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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)

**VERY SUBSTANTIAL DISPOSAL**

**CONDITIONAL DISPOSAL OF  
28.20% SHARE INTEREST AND THE RELATED LOANS  
IN RICHCOAST GROUP LIMITED**

The Board announces that on 14 November 2017 (after trading hours of the Stock Exchange), Main Zone (a wholly-owned subsidiary of the Company) and the Company entered into the Sale and Purchase Agreement with the Purchaser and Yida, pursuant to which (i) Main Zone has conditionally agreed to sell and procure the sale of, and the Purchaser has conditionally agreed to acquire the Sale Shares (representing 28.20% of the issued share capital of Richcoast), the Offshore Loans and the Assignable Onshore Debts; and (ii) the Purchaser has conditionally agreed to procure the repayment of the Non-Assignable Onshore Debts, for the Total Transaction Amount, being RMB1,300 million (equivalent to approximately HK\$1,532.70 million).

Richcoast is an investment holding company which, through its subsidiaries, holds 78% interest in the Dalian Tiandi Project, and the remaining 22% interest in the Dalian Tiandi Project is held by the Yida Group.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transaction exceeds 75%, the Transaction (including the settlement arrangements in connection with the Deferred Payment after Completion) constitutes a very substantial disposal of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, details of the Transaction 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 Listing Rules, the circular is expected to be despatched to the Shareholders on or before 8 December 2017.

**Completion is subject to, among other things, the necessary Shareholders' approval having been obtained. As such, the Transaction 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 on 14 November 2017 (after trading hours of the Stock Exchange), Main Zone (a wholly-owned subsidiary of the Company) and the Company entered into the Sale and Purchase Agreement with the Purchaser and Yida in respect of the Transaction.

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

14 November 2017

### **Parties**

1. Main Zone, a wholly-owned subsidiary of the Company holding 28.20% share interest in Richcoast at the date of this announcement, as the seller;
2. Many Gain International Limited, a wholly-owned subsidiary of Yida holding 10.26% share interest in Richcoast at the date of this announcement, as the Purchaser;
3. the Company, as the guarantor of the obligations of Main Zone under the Sale and Purchase Agreement; and
4. Yida, as the guarantor of the obligations of the Purchaser under the Sale and Purchase Agreement.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser, Yida and their respective beneficial owners are independent of the Company and its connected persons.

## **Subject matters**

Pursuant to the Sale and Purchase Agreement, (i) Main Zone has conditionally agreed to sell and procure the sale of, and the Purchaser has conditionally agreed to acquire the Sale Shares (representing 28.20% of the issued share capital of Richcoast), the Offshore Loans and the Assignable Onshore Debts; and (ii) the Purchaser has conditionally agreed to procure the repayment of the Non-Assignable Onshore Debts.

## **Total Transaction Amount and payment terms**

The Total Transaction Amount, comprising consideration for the Disposal and the debt repayment amount, is RMB1,300 million in aggregate (equivalent to approximately HK\$1,532.70 million), which includes:

- (i) **Consideration for the Disposal:** a sum of approximately RMB1,201.64 million (equivalent to approximately HK\$1,416.73 million) being the consideration payable to Main Zone for the Disposal, comprising:
  - (a) an amount of RMB1,460 (equivalent to approximately HK\$1,721) for the Sale Shares;
  - (b) an amount of approximately RMB743.00 million (equivalent to approximately HK\$876.00 million) for the Offshore Loans; and
  - (c) an amount of approximately RMB458.64 million (equivalent to approximately HK\$540.73 million) for the Assignable Onshore Debts; and
- (ii) **Debt repayment amount:** an amount of approximately RMB98.36 million (equivalent to approximately HK\$115.97 million) for the repayment of the Non-Assignable Onshore Debts by the Richcoast PRC Subsidiaries to the Group via their self operating funds.

The Total Transaction Amount shall be paid and settled, or procured to be paid and settled, by the Purchaser in cash in the following manner:

- (i) an earnest money of RMB10 million (equivalent to approximately HK\$11.79 million) that has been paid prior to the date of the Sale and Purchase Agreement would be converted into part of the deposit upon signing of the Sale and Purchase Agreement;
- (ii) an amount of approximately RMB131.37 million (equivalent to approximately HK\$154.89 million), being the remaining deposit, shall be paid within three Business Days after signing of the Sale and Purchase Agreement;

- (iii) (a) an amount of approximately RMB150.11 million (equivalent to approximately HK\$176.98 million); and (b) an amount of up to approximately RMB32.06 million (equivalent to approximately HK\$37.80 million), subject to the cash balance available on the books of the Richcoast PRC Subsidiaries, shall be paid/settled on the Completion Date;
- (iv) an amount of approximately RMB87.44 million (equivalent to approximately HK\$103.09 million) shall be paid/settled on or before 29 December 2017; and
- (v) the remaining balance of the Total Transaction Amount, being the Total Transaction Amount of RMB1,300 million (equivalent to approximately HK\$1,532.70 million) less the accumulative amount paid/settled on or before the later of the Completion Date or 29 December 2017, shall be paid/settled within twelve months after the Completion Date, of which an accumulative amount of at least approximately RMB737.44 million (equivalent to approximately HK\$869.44 million) shall be paid/settled within six months after the Completion Date.

The Purchaser shall pay interest calculated on a daily basis at the rate of 5% per annum on the balance of the Total Transaction Amount outstanding at the Completion Date (the “**Deferred Payment**”) until the date of actual payment (both dates inclusive). The interest rate was determined after arm’s length negotiations having taken into account interest rates applicable to similar arrangement. As security, the Purchaser shall on Completion issue to Main Zone a promissory note for an amount equivalent to the outstanding balance of the consideration for the Sale Shares and the Offshore Loans (the “**Outstanding Disposal Offshore Consideration**”) and carrying the aforesaid interest. Upon the settlement of any of the Outstanding Disposal Offshore Consideration (including the accrued interest thereon), a corresponding amount of the Purchaser’s obligations under the promissory note shall be reduced proportionately. The promissory note will be returned to the Purchaser upon full payment of the Outstanding Disposal Offshore Consideration and the accrued interest thereon. Moreover, the Sale and Purchase Agreement provides for certain further financial control measures to secure the payment of the Deferred Payment, including that funds arising from new loan facilities of and assets disposal by the Richcoast Group in certain circumstances shall be placed in a joint custody account and Main Zone shall have the right to appoint a designated financial supervisor to the Richcoast Group until and unless all the Deferred Payment (including the accrued interest thereon) is settled.

The Total Transaction Amount was determined after arm's length negotiations between Main Zone and the Purchaser with reference to the carrying value of the Group's interest in the Richcoast Group (which holds 78% interest in the Dalian Tiandi Project) as well as the Group's cumulative cash investment cost in the Richcoast Group, and after taking into account the following factors:

- (i) the Disposal represents the last phase of the Company's asset monetisation strategy in the PRC; and
- (ii) the fact that the Dalian Tiandi Project is a joint-venture project, in which the Group, having a 22% effective interest, is subject to various restrictions as set out in the joint venture agreement.

### **Conditions**

Completion is conditional upon, among other things, the satisfaction or, as applicable, waiver of the following conditions on or before the Long Stop Date:

- (i) there being (a) no government resumption or surrender of; (b) no change in ownership of; and (c) no encumbrance created on the Richcoast Group's properties on or before the Completion Date, which would have a material adverse effect to the Richcoast Group's properties;
- (ii) the Shareholders' approval having been obtained by the Company in respect of the Sale and Purchase Agreement and the Transaction contemplated thereunder pursuant to the Listing Rules;
- (iii) the shareholders' approval having been obtained by Yida in respect of the Sale and Purchase Agreement and the Transaction contemplated thereunder pursuant to the Listing Rules;
- (iv) financial institutions' consents having been obtained in relation to the release on the Completion Date of the corporate guarantees provided by the Group in favour of certain financial institutions for the benefit of the Richcoast Group;
- (v) financial institutions' consents having been obtained in relation to the change of control of Richcoast;
- (vi) consent of Mitsui having been obtained in relation to the release of the corporate guarantee executed by the Company in its favour for the benefit of the Richcoast Group; or its exit from the relevant investment in the Dalian Tiandi Project prior to Completion; and

(vii) a supplemental agreement having been entered into between one of the Richcoast PRC Subsidiaries and an independent third party in relation to the development of a school on the project site of the Dalian Tiandi Project.

### **Completion**

Completion shall take place on the second Business Day after the date on which all of the conditions are satisfied or waived (except for the conditions under paragraphs (ii) and (iii) above which cannot be waived) in accordance with the Sale and Purchase Agreement, or on such other date as agreed between Main Zone and the Purchaser in writing.

At the date of this announcement, Richcoast is a joint venture company of the Group and is accounted for as an associate of the Company in the financial statements of the Group. Following Completion, the Company will no longer hold any share interest in Richcoast.

### **Guarantee**

The Company has agreed to guarantee to the Purchaser the performance by Main Zone of all its obligations under the Sale and Purchase Agreement until Main Zone's obligations thereunder have been satisfied in full.

Yida has agreed to guarantee to Main Zone the performance by the Purchaser of all its obligations under the Sale and Purchase Agreement until the Purchaser's obligations thereunder have been satisfied in full.

### **INFORMATION ON THE RICHCOAST GROUP**

The Richcoast Group was formed in 2007 for the development and operation of the Dalian Tiandi Project, which is a property development and investment project jointly developed and operated by the Group, the SOL Group and the Yida Group, being a large-scale integrated development in Dalian, the PRC, with an estimated developable gross floor area of approximately three million square metres comprising software offices, residential, commercial and retail properties, hotels and educational facilities.

At the date of this announcement, Richcoast is held as to 28.20% by the Group through Main Zone, 61.54% by the SOL Group through Innovate Zone and 10.26% by the Yida Group through the Purchaser. Richcoast, through its subsidiaries, holds 78% interest in the Dalian Tiandi Project, and the remaining 22% interest in the Dalian Tiandi Project is held by the Yida Group.

Set out below is a summary of the audited financial information of the Richcoast Group for the two years ended 31 December 2015 and 2016:

	<b>2016</b>		<b>2015</b>	
	<i>RMB</i>	<i>Equivalent to</i>	<i>RMB</i>	<i>Equivalent to</i>
	<i>million</i>	<i>approximately</i>	<i>million</i>	<i>approximately</i>
		<i>HK\$ million</i>		<i>HK\$ million</i>
Net loss (before taxation and extraordinary items)	(681.48)	(803.46)	(691.48)	(815.25)
Net loss (after taxation and extraordinary items)	(569.74)	(671.72)	(598.82)	(706.01)

The unaudited consolidated total equity, including non-controlling interests, of the Richcoast Group as at 30 June 2017 was approximately RMB1,230.01 million (equivalent to approximately HK\$1,450.18 million).

The Board was informed by the SOL Group that Innovate Zone has at the date of this announcement entered into a sale and purchase agreement to dispose of its entire 61.54% share interest and the related loans in Richcoast to the Purchaser (the “**SOL Disposal**”), details of which have been set out in an announcement of SOL of even date.

#### **FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS**

The Group expects to recognise a loss before transaction cost of approximately HK\$132.60 million on the Transaction, being the difference between (i) the Total Transaction Amount; and (ii) the unaudited carrying value of the Group’s investment in Richcoast of approximately HK\$1,697.70 million, taking into account the unaudited accumulated other comprehensive income attributable to Richcoast of approximately HK\$32.40 million, as at 30 June 2017. Such estimated disposal loss will be partly offset by the interest accrued on the Deferred Payment of approximately HK\$40 million, which is to be recognised as income of the Group after Completion until full settlement of the Deferred Payment.

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

The proceeds of RMB1,300 million (equivalent to approximately HK\$1,532.70 million) from the Transaction, after deducting the transaction costs and expenses, will be used by the Group to further reduce its borrowings and for general working capital purpose. The exact allocation of the net proceeds will depend on the proportion of borrowings that may be renewed, extended or refinanced under the prevailing credit market condition.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALE AND PURCHASE AGREEMENT**

As disclosed in the prior years' annual reports of the Company, the Group has been pursuing its asset monetisation strategy in the PRC. The Transaction represents the last phase of the Company's overall monetisation strategy, which will make a positive contribution to the cash flow and financial position of the Group. The Transaction will not only free the Group from the negative impact of recurring operating losses of the Dalian Tiandi Project and ease the Group from the funding burden to the project, but also allow the Group to release significant resources tied-up in this non-performing investment.

The net proceeds to be generated from the Transaction would significantly improve the Group's financial position and strengthen its working capital, which would put the Group in a more flexible financial condition allowing it to seek out new investment opportunities to rebuild its asset management and property businesses, as well as to strengthen its construction business.

The Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreement is 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**

At the date of this announcement, Mr. Vincent Lo, who is the Chairman of the Company and an executive Director, and his associates are together beneficially interested in approximately 48.44% of the issued shares of the Company. Mr. Vincent Lo is also the chairman and an executive director of SOL, and he and his associates are together beneficially interested in approximately 57.23% of the issued shares of SOL at the date of this announcement. Mr. Vincent Lo does not have any interests in the Yida Group nor is he otherwise related or connected to the Yida Group and its connected person(s).

At the date of this announcement, Mr. Frankie Wong, who is an executive Director, the chief executive officer and chief financial officer of the Company, is also a non-executive director of SOL. He is beneficially interested in approximately 0.81% of the issued shares of the Company and does not have any interests in the shares of SOL and Yida at the date of this announcement.

None of the Directors has any material interest in the Transaction. Nevertheless, to adhere to the highest level of good corporate governance, in view of the SOL Disposal, each of Mr. Vincent Lo and Mr. Frankie Wong voluntarily abstained from voting on the Board resolution for approving the Transaction.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Transaction exceeds 75%, the Transaction (including the settlement arrangements in connection with the Deferred Payment after Completion) constitutes a very substantial disposal of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with all disclosure obligations under the Listing Rules in respect of the Deferred Payment as and if appropriate.

A circular containing, amongst other things, details of the Transaction 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 Listing Rules, the circular is expected to be despatched to the Shareholders on or before 8 December 2017.

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

#### **IRREVOCABLE VOTING UNDERTAKING**

On 14 November 2017, SOCL together with SOFCL provided to the Company an irrevocable voting undertaking, pursuant to which SOCL and SOFCL shall, subject to applicable provisions of the Listing Rules, vote in favour of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the Transaction contemplated thereunder. At the date of this announcement, SOCL beneficially owns 234,381,000 ordinary shares of the Company, representing approximately 48.38% of the issued shares of the Company, of which 232,148,000 ordinary shares are held by SOCL itself and 2,233,000 ordinary shares are held by SOFCL.

## GENERAL INFORMATION

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

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

The Purchaser is a wholly-owned subsidiary of Yida and its principal activity is investment holding.

The Yida Group principally engages in the development of business parks in the PRC.

## DEFINITIONS

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

“Assignable Onshore Debts”	the loans and debts as well as the receivables due by the Richcoast PRC Subsidiaries to members of the Group in the PRC in an aggregate amount of approximately RMB505.52 million (equivalent to approximately HK\$596.01 million) at the date of the Sale and Purchase Agreement, which shall be assigned to the Purchaser or its designated assignee pursuant to the Sale and Purchase Agreement;
“associates”, “connected person(s)” and “subsidiaries”	each shall have the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open in Hong Kong and the PRC to the general public for business;

“Company”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 983);
“Completion”	completion of the Disposal under the Sale and Purchase Agreement;
“Completion Date”	the date of Completion;
“Dalian Tiandi Project”	the Dalian Tiandi property development project jointly developed and operated by the Group, the SOL Group and the Yida Group, being a large-scale integrated development in Dalian, the PRC, with an estimated developable gross floor area of approximately three million square metres comprising software offices, residential, commercial and retail properties, hotels and educational facilities;
“Deferred Payment”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Total Transaction Amount and payment terms” in this announcement;
“Directors”	the directors of the Company;
“Disposal”	the disposal by Main Zone of the Sale Shares, the Offshore Loans and the Assignable Onshore Debts to the Purchaser pursuant to the Sale and Purchase Agreement;
“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;
“Innovate Zone”	Innovate Zone Group Limited, a wholly-owned subsidiary of SOL incorporated in the British Virgin Islands with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Long Stop Date”	29 December 2017 (or such other date as may be agreed between the parties to the Sale and Purchase Agreement);
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Main Zone”	Main Zone Group Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability;
“Mitsui”	Mitsui Fudosan Residential Co. Ltd., a company incorporated in Japan with limited liability, and a project partner of certain investment in the Dalian Tiandi Project, which is an independent third party;
“Mr. Frankie Wong”	Mr. Wong Yuet Leung, Frankie;
“Mr. Vincent Lo”	Mr. Lo Hong Sui, Vincent;
“Non-Assignable Onshore Debts”	the loans and debts due by the Richcoast PRC Subsidiaries to the Group in an aggregate amount of approximately RMB98.36 million (equivalent to approximately HK\$115.97 million) at the date of the Sale and Purchase Agreement, to be repaid to the Group incidental to the Disposal;
“Offshore Loans”	the shareholder’s loans due by the Richcoast Non-PRC Subsidiaries to Main Zone in an aggregate amount of approximately RMB743.00 million (equivalent to approximately HK\$876.00 million) at the date of the Sale and Purchase Agreement, which shall be assigned to the Purchaser or its designated assignee pursuant to the Sale and Purchase Agreement;
“Outstanding Disposal Offshore Consideration”	has the meaning ascribed to it under the section headed “THE SALE AND PURCHASE AGREEMENT — Total Transaction Amount and payment terms” in this announcement;

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and Macau);
“Purchaser”	Many Gain International Limited, a wholly-owned subsidiary of Yida incorporated in the British Virgin Islands with limited liability;
“Richcoast”	Richcoast Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is held as to 28.20% by the Group through Main Zone, 61.54% by the SOL Group through Innovate Zone and 10.26% by the Yida Group through the Purchaser at the date of this announcement;
“Richcoast Group”	collectively, Richcoast and its subsidiaries;
“Richcoast Non-PRC Subsidiaries”	subsidiaries of Richcoast excluding the Richcoast PRC Subsidiaries;
“Richcoast PRC Subsidiaries”	subsidiaries of Richcoast established in the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 November 2017 entered into among Main Zone, the Company, the Purchaser and Yida in relation to the Transaction, as supplemented from time to time;
“Sale Shares”	220 ordinary shares of US\$1.00 each of Richcoast, representing 28.20% of the issued share capital of Richcoast;
“SGM”	the special general meeting of the Company to be held for considering, and if thought fit, approving the Sale and Purchase Agreement and the Transaction contemplated thereunder;

“Shareholders”	holders of the ordinary shares in the issued share capital of the Company;
“SOCL”	Shui On Company Limited, which is owned by the Bosrich Unit Trust, the units of which are the property of a discretionary trust, of which Mr. Vincent Lo is a discretionary beneficiary;
“SOFCL”	Shui On Finance Company Limited, a wholly-owned subsidiary of SOCL;
“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);
“SOL Disposal”	has the meaning ascribed to it under the section headed “INFORMATION ON THE RICHCOAST GROUP” in this announcement;
“SOL Group”	collectively, SOL and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Transaction Amount”	the total consideration for the Disposal and the debt repayment amount, being RMB1,300 million in aggregate (equivalent to approximately HK\$1,532.70 million);
“Transaction”	the Disposal and the repayment of the Non-Assignable Onshore Debts pursuant to the Sale and Purchase Agreement;
“US\$”	United States Dollars, the lawful currency of the United States of America;

“Yida”	Yida China Holdings 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: 3639);
“Yida Group”	collectively, Yida and its subsidiaries; and
“%”	per cent.

*For the purpose of this announcement, the exchange rate at RMB1 = HK\$1.179 has 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 rate.*

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

Hong Kong, 14 November 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*

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