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瑞安建業有限公司\*

**SOCAM Development Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

## CONNECTED TRANSACTION

### ENGAGEMENT OF MAIN CONTRACTOR FOR NANJING PROJECT WORKS

The Board announces that on 14 December 2017, Jiangsu Jiu Xi (an indirect wholly-owned subsidiary of the Company) confirmed, by way of the Letter of Acceptance, the engagement of SOC (Mainland) (an indirect wholly-owned subsidiary of SOL) as the main contractor to carry out the Project Works for a total contract sum of approximately RMB34.93 million (equivalent to approximately HK\$41.15 million).

Mr. Lo, who is the Chairman of the Company, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of the Company. Accordingly, Mr. Lo is a connected person of the Company. Mr. Lo, who is also the Chairman of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. Therefore, SOC (Mainland), being a subsidiary of SOL and hence an associate of Mr. Lo, is a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transaction and the Previous Transaction on an aggregate basis exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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Jiangsu Jiu Xi and SOC (Mainland) will subsequently enter into the definitive contract to set out the detailed terms of the engagement in furtherance of the Letter of Acceptance.

## **THE LETTER OF ACCEPTANCE**

### **Date**

14 December 2017

### **Parties**

- (1) Jiangsu Jiu Xi, an indirect wholly-owned subsidiary of the Company, as employer
- (2) SOC (Mainland), an indirect wholly-owned subsidiary of SOL, as main contractor

### **Subject matter**

Jiangsu Jiu Xi confirmed the engagement of SOC (Mainland) as the main contractor to carry out construction works, including (among others) foundation and main structural works, electrical and mechanical works, and interior fit-out works, for Site C of the Nanjing Project (the “**Project Works**”).

### **Contract sum and payment terms**

The total contract sum payable by Jiangsu Jiu Xi to SOC (Mainland) for the Project Works is approximately RMB34.93 million (equivalent to approximately HK\$41.15 million) (the “**Contract Sum**”).

The Contract Sum shall be settled by Jiangsu Jiu Xi in the following manner:

- (1) 75% of the Contract Sum shall be payable to SOC (Mainland) on a monthly basis in accordance with the progress of the Project Works completed by SOC (Mainland);
- (2) 10% of the Contract Sum shall be payable to SOC (Mainland) after completion of the inspection and acceptance of the Project Works;

- (3) 10% of the Contract Sum shall be payable to SOC (Mainland) after issuance of the statement of account for completion of the Project Works; and
- (4) 5% of the Contract Sum will be withheld as non-interest bearing retention money, of which 2% will be released to SOC (Mainland) one year following issuance of the completion certificate of the Project Works and the remaining 3% will be released to SOC (Mainland) two years after the expiry of a 24-month defects liability period following completion of the Project Works.

The Project Works were awarded to SOC (Mainland) through a selective tendering process initiated by Jiangsu Jiu Xi. The Contract Sum offered by SOC (Mainland) was accepted by Jiangsu Jiu Xi after due consideration of the comparable rates offered by the other independent third party contractors tendering for the Project Works.

### **Completion**

The Project Works to be carried out by SOC (Mainland) shall be completed by 13 November 2018 (subject to any notice of adjustment of the work commencement date by Jiangsu Jiu Xi), and SOC (Mainland) shall be liable to pay damages of RMB30,000 (equivalent to approximately HK\$35,300) per calendar day for any delay in completion of the Project Works.

### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

SOC (Mainland) was a former subsidiary of the Company, which was essentially the in-house construction arm serving pre-dominantly the members of the Group in the PRC, including Jiangsu Jiu Xi, prior to its disposal to SOL in October 2014. As such, the Directors believe that the engagement of SOC (Mainland) to carry out the Project Works will allow Jiangsu Jiu Xi to fully capitalise on the expertise of SOC (Mainland) and to ensure that the Project Works are completed up to the usual satisfactory standards and quality.

The Directors (including the independent non-executive Directors but other than Mr. Lo, who has a material interest in the Transaction given his indirect interest in SOC (Mainland) and had abstained from voting on the relevant Board resolutions approving the Transaction) consider that the terms of the Transaction are fair and reasonable, the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group and is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Mr. Lo, who is the Chairman of the Company, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of the Company. Accordingly, Mr. Lo is a connected person of the Company. Mr. Lo, who is also the Chairman of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. Therefore, SOC (Mainland), being a subsidiary of SOL and hence an associate of Mr. Lo, is a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transaction and the Previous Transaction on an aggregate basis exceed 0.1% but are less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

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

Jiangsu Jiu Xi is an indirect wholly-owned subsidiary of the Company, which principally engages in the development of the Nanjing Project.

SOC (Mainland) is an indirect wholly-owned subsidiary of SOL, which principally engages in building construction and maintenance in the PRC.

## **DEFINITIONS**

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

“associate(s)”, “connected person” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Company”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 983)
“Contract Sum”	has the meaning ascribed to it under the section headed “THE LETTER OF ACCEPTANCE — Contract sum and payment terms” of this announcement
“Directors”	the directors of the Company
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jiangsu Jiu Xi”	江蘇九西建設發展有限公司 (Jiangsu Jiu Xi Development Co., Ltd.*), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Letter of Acceptance”	the letter of acceptance issued by Jiangsu Jiu Xi on 14 December 2017 and acknowledged by SOC (Mainland) on the same date in respect of the engagement of SOC (Mainland) as the main contractor to carry out the Project Works
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Lo”	Mr. Lo Hong Sui, Vincent

“Nanjing Project”	a property development known as “Nanjing Scenic Villa” located in Jiangning District, Nanjing, the PRC
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and Macau)
“Previous Transaction”	the engagement of project management services from a subsidiary of SOL by Jiangsu Jiu Xi for the Nanjing Project pursuant to a contract dated 15 August 2017 for an amount of approximately RMB0.36 million (equivalent to approximately HK\$0.42 million), which constituted a de minimis transaction under Rule 14A.76 of the Listing Rules and was exempt from all connected transaction requirements under Chapter 14A of the Listing Rules
“Project Works”	has the meaning ascribed to it under the section headed “THE LETTER OF ACCEPTANCE — Subject matter” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SOC (Mainland)”	瑞安建築有限公司 (Shui On Construction Co., Ltd.*), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of SOL
“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
“Transaction”	the transaction contemplated under the Letter of Acceptance
“%”	per cent

*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1 : HK\$1.178. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.*

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

Hong Kong, 14 December 2017

*At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent and Mr. Wong Yuet Leung, Frankie; and the independent non-executive Directors are Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. William Timothy Addison.*

*\* For identification purpose only*

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