at 31 December 2014.

The 21C Properties comprise two apartment units and three car parking spaces in Shanghai Four Seasons Place.

1.3 Information on Peak Century and the T18 Property

As set out in the Letter from the Board, Peak Century is an indirect wholly-owned subsidiary of the Company and the sole owner of the T18 Property. The T18 Property comprises 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.

As set out in the 2014 Interim Report, Lakeville Regency Tower 18 comprises luxury serviced apartments in the Shanghai Xintiandi area which were originally available for short and medium term lease. In December 2013, as part of the monetisation plan, the Group began to offer individual units for sale with 81 of the 103 apartments sold according to the 2014 Final Results Announcement.

1.4 Overview of the PRC's and Shanghai's property market

As published by 中華人民共和國國家統計局 (National Bureau of Statistics of the PRC*), the gross domestic product (“GDP”) of the PRC recorded year-on-year growth of approximately 7.4%, 7.7% and 7.7% in 2014, 2013 and 2012, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to a publication by 上海市統計局 (Shanghai Statistics Bureau*) dated 16 December 2014 titled “1-11月本市房地產開發和銷售情況分析 (Analysis of the municipality’s real estate development and sales from January to November*)”, Shanghai’s property market has been positively affected by the document jointly issued by the PRC Central Bank and the China Banking Regulatory Commission reaffirming the offer on the first mortgage and adjusting policies and credit limit of RMB benchmark lending and deposit interest rates. In November 2014, the growth in real estate development and investment has further accelerated, the decline in the area of real estate sales has slowed down, and the growth in the area of real estate under construction and newly constructed has improved. Furthermore, according to a publication by 上海市統計局 (Shanghai Statistics Bureau*) dated 5 February 2015 titled “2014年本市房地產市場綜述 (Overview of the municipality’s real estate market in 2014*)”, under the influence of credit limit relaxation and the lending rates drop, Shanghai’s property market has seen a pick up trend in the fourth quarter of 2014. Despite the activities recorded of Shanghai’s property market in the fourth quarter of 2014, the total sales area of newly constructed residential buildings in 2014 decreased by approximately 11.7% from 2013.

As published by 中華人民共和國國家統計局 (National Bureau of Statistics of the PRC*), in February 2015, the sales price of newly constructed residential buildings in Shanghai reduced by approximately 0.1% month-on-month and reduced by approximately 4.7% year-on-year, and the sales price of second hand residential buildings in Shanghai increased by approximately 0.1% month-on-month and reduced by approximately 2.1% year-on-year.

Looking forward, as announced per the annual National People’s Congress in March 2015, the target GDP growth of the PRC is around 7% for 2015, which is lower than any of the GDP growth recorded by the PRC Government in the past ten years. Furthermore, as per an article published on 中國房地產信息網 (the China Real Estate Information website*), operated by 國家信息中心 (the State Information Centre*), dated 16 March 2015 titled “上海市房管局：上海目前不考慮放寬限購 (Shanghai Property Management Bureau: Shanghai is currently not considering relaxation of the purchase restriction*)”, 房地產限購政策 (the real estate purchase restriction policy*) for 2015 will remain in force.

In formulating our recommendation in respect of the Acquisition and the Disposals (together the “**Transactions**”), we have also considered the reasons for and benefits of the Transactions, the Acquisition Consideration, the Disposal Consideration and the possible financial effects of the Transactions, which are set out under sections 2, 3 and 4 below.

** For identification purpose only*

2. Reasons for and benefits of the Transactions

The reasons for and benefits of the Transactions, as advised by the Management, are mainly as follows:

2.1 Reasons for and benefits of the Acquisition

As set out in the Letter from the Board, the Company considers that the Acquisition represents an opportunity for the Group to consolidate the shareholding in and to simplify the ownership control of Lead Wealthy, which will facilitate the implementation of future disposal of the shares of Lead Wealthy, thereby enhancing the Group’s flexibility to realise the value of the assets of the 21C Project, when considered appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Management advised that the Group will continue to commit itself to the monetisation plan, whereby the Group plans to divest its property assets in an orderly manner to unlock value for the Shareholders. Further information on the monetisation plan is set out under paragraph headed “1.1 Information on the Group” of this letter.

As advised by the Management, the Group has been actively pursuing the monetisation plan and enters into negotiations with interested buyers from time to time about the disposal of its property projects and inventories, including the 21C Project. As such, the Management considers that the Acquisition is a logical step to facilitate a more efficient implementation of possible future disposal of the shares of Lead Wealthy.

As set out in the Letter from the Board, at the date of the Circular, Lead Wealthy is owned as to 70% by Bright Jade (an indirect wholly-owned subsidiary of the Company), 20% by HPL Holdings and 10% by Remparts. Upon completion of the Acquisition, the Group’s shareholding in Lead Wealthy, through Bright Jade, will increase from 70% to 80%.

We understand from the Management that the shareholders of Lead Wealthy (the “**Lead Wealthy Shareholder(s)**”) entered into a shareholders’ agreement (the “**Shareholders’ Agreement**”) (as supplemented from time to time) in connection with, among others, the rights and obligations of the Lead Wealthy shareholders, including their pre-emption rights (the “**Pre-emption Rights**”) and tag-along right (the “**Tag-along Right**”).

As per our review of the Shareholders’ Agreement provided to us by the Management and as confirmed by the Management, we understand that the Pre-emption Rights provide to each Lead Wealthy Shareholder (other than the transferor of the Lead Wealthy shares) the right, but not the obligation, to purchase the Lead Wealthy shares (to be transferred by the transferor (the “**Transferor**”)) on the same terms offered by a third party purchaser (the “**Purchaser**”) within a prescribed period. The Tag-along Right, if exercised, enables the other Lead Wealthy Shareholder(s) (the “**Tag Along Seller(s)**”) to sell its Lead Wealthy shares to the Purchaser on the same terms as offered to the Transferor.

The Management is of the view that the Pre-emption Rights and the Tag-along Right offer protection to Bright Jade as a Lead Wealthy Shareholder in a sale exit situation. However, potential purchasers of the Lead Wealthy shares held by Bright Jade (the “**Bright Jade Lead Wealthy Shares**”) will be required to obtain a waiver from the other Lead Wealthy Shareholders of their Pre-emption Rights and Tag-along Right or be exposed to the uncertainties that other Lead Wealthy Shareholders may exercise their Pre-emption Rights or Tag-along Right.

On this basis, in the event that Bright Jade intends to dispose of the Bright Jade Lead Wealthy Shares, while the other Lead Wealthy Shareholders decide against the disposal of their Lead Wealthy shares, a potential purchaser who desires to gain complete control over Lead Wealthy by acquiring the entire share capital of Lead Wealthy (as the Lead Wealthy Shareholders have contractually agreed the sharing of control of Lead Wealthy) may be unsuccessful. Potential purchasers may also be exposed to the possibility that after it has submitted an offer to acquire the Lead Wealthy shares from the Transferor, the other Lead Wealthy Shareholders exercise their Pre-emption Rights and thus acquire the Transferor’s Lead Wealthy shares instead.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the above possible scenarios and due to the nature of joint control in the matters of Lead Wealthy as depicted above, the Management considers that a more consolidated ownership and control of Lead Wealthy upon completion of the Acquisition would provide the Group with greater flexibility to realise the value of the assets of the 21C Project when considered appropriate and that the Acquisition is a logical step to facilitate a more efficient implementation of possible future disposal of the Lead Wealthy shares.

2.2 Reasons for and benefits of the Disposals

As set out under paragraph headed “1.3 Information on Peak Century and the T18 Property”, in December 2013, as part of the monetisation plan, the Group began to offer individual units in Lakeville Regency Tower 18 for sale with 81 of the 103 apartments sold according to the 2014 Final Results Announcement. As such, the Management is of the view that the disposal of the T18 Property, which forms part of the Disposals, is in line with the Group’s overall strategy.

It was also noted from the Letter from the Board that the Disposals were determined following arm’s length negotiations with Remparts on setting off part of the Acquisition Consideration with properties from the property portfolio of the Group, and having considered factors including the Group’s property inventories available for sales, the selection preference of Remparts, the market values of the T18 Property and the 21C Properties and the Group’s intention to realise some of its luxury inventories amid the prevailing sluggish market conditions in the high-end property segment in the PRC.

The Management also advised that the Disposals, which are incidental to the Acquisition, would enable the Group to realise some of its luxury inventories, including the T18 Property and the 21C Properties, in its ordinary and usual course of business amid the prevailing property market conditions in Shanghai.

In view of the above factors set out in above sections, in particular:

- the Group has been actively pursuing the monetisation plan and enters into negotiations with interested buyers from time to time about the disposal of its property projects and inventories, including the 21C Project;
- our review and analysis of the Shareholders’ Agreement in relation to 21C Project including the nature of the Pre-emption Rights and the Tag-along Right depicted therein and their effect, being the nature of joint control in the matters of Lead Wealthy;
- a more consolidated ownership and control of Lead Wealthy upon completion of the Acquisition would provide the Group with greater flexibility to realise the value of the assets of the 21C Project when considered appropriate, and the Acquisition is a logical step to facilitate a more efficient implementation of possible future disposal of the Lead Wealthy shares;
- the Disposals were determined following arm’s length negotiations with Remparts on setting off part of the Acquisition Consideration with properties from the property portfolio

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of the Group, and having considered factors including the Group's property inventories available for sales, the selection preference of Remparts, the market values of the T18 Property and the 21C Properties;

- our review of the PRC's and Shanghai's property market as detailed in section 1.4 headed "Overview of the PRC's and Shanghai's property market"; and
- the Disposals, which are incidental to the Acquisition, would enable the Group to realise some of its luxury inventories,

we concur with the Directors' view that the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. The Sale and Purchase Agreement

3.1 Principal terms of the Sale and Purchase Agreement

Details of the terms of the Sale and Purchase Agreement, including the parties to the Sale and Purchase Agreement, the subject matters of the Transactions and the conditions thereof, are set out under paragraph headed "The Sale and Purchase Agreement" in the Letter from the Board.

3.2 Consideration

As set out in the Letter from the Board, the principal terms in respect of the consideration for the Transactions are as follows:

3.2.1 The Acquisition

The Acquisition Consideration payable by Bright Jade to Remparts is approximately RMB149.9 million (equivalent to approximately HK\$189.9 million), which comprises:

- (a) an amount of approximately RMB10.1 million (equivalent to approximately HK\$12.8 million) (i.e. the Cash Consideration);
- (b) an amount of approximately RMB38.8 million (equivalent to approximately HK\$49.1 million) (i.e. the T18 Consideration);
- (c) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million) (i.e. the 21C Consideration (A)); and
- (d) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million) (i.e. the 21C Consideration (B)).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.2.2 The Disposals

Subject to adjustment, the Disposal Consideration payable by Remparts to the Group is approximately RMB139.8 million (equivalent to approximately HK\$177.1 million), which comprises:

- (a) an amount of approximately RMB38.8 million (equivalent to approximately HK\$49.1 million), subject to adjustment (i.e. the Peak Century Consideration);
- (b) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million) (i.e. the 21C Property Consideration (A)); and
- (c) an amount of RMB50.5 million (equivalent to approximately HK\$64.0 million) (i.e. the 21C Property Consideration (B)).

The Peak Century Consideration shall be adjusted in accordance with the terms of the Peak Century Sale and Purchase Agreement based on the Peak Century NTAV as shown in the Peak Century Completion Accounts, provided that the adjustment shall not exceed RMB250,000 (equivalent to approximately HK\$316,800).

3.3 Analysis on the Acquisition Consideration and the Disposal Consideration

As set out in the Letter from the Board, the Acquisition Consideration and the Disposal Consideration were determined following arm's length negotiation with reference to, among other things, the consolidated net asset book value of the Lead Wealthy Group, the amount of the Lead Wealthy Shareholder Loans, the expected profits to be generated from the Lead Wealthy Group (which were estimated based on the estimated market value of the properties of the 21C Project adjusted with corresponding deferred tax liabilities on revaluation of the properties with reference to the market values of these properties and the applicable PRC tax rate) and the market values of the T18 Property and the 21C Properties.

Set out below is our analysis on the Acquisition Consideration and the Disposal Consideration.

3.3.1 The Acquisition Consideration

Pursuant to the Sale and Purchase Agreement, the Acquisition Consideration of approximately RMB149.9 million (equivalent to approximately HK\$189.9 million) is for the acquisition of (i) the Lead Wealthy Sale Shares, representing 10% of the enlarged issued share capital of Lead Wealthy upon completion of the Share Allotment; and (ii) the Lead Wealthy Shareholder Loans.

The Management advised that, based on the unaudited consolidated management accounts of Lead Wealthy as at 31 December 2014, (i) the proportional interest attributable to 10% of the unaudited consolidated net liabilities of Lead Wealthy amounted to approximately RMB25.3 million (equivalent to approximately HK\$32.1 million); and (ii) the total outstanding amount of the Lead Wealthy Shareholder Loans was approximately RMB106.2 million (equivalent to approximately HK\$134.6 million).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We understand from the Management that under the relevant accounting standards, the hotel portion of the 21st Century Tower is classified under “property, plant and equipment” and is stated at cost less depreciation; while the branded residence portion of the 21st Century Tower is classified under “properties held for sale” and is stated at cost. The Management considers that the carrying values of the hotel portion and the branded residence portion of the 21st Century Tower recorded in the consolidated statement of financial position of Lead Wealthy do not reflect the prevailing market valuation (i.e. fair values) of the respective properties.

As such, in determining the fairness of the Acquisition Consideration, the Company engaged Colliers (the “**Valuer**”) to appraise the market value of, among others, the 21C Project (i.e. portions of the 21st Century Tower) as at 31 January 2015, details of which are set out in the section headed “Property Valuation Report” (the “**Valuation Report**”) in Appendix I to the Circular.

As part of our review of the Valuation Report, we have discussed with the Valuer the reasons for adopting the sales comparison approach in their assessment. In adopting the sales comparison approach, the Valuer made reference to recent sales of similar property that qualify as “arm’s-length” transactions with adjustments made for size, location, time and amenities (the “**Sales Comparison Approach**”). We have also discussed with the Valuer and reviewed the underlying principal assumptions in assessing the market value of the 21C Project. We understand from the Valuer that the approach adopted, including the underlying principal assumptions, is commonly used for deriving market values of PRC properties and considered the approach, together with the underlying principal assumptions, adopted by the Valuer to be appropriate. Furthermore, the Valuer advised that they have, where appropriate, cross-checked the value of the hotel portion of the 21st Century Tower by discounted cash flow analysis and there is no material difference between the values of the relevant properties under the discounted cash flow analysis and the Sales Comparison Approach. We have discussed the parameters adopted by the Valuer in its discounted cash flow analysis and understand from the Valuer that cross-checking the valuation of the hotel portion of the 21st Century Tower using the discount cash flow approach is commonly conducted and it considered such to be appropriate.

As set out in the Valuation Report, the market value of the 21C Project as at 31 January 2015 was RMB3,647.0 million (equivalent to approximately HK\$4,621.1 million) (the “**21C Project Market Value**”) as compared to the unaudited book value of the same of approximately RMB2,372.8 million (equivalent to approximately HK\$3,006.6 million) as at 31 December 2014. The difference of approximately RMB1,274.2 million (equivalent to approximately HK\$1,614.5 million) (the “**21C Project Revaluation Amount**”) and the related deferred tax liabilities arising from the valuation uplift of approximately RMB565.3 million (equivalent to approximately HK\$716.3 million) calculated with reference to the market value of the properties of the 21C Project and the applicable PRC tax rate have not been reflected in the unaudited consolidated management accounts of Lead Wealthy as at 31 December 2014.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The above information is set out in a tablet format below for easy reference:

<i>Table A</i>	<i>RMB million</i>
Acquisition Consideration (A)	149.9
Consolidated net liabilities of Lead Wealthy (<i>Note 1</i>)	(253.4)
Less: 21C Project book value (<i>Note 1</i>)	(2,372.8)
Add: 21C Project Market Value (<i>Note 2</i>)	3,647.0
Less: Deferred tax liabilities on revaluation of properties	<u>(565.3)</u>
Adjusted consolidated net asset value of Lead Wealthy (the “ Lead Wealthy Adjusted NAV ”)	455.5
Value attributable to 10% of the Lead Wealthy Adjusted NAV (B)	45.6
Add: Lead Wealthy Shareholder Loans (C) (<i>Note 3</i>)	<u>106.2</u>
Unaudited value of the subject assets under the Acquisition (B+C) (the “ Adjusted Acquisition Asset Value ”)	151.8
Discount to the Adjusted Acquisition Asset Value (A-B-C)	(1.9)

Notes:

- (1) Based on the unaudited consolidated management accounts of Lead Wealthy for the year ended 31 December 2014.
- (2) Based on the Valuation Report as set out in Appendix I to the Circular.
- (3) Based on the aggregate of the total outstanding amount of (i) the Cash Shareholder Loan of approximately RMB7.1 million (equivalent to approximately HK\$9.0 million) at 31 December 2014; (ii) the T18 Shareholder Loan of approximately RMB27.5 million (equivalent to approximately HK\$34.8 million) at 31 December 2014; (iii) the 21C Shareholder Loan (A) of approximately RMB35.8 million (equivalent to approximately HK\$45.4 million) at 31 December 2014; and (iv) the 21C Shareholder Loan (B) of approximately RMB35.8 million (equivalent to approximately HK\$45.4 million) at 31 December 2014.

As set out in Table A above, by solely adjusting the 21C Project Revaluation Amount and the deferred tax liabilities arising from such valuation uplift, the Lead Wealthy Adjusted NAV attributable to 10% interest of Lead Wealthy would be approximately RMB45.6 million (equivalent to approximately HK\$57.8 million).

Based on the above, the Acquisition Consideration represents a discount of approximately RMB1.9 million (equivalent to approximately HK\$2.4 million) to the Adjusted Acquisition Asset Value. On this basis, the Company is in essence acquiring 10% share interest in Lead Wealthy at a consideration less than its adjusted net asset value (after taking into account the 21C Project Revaluation Amount and the related deferred tax liabilities).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above, we concur with the Directors that the Acquisition Consideration is fair and reasonable.

3.3.2 The Disposal Consideration

Pursuant to the Sale and Purchase Agreement, the Disposal Consideration of approximately RMB139.8 million (equivalent to approximately HK\$177.1 million) comprises the consideration for (i) the disposal of the Peak Century Sale Share, representing the entire issued share capital of Peak Century, together with the Peak Century Shareholder Loan for approximately RMB38.8 million (equivalent to approximately HK\$49.1 million); and (ii) the disposal of the 21C Properties for an aggregate of RMB101.0 million (equivalent to approximately HK\$128.0 million).

(a) Disposal of Peak Century

As at 31 December 2014, the unaudited net asset value of Peak Century was approximately RMB2.1 million (equivalent to approximately HK\$2.6 million) and the Peak Century Shareholder Loan amounted to approximately RMB34.3 million (equivalent to approximately HK\$43.5 million).

The Management advised that the T18 Property is classified under “asset classified as held for disposal” on Peak Century’s statement of financial position which is measured at the lower of the asset’s previous carrying amount and fair value less costs to sell.

In view of the above, in determining the fairness of the Peak Century Consideration, the Company engaged the Valuer to appraise the market value of, among others, the T18 Property as at 31 January 2015, details of which are set out in the Valuation Report in Appendix I to the Circular.

As part of our review of the Valuation Report, we have discussed with the Valuer the reasons for adopting the Sales Comparison Approach in their assessment of the valuation of the T18 Property. We have also discussed with the Valuer and reviewed the underlying principal assumptions in assessing the market value of the T18 Property. We understand from the Valuer that the approach adopted, including the underlying principal assumptions, is commonly used for deriving market values of PRC properties and considered the approach, together with the underlying principal assumptions, adopted by the Valuer to be appropriate.

As set out in the Valuation Report, the market value of the T18 Property as at 31 January 2015 was RMB38.8 million (equivalent to approximately HK\$49.2 million) which is equivalent to that of the carrying value of the T18 Property recorded in the unaudited management accounts of Peak Century as at 31 December 2014.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The above information is set out in a tablet format below for ease of reference:

<i>Table B</i>	<i>RMB million</i>
Peak Century Consideration (A)	38.8
Net asset value of Peak Century (<i>Note</i>)	2.1
Add: Peak Century Shareholder Loan	<u>34.3</u>
Unaudited value of the subject assets under the disposal of Peak Century (the “ Adjusted Peak Century Asset Value ”) (B)	36.4
Premium to the Adjusted Peak Century Asset Value (A-B)	2.4

Note: Based on the unaudited management accounts of Peak Century for the year ended 31 December 2014.

Based on the above, the Peak Century Consideration represents a premium of approximately RMB2.4 million (equivalent to approximately HK\$3.1 million) to the Adjusted Peak Century Asset Value. On this basis, the Company is in essence disposing of Peak Century at a consideration in excess of the Adjusted Peak Century Asset Value.

(b) Disposal of the 21C Properties

Incidental to the Acquisition, the 21C Project Co will also dispose of the 21C Properties to Remparts.

In determining the 21C Property Consideration (A) and the 21C Property Consideration (B), amounting to RMB101.0 million (equivalent to approximately HK\$128.0 million) in aggregate, the Company engaged the Valuer to appraise the market values of, among others, the 21C Properties as at 31 January 2015, which formed part of the valuation of the 21C Project, details of which are set out in the Valuation Report in Appendix I to the Circular.

As part of our review of the Valuation Report, we have discussed with the Valuer the reasons for adopting the Sales Comparison Approach in their assessment of the valuation of the 21C Properties. We have also discussed with the Valuer and reviewed the underlying principal assumptions in assessing the market values of the 21C Properties. We understand from the Valuer that the approach adopted, including the underlying principal assumptions, is commonly used for deriving market values of PRC properties and considered the approach, together with the underlying principal assumptions, adopted by the Valuer to be appropriate.

As set out in the Valuation Report, the total market value of the 21C Properties as at 31 January 2015 was RMB101.0 million (equivalent to approximately HK\$128.0 million) (the “**21C Properties Market Value**”), which is equivalent to the aggregate of the 21C Property Consideration (A) and the 21C Property Consideration (B). On this basis, the Management considers that the consideration for the disposal of the 21C Properties is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.3.3 Summary of our analysis on the Acquisition Consideration and the Disposal Consideration

Based on the tables set out above, before taking into account the related transaction costs, (i) the Acquisition Consideration is less than the Adjusted Acquisition Asset Value by approximately RMB1.9 million (equivalent to approximately HK\$2.4 million); and (ii) the Peak Century Consideration is higher than the Adjusted Peak Century Asset Value by approximately RMB2.4 million (equivalent to approximately HK\$3.1 million). On this basis, the Management advised that the Transactions (after taking into consideration the property valuation uplift of the assets and the relevant deferred tax liabilities under the Transactions) would create value enhancement for the Group. Having considered the above, we concur with the Directors that the Acquisition Consideration and the Disposal Consideration are fair and reasonable as a whole.

4. Possible financial effects of the Transactions

Set out below are analysis on the possible financial effects of the Transactions.

4.1 Effects on consolidated statement of financial position

4.1.1 Attributable to the Acquisition

As set out in the annual report of the Company for the year ended 31 December 2013, the Group and the other joint venturers are contractually agreed to sharing of control, and have rights to the net assets of the Lead Wealthy Group, including the 21C Project Co. Furthermore, the decisions about the relevant activities of the Lead Wealthy Group require unanimous consent of the Group and the other joint venturers. Accordingly, the Directors consider the Lead Wealthy Group as a joint venture.

On this basis, the Lead Wealthy Group has been accounted for as a joint venture in the consolidated statement of financial position of the Group, under interests in joint ventures (non-current assets). Under the relevant accounting standards adopted by the Group, the Group's investment in the Lead Wealthy Group is accounted for using the equity method.

As advised by the Management, under the equity method, the Group's interest in the joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the subject joint venture.

Notwithstanding that the Group's equity interest in Lead Wealthy will increase from 70% to 80% upon completion of the Acquisition, the Lead Wealthy Group will continue to be accounted for in the Group's consolidated financial statements as a joint venture under the equity method.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.1.2 Attributable to the Disposals

(i) Disposal of Peak Century

As set out in the Letter from the Board, Peak Century is an indirect wholly-owned subsidiary of the Company at the date of the Circular. Upon completion of the disposal of Peak Century, the Company will cease to have any interest in Peak Century and accordingly Peak Century will cease to be a subsidiary of the Company, and its financial position and results will cease to be consolidated into the consolidated financial statements of the Group.

As advised by the Management, based on the unaudited management accounts of Peak Century, its unaudited net asset value as at 31 December 2014 was approximately RMB2.1 million (equivalent to approximately HK\$2.6 million).

(ii) Disposal of the 21C Properties

Pursuant to the Sale and Purchase Agreement, the 21C Project Co will also dispose of the 21C Properties incidental to the Acquisition. Upon completion of the disposal of the 21C Properties, the Group, through its equity interest in the Lead Wealthy Group, will cease to have any interest in the 21C Properties.

4.2 Effects on consolidated statement of profit or loss

4.2.1 Attributable to the Transactions

As set out in the Letter from the Board, the Directors expect that the Group will record a gain of approximately RMB0.4 million (equivalent to approximately HK\$0.5 million) on the disposal of the Peak Century Sale Share, being the difference between (i) the Peak Century Consideration of approximately RMB38.8 million (equivalent to approximately HK\$49.1 million); and (ii) the aggregate of the estimated net asset value of Peak Century at 31 December 2014 of approximately RMB2.1 million (equivalent to approximately HK\$2.6 million), the carrying amount of Peak Century Shareholder Loan of RMB34.3 million (equivalent to approximately HK\$43.5 million), and the estimated related transaction costs and other expenses in relation to such disposal amounting to approximately RMB2.0 million (equivalent to approximately HK\$2.5 million).

As set out in the Letter from the Board, in respect of the disposal of the 21C Properties, it is expected that Lead Wealthy will record a gain of approximately RMB7.8 million (equivalent to approximately HK\$9.9 million), being the difference between (i) the aggregate of the 21C Property Consideration (A) and the 21C Property Consideration (B) totalling RMB101.0 million (equivalent to approximately HK\$128.0 million); and (ii) the aggregate of the carrying values of the 21C Properties at 31 December 2014 of approximately RMB73.0 million (equivalent to approximately HK\$92.5 million) and the estimated transaction taxes in relation to such disposal amounting to approximately RMB20.2 million (equivalent to approximately HK\$25.6 million). In accordance with prevailing accounting standards, the share of this disposal gain will be treated as unrealised gain and credited against the Group's investment in Lead Wealthy, and cannot be recognised as income in the Group's consolidated financial statements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Analysis in respect of the effects after taking into consideration the market valuation of the subject assets under the Transactions is set out under paragraphs headed “3.3.1 The Acquisition Consideration” and “3.3.2 The Disposal Consideration”.

4.2.2 Attributable to the Acquisition

The Management advised that, under the equity method, the Group will continue to recognise its share of results of Lead Wealthy and the 21C Project Co on its consolidated statement of profit or loss.

4.2.3 Attributable to the Disposals

Upon completion of the Disposals, (i) the results of Peak Century will cease to be consolidated into the consolidated statement of profit or loss of the Group; and (ii) the Group, through its equity interest in the Lead Wealthy Group, will cease to have any interest in the 21C Properties.

4.3 Working capital attributable to the Transactions

As set out in the Letter from the Board, the Acquisition Consideration will be settled by a combination of (i) cash; and (ii) the Disposal Consideration. On this basis, the Management expects that, after taking into account the estimated related transaction costs and expenses of approximately RMB2.0 million (equivalent to approximately HK\$2.5 million), the Group will record a net cash outflow of approximately RMB12.1 million (equivalent to approximately HK\$15.3 million) in relation to the Transactions.

4.4 Effects on the Group's financial position

As set out in the Letter from the Board, the Company believes that the Transactions will not have significant effect on the assets and liabilities of the Group. Considering that the Group had approximately HK\$18,520 million of total assets, approximately HK\$10,650 million of total liabilities and approximately HK\$1,919 million of cash and cash equivalents as at 31 December 2014 according to the 2014 Final Results Announcement, we concur with the Company that the Transactions will not have significant effect on the assets and liabilities of the Group.

The above analysis in respect of the potential impact of the Transactions to the Group has been prepared for illustrative purposes only and it does not purport to represent what the assets and liabilities of the Group will be upon completion of the Transactions.

V. RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular:

- (i) Lead Wealthy is jointly controlled by its shareholders and the Management considers that a more consolidated ownership and control of Lead Wealthy would provide the Group with greater flexibility to realise the value of the assets of the 21C Project when considered appropriate;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the Disposals are in line with the monetisation plan to divest the Group's property assets in an orderly manner to unlock value for the Shareholders, and thus are in line with the Group's overall strategy;
- (iii) the Acquisition Consideration is less than the Adjusted Acquisition Asset Value;
- (iv) the Peak Century Consideration exceeds the Adjusted Peak Century Asset Value; and
- (v) the Transactions (after taking into consideration the respective market valuation of the assets and the relevant deferred tax liabilities under the Transactions) would create value enhancement for the Company amid the estimated accounting gain that the Group expects to recognise on the Transactions.

Based on the above, we are of the view that the Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Sale and Purchase Agreement and the Transactions contemplated thereunder at the SGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

Mr. Alexander Tai of Investec is a responsible officer of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 20 years, involved in and completed various corporate finance advisory transactions in Hong Kong.

The following is the full text of a letter, Summary of Values and Valuation Certificate prepared for the purpose of incorporation in this circular received from Colliers International (Hong Kong) Ltd., an independent valuer, in connection with its valuation as of 31 January 2015 of the Properties of the Group.



Colliers International (Hong Kong) Ltd
Valuation & Advisory Services
Company Licence No: C-006052

Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong



The Board of Directors
SOCAM Development Limited
34th Floor,
Shui On Centre,
6-8 Harbour Road,
Hong Kong

27 April 2015

Dear Sir/Madam,

INSTRUCTIONS, PURPOSE AND VALUATION DATE

We refer to your instructions for us to assess the market value of the properties (the “**Properties**”) held by SOCAM Development Limited (referred to as the “**Company**”) and/or its subsidiaries (together referred to as the “**Group**”) in Shanghai of the People’s Republic of China (the “**PRC**”). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 January 2015 (the “**Valuation Date**”).

BASIS OF VALUATION

Our valuation has been undertaken on the basis of Market Value, which is defined by The Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

In determining the market values of the Properties, we have considered relevant general and economic factors and examined available market evidence. We have used the Sales Comparison Approach as the primary method.

The Sales Comparison Approach estimates the value of a property by assuming the sale of the property interest in its existing state with the benefit of immediate vacant possession and by comparing recent sales of similar property interests located in the surrounding area. By analysing sales that qualify as ‘arm’s-length’ transactions between willing buyers and sellers, adjustments can be made for size, location, time, amenities and other relevant factors when comparing such sales against the property. This approach is commonly used to value standard properties when reliable sales evidence is available.

Where appropriate, we have cross-checked the values of the Properties by Discounted Cash Flow Analysis (DCF). The DCF method involves projecting a series of periodic cash flows to an operating property. A discount rate is then applied to the cash flow series to arrive at a present value of the income produced by the property.

VALUATION STANDARDS

The valuation has been carried out in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, the RICS Valuation — Professional Standards (January 2014) incorporating the International Valuation Standards published by the Royal Institution of Chartered Surveyors, the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the International Valuation Standards published by the International Valuation Standards Council.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the titles of the Properties. However, we have not scrutinised the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group.

We have relied on the advice given by the Group’s legal adviser — Zhengan Law Firm, on the PRC laws, regarding the titles to the Properties in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of your legal adviser.

All legal documents disclosed in this letter, the Summary of Values and the Valuation Certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Properties set out in this letter, Summary of Values and Valuation Certificate.

SOURCES OF INFORMATION

We have relied to a considerable extent on the information provided by the Group and its legal adviser, in respect of the titles to the Properties in the PRC. We have also accepted advice given to us on matters such as tenancy schedules, statutory notices, easements, tenure, floor areas, building plans and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

SITE MEASUREMENT

We have not carried out detailed on-site measurements to verify the correctness of the site / floor areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the Properties. The site inspection was carried out on 19-20 January 2015 by our Gregory Tam, who is a qualified surveyor and has over 17-year experience in property valuations, and Daniel Xing who is a RICS member and has over 6-year experience in property valuations. However, we have not carried out an investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Group sells the Properties on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, or any similar arrangements which would affect their values, though one of the Properties is subject to the existing tenancy agreement.

No allowances have been made in our valuation for any charges, mortgages or amounts owing neither on the Properties nor for any expenses or taxes which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

This report and our valuation are for the use of the Group and the report is only for the use of the parties to whom it is addressed and for no other purpose. No responsibility to any third party who may use or rely on the whole or any part of the contents of this valuation is accepted.

We have made the following assumptions:

- All information on the Properties provided by the Group is correct.
- Proper ownership titles to and relevant planning approvals of the Properties have been obtained, all payable land premiums, land use rights fees and other relevant fees have been fully settled and the Properties can be freely transferred, sub-let, mortgaged or otherwise disposed of.
- We have been provided with the tenancy schedules and abstract of the relevant tenancy agreement by the Group. We have not examined the lease documents for the specific tenancy and our assessment is based on the assumption that the lease is executed and is in accordance with the provisions stated in the tenancy schedules provided to us. Moreover, we assume that the tenancy is valid, binding and enforceable.
- Unless otherwise stated, we have not carried out any valuation on a redevelopment basis or the study of possible alternative options.
- No acquisition costs or disposal costs have been taken into account in the valuation.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the Properties or the values reported.

Our Summary of Values and Valuation Certificate are attached hereto.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Ltd.

David Faulkner
BSc(Hons) FRICS FHKIS RPS(GP) MAE
Executive Director
Valuation & Advisory Services — Asia

Gregory Tam
BSc(Hons) MRICS MHKIS RPS(GP)
Director
Valuation & Advisory Services

Note:

David Faulkner is a Chartered Surveyor and has over 30 years' experience in the valuation of properties of this magnitude and nature in Hong Kong, the PRC and Asia region.

Gregory Tam is a Chartered Surveyor and has over 17 years' experience in the valuation of properties of this magnitude and nature in Hong Kong, the PRC and Asia region.

SUMMARY OF VALUES

Properties held by the Group for investment

No.	Property	Market Value in existing state as at 31 January 2015 RMB
1.	Portions of 21st Century Tower No. 210 Century Avenue, Pudong District, Shanghai, The PRC	3,647,000,000
2.	Apartment unit No. 3101 in Lakeville Regency Tower 18 and a car parking space No. 137 at level B1 of Lakeville Regency Tower 13, No. 168 Shunchang Road, Huangpu District, Shanghai, The PRC	38,800,000
	Total:	<u>3,685,800,000</u>

VALUATION CERTIFICATE

Properties held by the Group for investment

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2015 RMB
1.	Portions of 21st Century Tower No. 210 Century Avenue, Pudong District, Shanghai, The PRC	<p>The Property forms part of a composite development known as “21st Century Tower” (the “Development”). It is located in the Lujiazui Finance & Trade Zone of Pudong District and situated on the south side of Century Avenue, close to Dongchang Road Subway station. The neighbouring developments include Shanghai World Financial Centre to the west and Standard Chartered Bank Tower to the north. The region is well developed as a commercial district.</p>	The hotel portion of the Property is held for investment whereas the apartment and carpark portions of the Property are currently vacant.	3,647,000,000

The Development is a 49-storey composite complex with apartment, hotel, office spaces, retail podium and underground car parking spaces. The Development was completed in 2010.

The Property includes a five-star hotel namely Four Seasons Hotel Pudong, unsold units of serviced apartments namely Shanghai Four Seasons Place and unsold carparks. The total gross floor area (“GFA”) is approximately 52,056.71 sq.m. (or about 560,338.43 sq.ft.). The GFA breakdowns are as follows:

Uses	No. of Storey	GFA (sq.m.)
Hotel (187 rooms)	15-storey (B2-L2, L30-L39, L41)	29,288.88
Apartment (48 units)	12-storey (L38-L49)	15,334.49
Carpark (134 units)	2-storey (B3-B2)	<u>7,433.34</u>
	Total	<u>52,056.71</u>

The land use rights of the Property have been granted for 50 years expiring on 24 February 2047 for composite building purposes.

Notes:

1. Pursuant to 4 sets of Shanghai Certificate of Real Estate Ownership (Hu Fang Di Pu Zi (2010) Di No. 065465, Hu Fang Di Pu Zi (2011) Di No. 034790, Hu Fang Di Pu Zi (2011) Di No. 034791 and Hu Fang Di Pu Zi (2012) Di No. 008569) issued by the Shanghai Housing Security & Administration Bureau and Shanghai Planning, Land and Resources Administration Bureau between 1 September 2010 and 14 March 2012, the land use rights of the Property have been granted to Shanghai 21st Century Real Estate Co., Ltd. (“**Shanghai 21st Century**”, a 70%-owned subsidiary of the Group) for a term commencing from 25 February 1997 to 24 February 2047 for composite building use.
2. For apartment units No. 5502 and 5503 of the Property with a total gross floor area of 962.1 sq.m. and car parking spaces No. B3-97, B3-98 and B3-99 with a total gross floor area of approximately 160.86 sq.m. (the “**Units**”), the total market value is RMB101,000,000 as at the Valuation Date. The Units are currently vacant.
3. Pursuant to 3 sets of Certificate of Registration of Real Estate of Shanghai Municipality (Registration No. Pu 201314009685, Pu 201214002516 and Pu 201314044091) issued between 20 January 2012 and 26 July 2013, the Property and the Units are subject to 3 mortgages for the latest term expiring on 20 December 2018 for a total loan amount of RMB1,180,000,000.
4. There are 2 apartment units with a total gross floor area of 559.48 sq.m. sold to the third parties but not delivered, for a total sale amount of approximately RMB87,500,000. We have taken these 2 units into account in the course of our valuation.
5. We have prepared our valuation based on the following assumptions:
 - a) Shanghai 21st Century has a proper legal title to the Property and the Units and is entitled to occupy, transfer, dispose, lease out or deal with the Property and the Units with the granted residual term of the relevant land lease at no extra land premium or other onerous payments payable to the government or other local authorities.
 - b) All land premium and costs of public utilities services have been settled in full.
 - c) The Property and the Units are in compliance with local planning regulations and have been approved by relevant government authorities and there is no height restriction.
 - d) The Property and the Units can be freely disposed of in the market.
6. The provided legal opinion on the title to the Property and the Units issued by the Group’s PRC legal adviser contains, inter-alia, the following information:
 - a) Shanghai 21st Century has a proper legal title to the Property and the Units and is entitled to sale, lease, mortgage or disposal of the building ownership rights for the portions of the Property and the Units in respect of which sale and purchase agreements have not been signed with third parties.
 - b) Shanghai 21st Century has the obligation to effect ownership transfer for the portions of the Property and the Units in respect of which sale and purchase agreements have been signed with third parties.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2015 RMB												
2.	Apartment unit No. 3101 in Lakeville Regency Tower 18 and a car parking space No. 137 at level B1 of Lakeville Regency Tower 13, No. 168 Shunchang Road, Luwan District, Shanghai, The PRC	<p>The Property forms part of a residential development namely "Lakeville Regency" (the "Development"), It is located near Xintiandi of Huangpu District and situated on the west side of Shunchang Road, close to Fuxing Zhong Road. The neighbouring are mainly residential developments and the region is well developed as a residential and commercial district.</p> <p>The Development comprises 17 mid-to-high rise residential blocks providing a total of 645 residential units. The Development was completed in 2006.</p> <p>The Property comprises an apartment unit No. 3101 on the 27th Floor in Tower 18 and a car parking space No. 137 on B1 Floor in Tower 13 of the Development.</p> <p>The Property has a total gross floor area ("GFA") of approximately 359.38 sq.m. (or about 3,868.37 sq.ft.). The GFA breakdowns are as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Uses</th> <th style="text-align: left;">Unit No.</th> <th style="text-align: right;">GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>No. 3101</td> <td style="text-align: right;">291.66</td> </tr> <tr> <td>Carpark</td> <td>No. 137</td> <td style="text-align: right;"><u>67.72</u></td> </tr> <tr> <td></td> <td style="text-align: right;">Total</td> <td style="text-align: right;"><u>359.38</u></td> </tr> </tbody> </table>	Uses	Unit No.	GFA (sq.m.)	Apartment	No. 3101	291.66	Carpark	No. 137	<u>67.72</u>		Total	<u>359.38</u>	<p>The Property is leased to Cargill Investments (China) Ltd. for a term of 1 year from 1 February 2014 to 31 January 2015 on a monthly rental of RMB90,000 inclusive of management fee.</p>	38,800,000
Uses	Unit No.	GFA (sq.m.)														
Apartment	No. 3101	291.66														
Carpark	No. 137	<u>67.72</u>														
	Total	<u>359.38</u>														
		<p>The land use rights of the Property have been granted for 70 years expiring on 6 May 2071 for residential use only.</p>														

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership (Hu Fang Huang Zi (2014) Di No. 052031) issued by the Shanghai Housing Security & Administration Bureau and Shanghai Planning, Land and Resources Administration Bureau on 12 August 2014, the land use rights of the Property have been granted to Peak Century Limited (“**Peak Century**”, a wholly-owned subsidiary of the Group) for a term commencing from 7 May 2001 to 6 May 2071 for residential use.
2. We have prepared our valuation based on the following assumptions:
 - a) Peak Century has a proper legal title to the Property and is entitled to occupy, transfer, dispose, lease out or deal with the Property with the granted residual term of its land lease at no extra land premium or other onerous payments payable to the government or other local authorities.
 - b) All land premium and costs of public utilities services have been settled in full.
 - c) The Property is not subject to any mortgages or encumbrances.
 - d) The Property is in compliance with local planning regulations and has been approved by relevant government authorities and there is no height restriction.
 - e) The Property can be freely disposed of in the market.
3. The provided legal opinion on the title to the Property issued by the Group’s PRC legal adviser contains, inter-alia, the following information:
 - a) The Property is registered under Peak Century for club house use without limitation on property rights. Peak Century is entitled to transfer the building ownership rights for the Property.
 - b) The tenancy agreement has been registered with the Shanghai Municipality Registrar of Real Estate.

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, underlying shares and debentures 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

Name of Director	Number of ordinary shares in the Company				Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Other interests	Total	
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 <i>(Note)</i>
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 <i>(Note)</i>
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 <i>(Note)</i>

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, underlying shares and debentures 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 (being 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\$0.4 million for the first quarter of 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. 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 if each of them was a controlling shareholder).

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions or advice, which are contained in this circular:

Name	Qualifications
Investec	A corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Colliers	Professional valuer
Zhenghan Law Firm	PRC legal adviser

Investec, Colliers and Zhenghan Law Firm have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters, reports and/or summary of their opinions (as the case may be) and references to their names in the form and context in which they respectively appear herein.

Investec, Colliers and Zhengnan Law Firm have confirmed that, at the Latest Practicable Date:

- (a) they 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) they 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;
- (c) the letter of advice of Investec is given as of the date of this circular for incorporation herein;
- (d) the property valuation report of Colliers is given as of the date of this circular for incorporation herein; and
- (e) the opinion of Zhengnan Law Firm is given as of the date of this circular and has been provided to Colliers for the purpose of preparing the property valuation report.

6. 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.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement 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 29 May 2015.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



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 Regal Ballroom, Basement 1, Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 29 May 2015 at 12:15 p.m. (or immediately following the closure of the annual general meeting of the Company) 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 Sale and Purchase Agreement (as defined in the circular of the Company dated 27 April 2015 (the “**Circular**”), 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, including the Acquisition and the Disposals (as defined in the Circular), 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 Sale and Purchase Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 27 April 2015

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

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 or any adjournment thereof (as the case may be) should he/she so wish.

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