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瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983 and Debt Stock Code: 4518)

MAJOR TRANSACTION

CONDITIONAL ACQUISITION OF INTERESTS IN WUQING PROJECT AND NANJING PROJECT

The Board announces that after trading hours of the Stock Exchange on 7 September 2017:

- (a) the Company and Wealth Frame (a wholly-owned subsidiary of the Company) entered into the CR Sale and Purchase Agreement with, among others, the CR Vendor, pursuant to which Wealth Frame has agreed to acquire and the CR Vendor has agreed to sell the CR Share (representing 50% of the issued share capital of Cosy Rich) and the CR Shareholder's Loan for a total consideration of approximately €4.62 million (equivalent to approximately HK\$42.34 million); and
- (b) the Company and Wealth Frame entered into the WL Sale and Purchase Agreement with, among others, the WL Vendor, pursuant to which Wealth Frame has agreed to acquire and the WL Vendor has agreed to sell the WL Shares (representing 50% of the issued share capital of Win Lead) and the WL Shareholder's Loan for a total consideration of approximately €32.04 million (equivalent to approximately HK\$293.68 million).

The principal asset of Cosy Rich is the Options, being the rights to acquire 90% interest in the Wuqing Project.

The principal asset of Win Lead is an investment in the Nanjing Project.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisitions on an aggregate basis exceeds 25% but is less than 100%, the Acquisitions collectively constitute a major transaction of the Company, which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, details of the Acquisitions and a notice convening the SGM will be despatched to the Shareholders once available. As the Company requires time for compiling the information for inclusion in the circular pursuant to the requirements of the Listing Rules, the circular is expected to be despatched to the Shareholders on or before 13 October 2017.

Completion of the Acquisitions is subject to, among other things, the necessary Shareholders' approval having been obtained. As such, the Acquisitions may or may not materialise. Securities holders and potential investors should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board announces that after trading hours of the Stock Exchange on 7 September 2017, the Company and Wealth Frame entered into the Sale and Purchase Agreements with, among others, the CR Vendor and the WL Vendor in respect of the Acquisitions.

THE SALE AND PURCHASE AGREEMENTS

I. THE CR SALE AND PURCHASE AGREEMENT

Date

7 September 2017

Parties

1. the Company;
2. Wealth Frame, a wholly-owned subsidiary of the Company holding 50% share interest in Cosy Rich at the date of this announcement, as purchaser of the CR Share and the CR Shareholder's Loan;
3. Cosy Rich, a subsidiary of the Company for the purpose of the Listing Rules;
4. the CR Vendor, a wholly-owned subsidiary of SOTAN Fund holding the remaining 50% share interest in Cosy Rich at the date of this announcement, as seller of the CR Share and the CR Shareholder's Loan;

5. the Third Party Investor I, a substantial shareholder of SOTAN Fund holding approximately 57.09% interest in the Fund; and
6. the Third Party Investor II, a substantial shareholder of SOTAN Fund holding approximately 42.81% interest in the Fund.

Save for the information as set out in the section headed “General Information” below, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the CR Vendor, the Third Party Investor I, the Third Party Investor II and their respective beneficial owners are independent of the Company and its connected persons.

Subject Matters

Pursuant to the CR Sale and Purchase Agreement, Wealth Frame has agreed to acquire and the CR Vendor has agreed to sell the CR Share (representing 50% of the issued share capital of Cosy Rich) and the CR Shareholder’s Loan.

Cosy Rich is an investment holding company. Its principal asset is the Options, being the rights to acquire 90% interest in the Wuqing Project. The Wuqing Project is a property development known as “Tianjin Veneto” located at the Wuqing District, Tianjin, the PRC with a total gross floor area of approximately 98,000 square metres. Phase 1 of the project was completed in 2014 and designed as a retail mall, featuring Italian style pedestrian lanes. Phases 2 and 3 of the project are currently under development, and are expected to be completed in 2019.

Consideration and Payment Terms

The CR Consideration is approximately €4.62 million (equivalent to approximately HK\$42.34 million), which comprises:

- (i) an amount of €0.85 (equivalent to approximately HK\$7.79) for the CR Share; and
- (ii) an amount of approximately €4.62 million (equivalent to approximately HK\$42.34 million) for the CR Shareholder’s Loan.

The CR Consideration shall be settled in cash by Wealth Frame upon the CR Completion. The Group intends to finance the CR Acquisition from its internal resources and the banking facilities available to the Group.

The CR Consideration was determined after arm’s length negotiations between the Company and SOTAN Fund with reference to (i) the net asset value of Cosy Rich at 30 June 2017; (ii) the fair market value of properties comparable to the Wuqing Project; and (iii) potential growth in Wuqing property market.

II. THE WL SALE AND PURCHASE AGREEMENT

Date

7 September 2017

Parties

1. the Company;
2. Wealth Frame, a wholly-owned subsidiary of the Company holding 50% share interest in Win Lead at the date of this announcement, as purchaser of the WL Shares and the WL Shareholder's Loan;
3. Win Lead, a subsidiary of the Company for the purpose of the Listing Rules;
4. the WL Vendor, a wholly-owned subsidiary of SOTAN Fund holding the remaining 50% share interest in Win Lead at the date of this announcement, as seller of the WL Shares and the WL Shareholder's Loan;
5. the Third Party Investor I; and
6. the Third Party Investor II.

Save for the information as set out in the section headed "General Information" below, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the WL Vendor, the Third Party Investor I, the Third Party Investor II and their respective beneficial owners are independent of the Company and its connected persons.

Subject Matters

Pursuant to the WL Sale and Purchase Agreement, Wealth Frame has agreed to acquire and the WL Vendor has agreed to sell the WL Shares (representing 50% of the issued share capital of Win Lead) and the WL Shareholder's Loan.

Win Lead is an investment holding company. Its principal asset is an investment in the Nanjing Project. The Nanjing Project is a property development known as "Nanjing Scenic Villa" located at the Jiangning District, Nanjing, the PRC with a total developable gross floor area of approximately 134,000 square metres. The development offers distinctive low-rise apartments with balconies in a garden and lakeside setting. On completion, it is expected to have a total of 344 villas. Phase 1 of the project was completed in January 2017, and the remaining phases are expected to be completed in 2019. Most of the villas in Phase 1 have now been sold and handed over to buyers.

Consideration and Payment Terms

The WL Consideration is approximately €32.04 million (equivalent to approximately HK\$293.68 million), which comprises:

- (i) an amount of approximately €1.17 million (equivalent to approximately HK\$10.72 million) for the WL Shares; and
- (ii) an amount of approximately €30.87 million (equivalent to approximately HK\$282.96 million) for the WL Shareholder's Loan.

The WL Consideration shall be settled in cash by Wealth Frame upon the WL Completion. The Group intends to finance the WL Acquisition from its internal resources and the banking facilities available to the Group.

The WL Consideration was determined after arm's length negotiations between the Company and SOTAN Fund with reference to (i) the net asset value of Win Lead at 30 June 2017; and (ii) the fair market value of properties comparable to the Nanjing Project.

III. CONDITIONS AND COMPLETION OF THE ACQUISITIONS

Completion of the Acquisitions is conditional upon, among other things:

- (i) the Shareholders' approval having been obtained by the Company in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules; and
- (ii) the termination of an asset management agreement dated 28 February 2011 among SOCAM Asset Management (HK) Limited, SOTAN GP I, Limited and SOTAN Fund in relation to the management and operation of SOTAN Fund.

In addition, completion of each of the CR Acquisition and the WL Acquisition is inter-conditional upon the simultaneous completion of the other.

Completion of the Acquisitions is targeted to take place on or before 6 November 2017 or such later date as the parties to the Sale and Purchase Agreements may agree in writing but in any event no later than 31 December 2017.

Following completion of the Acquisitions, both Cosy Rich and Win Lead will become wholly-owned subsidiaries of the Company, and the Company will own 90% and 100% interests in the Wuqing Project and the Nanjing Project through Cosy Rich and Win Lead respectively.

FINANCIAL INFORMATION OF COSY RICH AND WIN LEAD

Set out below is a summary of certain audited consolidated financial information of Cosy Rich for the years ended 31 December 2015 and 2016:

	2016		2015	
	RMB <i>million</i>	Equivalent to approximately HK\$ million	RMB <i>million</i>	Equivalent to approximately HK\$ million
Net loss (before taxation and extraordinary items)	(332.51)	(386.04)	(121.30)	(140.83)
Net loss (after taxation and extraordinary items)	(294.48)	(341.89)	(114.49)	(132.92)

The unaudited consolidated net liabilities (after deducting shareholders' loan) of Cosy Rich as at 30 June 2017 were approximately RMB264.89 million (equivalent to approximately HK\$307.54 million).

Set out below is a summary of certain audited consolidated financial information of Win Lead for the years ended 31 December 2015 and 2016:

	2016		2015	
	RMB <i>million</i>	Equivalent to approximately HK\$ million	RMB <i>million</i>	Equivalent to approximately HK\$ million
Net loss (before taxation and extraordinary items)	(27.26)	(31.65)	(17.63)	(20.47)
Net loss (after taxation and extraordinary items)	(27.26)	(31.65)	(17.63)	(20.47)

The unaudited consolidated net assets (after deducting shareholders' loan) of Win Lead as at 30 June 2017 were approximately RMB63.06 million (equivalent to approximately HK\$73.21 million).

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

SOTAN Fund was established in 2011 with SOTAN GP I, Limited, a 75%-owned subsidiary of the Company, acting as the general partner of the Fund. At the date of this announcement, SOTAN Fund is owned as to approximately 57.09%, 42.81% and 0.1% of its interest by the Third Party Investor I, the Third Party Investor II and SOTAN GP I, Limited respectively as limited partnership. SOTAN Fund was set up to invest jointly with the Group on a 50:50 basis in special situation property projects in the PRC identified by the Group. At the date of this announcement, the Wuqing Project and the Nanjing Project are the only investments made by the Fund jointly with the Group.

The life of SOTAN Fund expired in February 2017, and both the Third Party Investor I and the Third Party Investor II, being the limited partners of the Fund, intend to exit from the Wuqing Project and the Nanjing Project to realise their investments. In order to avoid undue disruption to the management and operation of these projects going forward and the possibility of liquidating these projects in a disorderly manner, thereby causing value destruction and losses to the Group, the Company considers it desirable to make the Acquisitions. The Company also considers that the Acquisitions will provide an opportunity for the Group to consolidate its shareholdings in Cosy Rich and Win Lead, which will enhance the Group's flexibility in managing these projects and enable the Group to capture the full market potential of the retail property in the Wuqing Project through revamping, as well as the development potential of the yet-to-be developed land parcels of both projects, in an effort to create higher future disposal value of the property assets concerned.

The Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreements are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

In accordance with Rule 14A.09 of the Listing Rules, both the Third Party Investor I and the Third Party Investor II are not connected persons of the Company although they are substantial shareholders of SOTAN Fund, which is an insignificant subsidiary of the Company. As such, the Acquisitions do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

However, as one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisitions on an aggregate basis exceeds 25% but is less than 100%, the Acquisitions collectively constitute a major transaction of the Company, which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Acquisitions nor was any of them required to abstain from voting on the resolutions which have been passed by the Board approving the Acquisitions.

A circular containing, amongst other things, details of the Acquisitions and a notice convening the SGM will be despatched to the Shareholders once available. As the Company requires time for compiling the information for inclusion in the circular pursuant to the requirements of the Listing Rules, the circular is expected to be despatched to the Shareholders on or before 13 October 2017.

Completion of the Acquisitions is subject to, among other things, the necessary Shareholders' approval having been obtained. As such, the Acquisitions may or may not materialise. Securities holders and potential investors should therefore exercise caution when dealing in the securities of the Company.

GENERAL INFORMATION

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

Wealth Frame is a wholly-owned subsidiary of the Company and its principal activity is investment holding.

As far as the Company is aware after making reasonable enquiries, both the CR Vendor and the WL Vendor are investment holding companies. They are wholly-owned subsidiaries of SOTAN Fund, in which the Company holds only 0.075% effective interest. However, as SOTAN Fund is managed by a subsidiary of the Company as its general partner, the Fund as well as the CR Vendor and the WL Vendor are all regarded as subsidiaries of the Company under the Listing Rules.

As far as the Company is aware after making reasonable enquiries, the Third Party Investor I is one of the limited partners of SOTAN Fund holding approximately 57.09% interest in the Fund, and its principal activity is investment holding.

As far as the Company is aware after making reasonable enquiries, the Third Party Investor II is one of the limited partners of SOTAN Fund holding approximately 42.81% interest in the Fund, and its principal activity is investment holding.

DEFINITIONS

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

“Acquisitions”	collectively, the CR Acquisition and the WL Acquisition;
“Board”	the board of Directors;
“Company”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 983);
“connected person(s)”, “subsidiary(ies)” and “substantial shareholder”	each has the meaning ascribed to it under the Listing Rules;
“Cosy Rich”	Cosy Rich Limited, a company incorporated in the British Virgin Islands with limited liability, which at the date of this announcement is held as to 50% by Wealth Frame and 50% by the CR Vendor and is a subsidiary of the Company for the purpose of the Listing Rules but accounted for as a joint venture in the consolidated financial statements of the Group;
“CR Acquisition”	the acquisition of the CR Share and the CR Shareholder’s Loan pursuant to the CR Sale and Purchase Agreement;
“CR Completion”	completion of the CR Acquisition in accordance with the terms of the CR Sale and Purchase Agreement;
“CR Consideration”	the total consideration for the CR Acquisition, being approximately €4.62 million (equivalent to approximately HK\$42.34 million);

“CR Sale and Purchase Agreement”	the sale and purchase agreement dated 7 September 2017 (as supplemented by the Supplemental Agreement) entered into among the Company, Wealth Frame as purchaser, Cosy Rich, the CR Vendor as seller, the Third Party Investor I and the Third Party Investor II in relation to the CR Acquisition;
“CR Share”	one ordinary share of US\$1.00 of Cosy Rich, representing 50% of the issued share capital of Cosy Rich;
“CR Shareholder’s Loan”	the interest free and unsecured shareholder’s loan due by Cosy Rich to the CR Vendor in the amounts of approximately RMB117.56 million and US\$1.45 million (equivalent to an aggregate amount of approximately HK\$147.81 million) at the date of the CR Sale and Purchase Agreement;
“CR Vendor”	Fine Ace Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by SOTAN Fund and is a subsidiary of the Company for the purpose of the Listing Rules;
“Directors”	the directors of the Company;
“€”	EURO, the lawful currency of the Eurozone;
“Group”	collectively, the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;

“Nanjing Project”	a property development known as “Nanjing Scenic Villa” located at the Jiangning District, Nanjing, the PRC;
“Options”	the options exercisable at the discretion of Cosy Rich to acquire 90% interest in the Wuqing Project pursuant to two master agreements both dated 12 December 2011, without the requirement for further payment (further details of which were set out in the announcement dated 12 December 2011 of the Company);
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and Macau);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreements”	collectively, the CR Sale and Purchase Agreement and the WL Sale and Purchase Agreement;
“SGM”	the special general meeting of the Company to be held for considering, and if thought fit, approving the Sale and Purchase Agreements;
“Shareholders”	holders of the ordinary shares in the issued share capital of the Company;
“SOTAN Fund”, “Fund”	SOTAN China Real Estate I, LP, a limited partnership formed in England for the purpose of raising funds for investment in special situation property projects in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the Supplemental Agreement to the Sale and Purchase Agreements entered into among the Company, Wealth Frame, the CR Vendor, the WL Vendor, the Third Party Investor I and the Third Party Investor II on 7 September 2017;

“Third Party Investor I”	a third party investor, which is a substantial shareholder of SOTAN Fund holding approximately 57.09% interest in the Fund;
“Third Party Investor II”	a third party investor, which is a substantial shareholder of SOTAN Fund holding approximately 42.81% interest in the Fund;
“US\$”	United States Dollars, the lawful currency of the United States of America;
“Wealth Frame”	Wealth Frame Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company;
“Win Lead”	Win Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which at the date of this announcement is held as to 50% by Wealth Frame and 50% by the WL Vendor and is a subsidiary of the Company for the purpose of the Listing Rules but accounted for as a joint venture in the consolidated financial statements of the Group;
“WL Acquisition”	the acquisition of the WL Shares and the WL Shareholder’s Loan pursuant to the WL Sale and Purchase Agreement;
“WL Completion”	completion of the WL Acquisition in accordance with the terms of the WL Sale and Purchase Agreement;
“WL Consideration”	the total consideration for the WL Acquisition, being approximately €32.04 million (equivalent to approximately HK\$293.68 million);
“WL Sale and Purchase Agreement”	the sale and purchase agreement dated 7 September 2017 (as supplemented by the Supplemental Agreement) entered into among the Company, Wealth Frame as purchaser, Win Lead, the WL Vendor as seller, the Third Party Investor I and the Third Party Investor II in relation to the WL Acquisition;

“WL Shareholder’s Loan”	the interest free and unsecured shareholder’s loan due by Win Lead to the WL Vendor in the amount of approximately RMB244.70 million (equivalent to approximately HK\$284.10 million) at the date of the WL Sale and Purchase Agreement;
“WL Shares”	the 50 ordinary shares of US\$1.00 each of Win Lead, representing 50% of the issued share capital of Win Lead;
“WL Vendor”	Rosy Opportunity Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by SOTAN Fund and is a subsidiary of the Company for the purpose of the Listing Rules;
“Wuqing Project”	a property development known as “Tianjin Veneto” located at the Wuqing District, Tianjin, the PRC; and
“%”	per cent.

For the purpose of this announcement, the exchange rates at €1 = HK\$9.166, US\$1 = HK\$7.81 and RMB1 = HK\$1.161 have been used for illustrative purpose only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rates.

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

Hong Kong, 7 September 2017

At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent and Mr. Wong Yuet Leung, Frankie; the non-executive Director is Mr. Tsang Kwok Tai, Moses; 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*

Website: www.socam.com