THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

瑞安建業
SOCAM DEVELOPMENT

瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF 58% OF THE ISSUED ORDINARY SHARES OF GREAT MARKET LIMITED

AND

NOTICE OF SPECIAL GENERAL MEETING

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

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

Capitalised terms used on this cover page have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 19 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 20 and 21 of this circular. A letter from Anglo Chinese, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 22 to 49 of this circular.

A notice convening the special general meeting of the Company to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 28 June 2019 at 9:30 a.m. is set out on pages SGM-1 and SGM-2 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 accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment or postponement 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 or postponement thereof (as the case may be), should you so wish.

* *For identification purpose only*

Hong Kong, 12 June 2019

CONTENTS

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

"Additional Closing Conditions"	the conditions precedent to completion of the Disposal as set out in the Sale and Purchase Agreement, which are required to be satisfied or waived (where applicable) on or before the Completion Date
"Anglo Chinese" or "Independent Financial Adviser"	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on 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, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal under the Sale and Purchase Agreement
"associate(s)", "close associate(s)", "connected person(s)", "controlling shareholder(s)" and "subsidiary(ies)"	each shall have the meaning ascribed to it under the Listing Rules
"Audited Closing Statements of Assets and Liabilities"	the audited statements of assets and liabilities of the Target Group as of the Completion Date to be prepared for the purpose of determining the adjustment to the Sale Consideration in accordance with the terms of the Sale and Purchase Agreement
"Board"	the board of Directors
"Business Day"	a day, other than a Saturday or Sunday, on which banks are generally open in Hong Kong and the PRC for business
"CBRE"	CBRE Limited, the independent valuer engaged by the Company in relation to the valuation of the Land and the Properties
"Closing Conditions"	the conditions precedent to completion of the Disposal as set out in the Sale and Purchase Agreement, which are required to be satisfied or waived (where applicable) on or before the Long Stop Date
"Company"	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange (stock code: 983)

"Completion"	the completion of the Disposal pursuant to the terms of the Sale and Purchase Agreement
"Completion Date"	the date of Completion
"Condition(s)"	collectively, the Closing Conditions and the Additional Closing Conditions, or any of such conditions
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares, the assignment of the Sale Shareholder Loan by the Vendor to the Purchaser and the provision of the Purchaser's Onshore Payment to the Project Company for its partial settlement of the Vendor's Onshore Advances in accordance with the terms of the Sale and Purchase Agreement
"Facilities"	various types of non-property assets, including a rail track, roads and trees situated on the Land, and electrical facilities, machineries and equipment currently used by the cement grinding mill of the Project Company
"Great Market"	Great Market Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company at the date of this circular and prior to Completion
"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
"Independent Board Committee"	the committee of the Board comprising Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. William Timothy Addison, all being the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Disposal under the Sale and Purchase Agreement
"Independent Shareholders"	Shareholders other than Mr. Lo, Ms. Lo and their associates, including SOCL, SOFCL and Mrs. Lo
"Joint Venture Arrangement"	the establishment of Great Market as a joint venture between the Vendor and the Purchaser upon the terms of the Shareholders Agreement

"JV Partner"	江南水泥廠有限公司 (Jiangnan Cement Plant Co., Ltd.*), a company established under the laws of the PRC with limited liability, which holds 40% equity interest in the Project Company
"Land"	the parcels of land held by the Project Company at the eastern side of Qixia Mountain, Qixia Town, Qixia District, Nanjing, the PRC with a total area of approximately 320,000 square metres
"Latest Practicable Date"	10 June 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the date falling 3 months after the date of the Sale and Purchase Agreement, or such other date as agreed in writing by the Vendor and the Purchaser
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Material Adverse Effect"	such effect of any change or event that causes the Target Group to suffer losses in aggregate equal to or greater than RMB14.785 million (equivalent to approximately HK$17.30 million), other than any such effect attributable to (a) changes in the stock markets, interest rates, exchange rates or other general economic conditions or conditions affecting the industry in which the Target Group operates generally; (b) changes in laws, regulations or accounting practices; and/or (c) the Transactions contemplated by the Sale and Purchase Agreement and the Shareholders Agreement or the change of control resulting from the Transactions
"Mr. Lo"	Mr. Lo Hong Sui, Vincent, an executive Director and the Chairman of the Company
"Mrs. Lo"	Ms. Loletta Chu, the spouse of Mr. Lo
"Ms. Lo"	Ms. Lo Bo Yue, Stephanie, a non-executive Director and the daughter of Mr. Lo

"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Macau and Taiwan)
"Project Company"	Nanjing Jiangnan Cement Co., Ltd. (南京江南水泥有限公司), a company established under the laws of the PRC with limited liability, which is owned as to 60% by Great Market and 40% by the JV Partner
"Properties"	collectively, the factory buildings, warehouses, office buildings, training premises and other buildings and structures erected on the Land which the Project Company has the right to occupy, use, dispose of and benefit
"Purchaser"	Pacific Wise Enterprises Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SOL
"Purchaser's Onshore Payment"	interest-free advance in an amount of approximately RMB20.38 million (equivalent to approximately HK$23.84 million) to be provided by the Purchaser's affiliates to the Project Company
"Resolution"	the ordinary resolution to be proposed at the SGM as set out in the notice of the SGM on pages SGM-1 and SGM-2 of this circular
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 14 May 2019 entered into between the Purchaser and the Vendor in relation to the Disposal
"Sale Consideration"	the consideration payable by the Purchaser to the Vendor for transfer of the Sale Shares and assignment of the Sale Shareholder Loan, being approximately RMB127.47 million (equivalent to approximately HK$149.14 million), subject to adjustment in accordance with the terms of the Sale and Purchase Agreement
"Sale Shareholder Loan"	the interest-free shareholder's loan owed by Great Market to the Vendor in an amount of approximately RMB100.04 million (equivalent to approximately HK$117.05 million)
"Sale Shares"	58 ordinary shares of Great Market, representing 58% of the issued ordinary shares of Great Market

"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 at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 28 June 2019 at 9:30 a.m. for the purpose of considering and, if thought fit, approving the Resolution, the notice of which is set out on pages SGM-1 and SGM-2 of this circular
"Share(s)"	the ordinary share(s) of nominal value of HK$1.00 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders Agreement"	the shareholders agreement to be entered into between the Purchaser, the Vendor and Great Market on the Completion Date in relation to the management and operation of the Target Group
"SOCL"	Shui On Company Limited, a company incorporated in the British Virgin Islands with limited liability and the majority shareholder of the Company and SOL
"SOFCL"	Shui On Finance Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SOCL
"SOL"	Shui On Land Limited, a company incorporated in 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
"Target Group"	collectively, Great Market and the Project Company
"Total Transaction Amount"	the total consideration for the Disposal, being the aggregate of the Sale Consideration and the Purchaser's Onshore Payment, in the aggregate sum of approximately RMB147.85 million (equivalent to approximately HK$172.98 million), subject to adjustment in accordance with the terms of the Sale and Purchase Agreement
"Transactions"	the Disposal and the Joint Venture Arrangement

"US$"	United States dollars, the lawful currency of the United States of America
"Vendor"	Shui On Building Materials Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Vendor's Onshore Advances"	the interest-free and unsecured advances owed by the Project Company to the PRC affiliates of the Vendor in a total amount of approximately RMB38.86 million (equivalent to approximately HK$45.47 million) at 31 March 2019
"%"	per cent

For the purpose of this circular, conversions of RMB into HK$ are based on the exchange rate of RMB1.00 to HK$1.17 for the purposes of illustration only. No representation is made that any amount of HK$ or RMB has been, could have been or could be converted at the above rate or at any other rates.

* *For identification purpose only*

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. Wong Yuet Leung, Frankie

Non-executive Director:
Ms. Lo Bo Yue, Stephanie

Independent Non-executive Directors:
Ms. Li Hoi Lun, Helen
Mr. Chan Kay Cheung
Mr. William Timothy Addison

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

12 June 2019

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF 58% OF THE ISSUED ORDINARY SHARES OF GREAT MARKET LIMITED

AND

NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 14 May 2019, the Board announced that the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (an indirect wholly-owned subsidiary of SOL) entered into the Sale and Purchase Agreement, pursuant to the terms and conditions of which (i) the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares (representing 58% of the issued ordinary shares of Great Market); (ii) the Vendor has agreed to assign and the Purchaser has agreed to assume the Sale Shareholder Loan; and (iii) the Purchaser has agreed to procure its affiliates to provide the Purchaser's Onshore Payment to the Project Company for its partial settlement of the Vendor's Onshore Advances, for the Total Transaction Amount, being approximately RMB147.85 million (equivalent to approximately HK$172.98 million), subject to adjustment.

* *For identification purpose only*

The purpose of this circular is to provide you with, among other things, (i) further particulars of the Disposal; (ii) the 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; and (iv) a notice of the SGM.

THE SALE AND PURCHASE AGREEMENT

Date

14 May 2019

Parties

(1) Vendor: Shui On Building Materials Limited, an indirect wholly-owned subsidiary of the Company

(2) Purchaser: Pacific Wise Enterprises Limited, an indirect wholly-owned subsidiary of SOL

Subject matter

Pursuant to the terms and conditions of the Sale and Purchase Agreement, (i) the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares (representing 58% of the issued ordinary shares of Great Market), free from all encumbrances; (ii) the Vendor has agreed to assign and the Purchaser has agreed to assume the Sale Shareholder Loan, free from all encumbrances; and (iii) the Purchaser has agreed to procure its affiliates to provide the Purchaser's Onshore Payment to the Project Company for its partial settlement of the Vendor's Onshore Advances.

Great Market, an investment holding company, is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong on 12 July 1994.

Pursuant to the joint venture agreement dated 1 December 2000 between Great Market and the JV Partner, the Project Company was formed as a joint venture company owned as to 60% by Great Market and 40% by the JV Partner.

The Project Company principally engages in manufacturing and trading of cement in Nanjing, the PRC. Currently it owns and operates a small-scale cement grinding mill erected on the Land in Qixia District, Nanjing, the PRC.

It is expected that after Completion, Great Market will remain as an investment holding company and the principal business of the Project Company will remain the same until the transformation and redevelopment plan of Qixia District is executed by the local government as announced, details of which are stated below.

In recent years, the local government has announced its plan to redevelop and transform the relevant areas at Qixia Mountain in Qixia District, Nanjing, the PRC, in which the Land is situated, into a high-end community incorporating cultural, ecological, industrial, tourism, and entertainment features by 2030 in stages, according to the development plans of Qixia District as announced, including the "Controlled Development Plan (NJDBb012) of Qixia Mountain District, Nanjing City (南京市棲霞山片區(NJDBb012)控制性詳細規劃)" adopted by the Nanjing City Planning and Natural Resources Bureau for implementation in March 2017. The redevelopment will typically involve the local government acquiring the relevant areas in Qixia District and paying compensation to owners and/or occupiers of the relevant areas. Land use rights of the relevant areas will then be put up for sale and redevelopment by way of tender and/or auction. It is the current intention of the Project Company to participate in the transformation and redevelopment plan so as to capture the potential upside arising from the redevelopment of the Land.

The local government of Nanjing has recently commenced initial discussions with the Project Company (and other owners of the relevant areas in Qixia District) for the transformation and redevelopment plan. Nevertheless, the discussions are still in a very preliminary stage. The timing of the local government's execution of the transformation and redevelopment plan as well as the resumption/acquisition of the Land and the Properties by the local government still remained uncertain at the Latest Practicable Date. At the Latest Practicable Date, no agreement had been reached between the local government and the Project Company.

At 31 March 2019, the total outstanding shareholder's loan owing to the Vendor by Great Market was approximately HK$201.1 million, which was mainly used for injecting capital and provision of advances to the Project Company for operating its cement business. The Sale Shareholder Loan represented 58% of the total outstanding shareholder's loan provided by the Vendor to Great Market at 31 March 2019.

Total Transaction Amount and payment terms

Subject to adjustment, the Total Transaction Amount is approximately RMB147.85 million (equivalent to approximately HK$172.98 million), which comprises the following:

(i) a sum of approximately RMB127.47 million (equivalent to approximately HK$149.14 million), being the Sale Consideration payable by the Purchaser to the Vendor, consisting of:

   (a) an amount of approximately RMB27.43 million (equivalent to approximately HK$32.09 million) for transfer of the Sale Shares; and

   (b) an amount of approximately RMB100.04 million (equivalent to approximately HK$117.05 million) for assignment of the Sale Shareholder Loan; and

(ii) a sum of approximately RMB20.38 million (equivalent to approximately HK$23.84 million), being the Purchaser's Onshore Payment to be provided to the Project Company for its partial settlement of the Vendor's Onshore Advances.

The Sale Consideration shall be adjusted upward or downward in accordance with the terms of the Sale and Purchase Agreement (the "**Adjusted Sale Consideration**") based on the difference between the net asset value of the Target Group as shown on the Audited Closing Statements of Assets and Liabilities (which shall be delivered within 90 Business Days (or such longer period as mutually agreed by the Vendor and the Purchaser) following the Completion Date) and the unaudited net asset value of the Target Group at 31 March 2019. For the purpose of preparing the Audited Closing Statements of Assets and Liabilities, the Vendor and the Purchaser agreed that the values of the Land, the Properties and the Facilities shall be RMB425 million (equivalent to approximately HK$497.25 million), RMB19 million (equivalent to approximately HK$22.23 million) and approximately RMB66.57 million (equivalent to approximately HK$77.89 million), respectively and no adjustment will be made to the said values. To the best estimation of the Company, the upward adjustment to the Sale Consideration, if any, will not be more than RMB5 million (equivalent to approximately HK$5.85 million). As such, it is contemplated that such adjustment will not result in any change of the classification of the Disposal under Chapter 14 of the Listing Rules.

Under the terms of the Sale and Purchase Agreement, the Total Transaction Amount shall be settled in cash in the following manner:

(i) a deposit of approximately RMB12.75 million (equivalent to approximately HK$14.92 million) shall be paid by the Purchaser to the Vendor within 5 Business Days from the date of signing of the Sale and Purchase Agreement, which shall be used for partial settlement of the Sale Consideration on Completion;

(ii) a sum of approximately RMB101.97 million (equivalent to approximately HK$119.30 million) shall be paid by the Purchaser to the Vendor on the Completion Date for partial settlement of the Sale Consideration;

(iii) the remaining balance of the Adjusted Sale Consideration shall be paid by the Purchaser to the Vendor, or where the Adjusted Sale Consideration is less than the aggregate amount paid by the Purchaser under paragraphs (i) and (ii) above, the Vendor shall refund the excess amount received by it to the Purchaser, on the 5th Business Day after agreement or determination of the Audited Closing Statements of Assets and Liabilities; and

(iv) a sum of approximately RMB20.38 million (equivalent to approximately HK$23.84 million), being the Purchaser's Onshore Payment, shall be provided by the Purchaser's affiliates on the Completion Date to the Project Company for its partial settlement of the Vendor's Onshore Advances.

At the Latest Practicable Date, the Purchaser had paid the deposit as mentioned above.

Basis for determination of the Total Transaction Amount

The Total Transaction Amount was determined based on arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to, among other things, 34.8% of the adjusted net asset value of the Project Company at 31 March 2019 amounting to approximately RMB424.9 million (equivalent to approximately HK$497.13 million), which comprised the following:

(i) the agreed values of certain non-current assets, comprising the Land, the Properties and the Facilities amounting to RMB425 million (equivalent to approximately HK$497.25 million), RMB19 million (equivalent to approximately HK$22.23 million) and approximately RMB66.57 million (equivalent to approximately HK$77.89 million), respectively;

(ii) the carrying amount of net liabilities (other than the Land, the Properties, the Facilities, the shareholders' loans and net payables due to Great Market and the JV Partner by the Project Company, and the Vendor's Onshore Advances) of approximately RMB3.5 million (equivalent to approximately HK$4.10 million); and

(iii) the projected tax liabilities arising from the revaluation of the Land, the Properties and the Facilities of approximately RMB82.2 million (equivalent to approximately HK$96.17 million).

At 31 March 2019, the independent valuation of the Land and the Properties amounted to RMB425 million (equivalent to approximately HK$497.25 million) and RMB19 million (equivalent to approximately HK$22.23 million), respectively, further details of which are set out in Appendix I to this circular.

The Facilities consist of various types of non-property assets including a rail track, roads and trees situated on the Land, and electrical facilities, machineries and equipment currently used by the cement grinding mill of the Project Company.

The net book value of the Facilities at 31 March 2019 was merely RMB15.5 million (equivalent to approximately HK$18.14 million).

For the purposes of the Disposal, the Vendor and the Purchaser agreed to value the Facilities at approximately RMB66.57 million (equivalent to approximately HK$77.89 million). In agreeing this value, the Directors have taken into consideration the following:

- The value of the Facilities which was assessed by a PRC independent valuer was approximately RMB66.57 million (equivalent to approximately HK$77.89 million) at 30 June 2018. The valuation was made mainly using the replacement cost approach according to the applicable PRC valuation standards.

- The primary purpose of the Transactions was to provide the Company with the opportunity to partially unlock the values of the Land and the Properties from an otherwise loss-making business, and as to the remaining 25.2% effective interest in the Project Company which is to be retained, to leverage SOL's expertise in land conversion and master planning for redevelopment of the Land in line with the transformation and redevelopment plan for Qixia District, Nanjing. Therefore, the sale of the Facilities is merely ancillary to the sale of the Land and the Properties under the Disposal.

- For the purposes of assessing the fairness and reasonableness of the agreed value of the Facilities, it is not necessary to obtain another valuation as most of the assets comprising the Facilities are depreciating assets. Hence, a subsequent valuation of the Facilities is unlikely to yield a higher value than the valuation made at 30 June 2018.

Given that the Total Transaction Amount was determined with reference to the independent valuation of the Land, the Properties and the Facilities, the Directors consider that the Total Transaction Amount is fair and reasonable.

Conditions

Completion is conditional upon, among other things, the satisfaction or, where applicable, waiver by the Purchaser, of the following Conditions:

(i) on or before the Long Stop Date, the Independent Shareholders' approval having been obtained by the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Disposal) pursuant to the requirements of the Listing Rules; and

(ii) on or before the Completion Date:

(a) save as disclosed pursuant to the terms of the Sale and Purchase Agreement, no notice or order having been issued by any government entities under applicable law for the acquisition of any major part of the Land or the Properties (comprising, in total, 10% or more of the site area of the Land or the total gross floor area of the Properties respectively) by the government entities;

(b) no major additional part (between the date of the Sale and Purchase Agreement and the Completion Date) of the Land or the Properties (comprising, in total, 10% or more of the site area of the Land or the total gross floor area of the Properties respectively) having been damaged, destroyed or rendered inaccessible; and

(c) no event which has a Material Adverse Effect on the Target Group having occurred before the Completion Date.

If any of the Closing Conditions (including that as set out in paragraph (i) above) is not satisfied or waived by the Long Stop Date, the Purchaser may by notice to the Vendor either (i) defer the Long Stop Date once for a period of not more than 60 days; or (ii) terminate the Sale and Purchase Agreement. If any of the Additional Closing Conditions is not satisfied or waived on or before the Completion Date, the Vendor or the Purchaser (as the case may be) may by notice to the other party terminate the Sale and Purchase Agreement.

Completion

Completion shall take place within 5 Business Days after the satisfaction or, where applicable, waiver of the Conditions in accordance with the provisions of the Sale and Purchase Agreement, or on such other date as the Purchaser and the Vendor may agree.

Following Completion, the Vendor will own 42% of the issued ordinary shares of Great Market, which will cease to be a subsidiary of the Company and will be accounted for as a joint venture using the equity method of accounting in the Group's consolidated financial statements. The Group's effective equity interest in the Project Company will also be reduced from 60% to 25.2% accordingly. The Project Company will cease to be a subsidiary of the Company for the purpose of the Listing Rules, but will continue to be accounted for as a joint venture in the Group's consolidated financial statements.

THE SHAREHOLDERS AGREEMENT

Upon Completion, the Vendor, the Purchaser and Great Market will enter into the Shareholders Agreement in respect of the Joint Venture Arrangement. The principal terms of the Shareholders Agreement are set out below.

Board composition

The board of directors of Great Market shall consist of five directors, of which two shall be nominated by the Vendor and three shall be nominated by the Purchaser, provided that the Vendor and the Purchaser shall hold 42% and 58% of the issued ordinary shares of Great Market respectively. The chairman of the board of directors of Great Market shall be a director nominated by the Purchaser. In addition, two directors and the supervisor of the Project Company shall be nominated by the Purchaser.

Funding

Unless otherwise agreed by the shareholders of Great Market, the working capital and other funding needs of Great Market shall be funded in the following order: (i) firstly, from cash flows generated from the business of the Target Group, (ii) secondly, from borrowings from banks and financial institutions on arm's length commercial terms and, if necessary, with security over the assets of the Target Group, and (iii) thirdly, from loans provided by the shareholders of Great Market (and their respective affiliates) on a pro-rata basis.

The Vendor's maximum commitment to provide shareholder's loans under the Shareholders Agreement is RMB30 million (equivalent to approximately HK$35.10 million). Any additional shareholder's loan in excess of the said maximum commitment from the Vendor shall be subject to approval by all the shareholders of Great Market.

Reserved matters and restriction on transfer of shares

Certain matters concerning the Target Group are subject to unanimous approval of all the shareholders of Great Market.

Except with the written consent of the other shareholder, none of the shareholders of Great Market shall sell, transfer or otherwise dispose of any of its shares in Great Market or the shareholder's loans provided by it to Great Market (other than sale, transfer or disposal to an affiliate of the shareholder).

Arrangement regarding government acquisition

While the Vendor and the Purchaser continue to hold their respective effective equity interests in the Project Company via Great Market, if the Land and/or the Properties are acquired by the PRC government entities, the compensation received by Great Market from the Project Company shall be apportioned according to the respective share interests of the Vendor and the Purchaser in Great Market, save that, if the compensation payable to Great Market is more than RMB255 million (equivalent to approximately HK$298.35 million), the additional amount in excess of RMB255 million but up to RMB275.4 million (equivalent to approximately HK$322.22 million) shall be solely entitled by the Vendor.

Assuming the transformation plan is executed by the local government as announced which is mentioned above, the Directors believe that the Land and the Properties will eventually be resumed/acquired by the local government (the "**Government Acquisition**") and the Project Company can expect to be compensated. The management of the Project Company has on a preliminary basis estimated that the compensation which the Project Company may receive from the local government for the Government Acquisition (if it materialises) could exceed the market values of the Land and the Properties, net of corresponding taxes and costs, by up to approximately RMB35 million (equivalent to approximately HK$40.95 million). Since the actual compensation to be received by the Project Company is subject to various highly uncertain factors, including the timing of the Government Acquisition (if it materialises), the then market situation, and the verification of the local government on the estimation of compensation, etc., the effect of this additional amount of compensation is not included in determining the Total Transaction Amount for the Disposal.

However, it was agreed between the Purchaser and the Vendor that if the Government Acquisition materialises and as a result, Great Market's entitlement to the net proceeds received from the Project Company (the "**Net Proceeds**") exceeds RMB255 million (equivalent to approximately HK$298.35 million) (which is 60% of the agreed adjusted net asset value of the Project Company for the purpose of calculating the Total Transaction Amount), the Vendor will be solely entitled to the first RMB20.4 million (equivalent to approximately HK$23.87 million) of the amount received in excess of the said RMB255 million. Thereafter, the Purchaser and the Vendor will share the additional amount (if any) according to their respective shareholdings in Great Market.

Given that the Group, apart from the Total Transaction Amount to be received for the Disposal, could additionally share the potential upside arising from the compensation received for the Government Acquisition (if it materialises), the Directors consider that this arrangement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL INFORMATION ON THE TARGET GROUP

At the date of this circular, Great Market is an indirect wholly-owned subsidiary of the Company and its financial results, assets and liabilities are consolidated into the Group's financial statements, while the Project Company is accounted for as a joint venture using the equity method of accounting in the Group's consolidated financial statements.

Set out below are summaries of certain financial information of the Target Group for the years ended 31 December 2017 and 2018:

Great Market

	Unaudited **2018** *HK$'000*	**Audited** **2017** *HK$'000*
Net loss (both before and after taxation and extraordinary items)	(15)	(11)

The net losses for the years ended 31 December 2017 and 2018 were mainly due to the administrative expenses incurred.

The unaudited net liabilities of Great Market (inclusive of the shareholder's loan of approximately HK$213 million) at 31 December 2018 were approximately HK$96.7 million, which mainly arose from the provision for impairment loss incurred in previous years for its investment in and loans to the Project Company. Such provision for impairment loss was eliminated in the consolidated financial statements of the Group.

The unaudited net liabilities of Great Market at 31 March 2019 were approximately HK$96.6 million, comprising (i) investment in and amount due from the Project Company, net of impairment loss, totalling approximately HK$104.4 million; (ii) other net current assets of approximately HK$0.1 million; and (iii) shareholder's loans of approximately HK$201.1 million. The net liabilities of Great Market at 31 March 2019 were mainly due to the impairment losses incurred in the previous years on the investment in and amount due from the Project Company totalling approximately HK$96.5 million, of which such impairment losses would be fully eliminated in the consolidated financial statements of the Group.

Project Company

	Unaudited 2018		**Audited 2017**	
	RMB million	*Equivalent to approximately HK$ million*	*RMB million*	*Equivalent to approximately HK$ million*
Net loss (both before and after taxation and extraordinary items)	(16.8)	(19.7)	(21.5)	(25.2)

The net losses for the years ended 31 December 2017 and 2018 were mainly due to the operational losses incurred in the cement operation of the Project Company.

The unaudited net liabilities of the Project Company (inclusive of the shareholders' loans and advances totalling approximately RMB251.4 million (equivalent to approximately HK$294.14 million)) at 31 December 2018 were approximately RMB191.2 million (equivalent to approximately HK$223.70 million).

The unaudited net liabilities of the Project Company at 31 March 2019 were approximately RMB223.8 million (equivalent to approximately HK$261.85 million), comprising (i) the net book values of the Land and the Properties totalling approximately RMB25.2 million (equivalent to approximately HK$29.48 million); (ii) the net book value of the Facilities of approximately RMB15.5 million (equivalent to approximately HK$18.14 million); (iii) the shareholders' loans and net payables due to Great Market and the JV Partner totalling approximately RMB222.1 million (equivalent to approximately HK$259.86 million); (iv) the Vendor's Onshore Advances of approximately RMB38.86 million (equivalent to approximately HK$45.47 million); and (v) other net liabilities of approximately RMB3.5 million (equivalent to approximately HK$4.10 million).

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Effects on the Group's results and financial position

It is expected that upon Completion, the Group will record an increase in total assets and a gain of approximately HK$49 million on the Disposal, being the difference between the Total Transaction Amount and the aggregate of the estimated carrying value of the Group's interest in the Target Group to be disposed of and the estimated costs and expenses in relation to the Disposal.

For the financial year ended 31 December 2018, the Group has discontinued recognition of its share of loss of the Project Company because the Group's accumulated share of losses of this joint venture in previous years has exceeded its investment cost of approximately HK$67.6 million. Therefore, it is expected that except the estimated gain as mentioned above, the effect of the Disposal on the Group's results would be immaterial and the Disposal would not have any significant impact on the overall financial position of the Group.

Effect on the Group's cash flow and use of proceeds

The net proceeds from the Disposal of approximately RMB134 million (equivalent to approximately HK$156.78 million) (after deduction of relevant transaction costs and expenses in relation to the Disposal) will be used by the Group primarily for funding its operations, and if possible, seeking out opportunities to rebuild its asset management and property businesses, as well as strengthening its construction business.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

As mentioned above, the local government has announced its plan to redevelop and transform the relevant areas in Qixia District, Nanjing, the PRC, in which the Land is situated, and it is the current intention of the Project Company to participate in the transformation and redevelopment plan. As such, the Directors consider that the Transactions will enable the Group to leverage SOL's expertise in land conversion and master planning for redevelopment of the Land, while retaining 25.2% effective equity interest in the Project Company to participate in the potential upside resulting from the Land redevelopment.

In addition, as mentioned in the section above, the Disposal is expected to generate a gain of approximately HK$49 million, while producing a net cash inflow of approximately RMB134 million (equivalent to approximately HK$156.78 million).

The Directors (including the independent non-executive Directors whose opinions and recommendation are set out in the letter from the Independent Board Committee on pages 20 and 21 of this circular) consider that the terms of the Sale and Purchase Agreement and the Shareholders Agreement are fair and reasonable and that the Transactions thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

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

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

The Purchaser is an indirect wholly-owned subsidiary of SOL and its principal activity is investment holding.

LISTING RULES IMPLICATIONS

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

SOCL is the majority shareholder of the Company and SOL. It is held under the Bosrich Unit Trust, the units of which are the property of a discretionary trust, of which Mr. Lo, an executive Director and the Chairman of the Company, is the founder and both he and Ms. Lo, a non-executive Director and the daughter of Mr. Lo, are discretionary beneficiaries. Therefore, the Purchaser, being an indirect wholly-owned subsidiary of SOL and hence an associate of Mr. Lo and Ms. Lo, is a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal is, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. The Joint Venture Arrangement also constitutes a connected transaction of the Company. As the Group's total financial commitment under the Shareholders Agreement exceeds HK$3 million while all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect thereof are less than 5%, the Joint Venture Arrangement is subject to the reporting and announcement requirements only but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Disposal under the Sale and Purchase Agreement. In addition, Anglo Chinese has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Given the interests of Mr. Lo and Ms. Lo in the shares of SOCL and SOL as set out above, both of them are considered to have material interests in the Transactions and had abstained from voting on the relevant Board resolutions approving the Transactions.

In view of the interests of Mr. Lo and Ms. Lo in the Transactions, Mr. Lo and Ms. Lo and their respective associates, including SOCL, SOFCL and Mrs. Lo, shall abstain from voting on the Resolution at the SGM. At the Latest Practicable Date, to the best knowledge of the Company having made all reasonable enquiries, Mr. Lo, Ms. Lo and their respective associates were together entitled to exercise control over the voting rights in respect of 234,979,300 Shares (including the Shares held by other family members of Mr. Lo in addition to those disclosed on page II-1 of this circular), representing approximately 61.13% of the total number of issued Shares.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 28 June 2019 at 9:30 a.m., for the purpose of considering and, if thought fit, approving the Resolution, is set out on pages SGM-1 and SGM-2 of this circular.

In accordance with Rule 13.39(4) of the Listing Rules, the Resolution will be decided by way of poll at the SGM. An announcement of the voting results will be made after the SGM in accordance with the Listing Rules.

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 Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment or postponement 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 or postponement thereof (as the case may be) if you so wish and in such event, the form of proxy shall be deemed to be revoked.

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 20 and 21 of this circular which contains its recommendation to the Independent Shareholders; (ii) the letter from the Independent Financial Adviser, Anglo Chinese, set out on pages 22 to 49 of this circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders; (iii) the valuation report of the Land and the Properties prepared by CBRE set out in Appendix I to this circular; and (iv) the additional information set out in Appendix II to this circular.

RECOMMENDATION

The Directors recommend the Independent Shareholders to vote in favour of the Resolution at the SGM.

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

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

瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

12 June 2019

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF 58% OF THE ISSUED ORDINARY SHARES OF GREAT MARKET LIMITED

We refer to the circular dated 12 June 2019 (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 Disposal under the Sale and Purchase Agreement, taking into account the recommendation of the Independent Financial Adviser. Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We wish to draw your attention to the letter from the Board set out on pages 7 to 19 of the Circular, the letter from the Independent Financial Adviser, Anglo Chinese, set out on pages 22 to 49 of the Circular, as well as the valuation report of the Land and the Properties prepared by CBRE set out in Appendix I to the Circular.

* *For identification purpose only*

Having considered the terms of the Sale and Purchase Agreement, the advice from Anglo Chinese and the valuation report of the Land and the Properties, we are of the opinion that the Disposal under the Sale and Purchase Agreement is 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

The following is the full text of the letter of advice from Anglo Chinese to the Independent Board Committee and the Independent Shareholders in relation to the Disposal prepared for inclusion in this circular.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
www.anglochinesegroup.com

40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

12 June 2019

The Independent Board Committee and
the Independent Shareholders
SOCAM Development Limited
34/F, Shui On Centre
6-8 Harbour Road
Hong Kong

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 58% OF THE ISSUED ORDINARY SHARES OF GREAT MARKET LIMITED

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal, the details of which are contained in the circular (the "**Circular**") of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

The connected transaction for the Company arises because SOCL is the majority shareholder of the Company and SOL. It is held under the Bosrich Unit Trust, the units of which are the property of a discretionary trust, of which Mr. Lo, an executive Director and the Chairman of the Company, is the founder and both he and Ms. Lo, a non-executive Director and the daughter of Mr. Lo, are discretionary beneficiaries. Therefore, the Purchaser, being an indirect wholly-owned subsidiary of SOL and hence an associate of Mr. Lo and Ms. Lo, is a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5%, the Disposal is, in addition to the reporting and announcement requirements, subject to the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. The Joint Venture Arrangement also constitutes a connected transaction of the Company. As the Group's total financial commitment under the Shareholders Agreement exceeds HK$3 million while all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules are less than 5%, the Joint Venture Arrangement is subject to the reporting and announcement requirements only but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely, Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung, and Mr. William Timothy Addison, has been formed to advise the Independent Shareholders as to whether the terms of the Disposal under the Sale and Purchase Agreement are fair and reasonable, whether the Disposal are on normal commercial terms and are in the interests of the Company and its Shareholders as a whole, and as to voting on the Disposal. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

In formulating our opinion and recommendation, we have relied on the information and facts supplied to us by the Company and the opinions expressed by it, including those contained or referred to in this Circular and related announcements of the Company. We have reviewed (i) the annual reports of the Company for the three years ended 31 December 2016, 2017 and 2018; (ii) the audited financial statements of Great Market for the two years ended 31 December 2016 and 2017 and the management accounts of Great Market for the year ended 31 December 2018; (iii) the audited financial statements of the Project Company for the two years ended 31 December 2016 and 2017 and the management accounts of the Project Company for the year ended 31 December 2018; (iv) the Sale and Purchase Agreement; (v) the valuation report of the Land and the Properties as set out in Appendix I to the Circular; and (vi) the valuation report prepared by a PRC valuer commissioned by the Project Company of a railway track, roads, trees, electrical facilities, machineries and equipment situated on the Land (collectively the "**Facilities**").

We have assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continued to be so at the date of the despatch of the Circular. We consider that we have reviewed sufficient information to reach the conclusion set out in this letter and have no reason to believe that any of the information provided to us by the Company is inaccurate or that any material information has been omitted or withheld from the information supplied or the opinion expressed in the Circular. We have not, however, carried out any independent verification of the information provided to us by the Company, nor have we conducted any form of in-depth investigation into the business and affairs or the prospects of the Group, Great Market and the Project Company.

Apart from normal professional fees for our services to the Company in connection with our appointment, no arrangement exists whereby Anglo Chinese will receive any benefits from the Company or any of its associates. During the three-year period immediately preceding the Latest Practicable Date, we were appointed as the independent financial adviser to the Company in relation to the share buy-back by the Company, details of which were set out in the offer document dated 17 July 2018 issued by the Company. Given our independent role and normal professional fees received from the Company under this past engagement, we do not consider that our independence to act in the present appointment is affected by the prior engagement.

PRINCIPAL FACTORS CONSIDERED IN ASSESSING THE MERITS OF THE DISPOSAL

We have set out below the principal factors which we have taken into account in assessing the fairness and reasonableness of the Disposal and in giving our advice to the Independent Board Committee and the Independent Shareholders.

THE DISPOSAL AND THE SALE AND PURCHASE AGREEMENT

The Disposal comprises:

(a) the disposal of the Sale Shares, representing 58% of the issued ordinary shares in Great Market, by the Vendor to the Purchaser for a consideration of approximately RMB27.43 million (equivalent to approximately HK$32.09 million);

(b) the assignment of the Sale Shareholder Loan (owed by Great Market to the Vendor) by the Vendor to the Purchaser for a consideration of approximately RMB100.04 million (equivalent to approximately HK$117.05 million), being an amount equal to the amount of Sale Shareholder Loan; and

(c) the provision of the Purchaser's Onshore Payment of approximately RMB20.38 million (equivalent to approximately HK$23.84 million) to the Project Company for its partial settlement of the Vendor's Onshore Advances of approximately RMB38.86 million (equivalent to approximately HK$45.47 million) as at 31 March 2019

for the Total Transaction Amount of approximately RMB147.85 million (equivalent to approximately HK$172.98 million) subject to adjustment in accordance with terms of the Sale and Purchase Agreement.

Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are set out below:

Date:	14 May 2019
Parties to the Sale and Purchase Agreement:	(a) Shui On Building Materials Limited, an indirect wholly-owned subsidiary of the Company, as the Vendor; and (b) Pacific Wise Enterprises Limited, an indirect wholly-owned subsidiary of SOL, as the Purchaser.
Assets to be disposed of or assigned by the Vendor to the Purchaser:	(a) The Sale Shares representing 58% of the issued ordinary shares of Great Market; and (b) The Sale Shareholder Loan of approximately RMB100.04 million (equivalent to approximately HK$117.05 million), being 58% of the outstanding shareholder loan of approximately HK$201.1 million owed by Great Market to the Vendor as at 31 March 2019.

Great Market, a company incorporated in Hong Kong, is an indirect wholly-owned subsidiary of the Company prior to Completion. It is an investment holding company and its sole business and asset since the date of its incorporation is its holding of a 60% equity interest in the Project Company which principally engages in manufacturing and trading of cement in Nanjing, the PRC.

The Project Company, a company established under the laws of the PRC, had a paid-up capital of RMB120 million (equivalent to approximately HK$140.4 million). Its paid-up capital is owned as to 60% by Great Market and 40% by the JV Partner. The principal business of the Project Company is the manufacturing and sale of cement. The Project Company owns the Land and has the right to occupy the Properties situated at Qixia District, Nanjing, the PRC, and which is the subject of a potential transformation and redevelopment plan to be executed by the local government as more fully described below in the section headed "Reasons for and benefits of the Disposal and redevelopment potential of the Land".

Consideration: The Total Transaction Amount of approximately RMB147.85 million (equivalent to approximately HK$172.98 million), subject to adjustment, which comprises the following:

(i) the Sale Consideration of approximately RMB127.47 million (equivalent to approximately HK$149.14 million) payable by the Purchaser to the Vendor for the Disposal, consisting of:

(a) an amount of approximately RMB27.43 million (equivalent to approximately HK$32.09 million) for transfer of the Sale Shares; and

(b) an amount of approximately RMB100.04 million (equivalent to approximately HK$117.05 million) for assignment of the Sale Shareholder Loan of approximately RMB100.04 million; and

(ii) a sum of approximately RMB20.38 million (equivalent to approximately HK$23.84 million), being the Purchaser's Onshore Payment to be provided to the Project Company for its partial settlement of the Vendor's Onshore Advances of approximately RMB38.86 million (equivalent to approximately HK$45.47 million) as at 31 March 2019.

The Sale Consideration will be adjusted upward or downward (the "**Adjusted Sale Consideration**") based on the difference between the net asset value of the Target Group as shown on the Audited Closing Statements of Assets and Liabilities (which will be delivered within 90 Business Days (or such longer period as mutually agreed by the Vendor and the Purchaser) following the Completion Date) and the unaudited net asset value of the Target Group as at 31 March 2019. For the purpose of preparing the Audited Closing Statements of Assets and Liabilities, the Vendor and the Purchaser agreed that the values of the Land, the Properties and the Facilities would be RMB425 million, RMB19 million and RMB66.57 million, respectively and no adjustment will be made to the said values. The Company estimated that the upward adjustment to the Sale Consideration, if any, will not be more than RMB5 million (equivalent to approximately HK$5.85 million). Accordingly, it is contemplated that such adjustment will not result in any change to the classification of the Disposal in terms of Chapter 14 of the Listing Rules.

Payment terms: The Total Transaction Amount of approximately RMB147.85 million (equivalent to approximately HK$172.98 million) (subject to adjustment) will be settled in cash in the manner as stated on pages 9 to 10 of the Circular.

Basis of Consideration: The Total Transaction Amount was determined based on arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to, amongst other things, the effective equity interest of 34.8% of the adjusted net asset value of the Project Company as at 31 March 2019 of approximately RMB424.9 million (equivalent to approximately HK$497.13 million), details of which are disclosed on pages 11 to 12 of the Circular.

Payment terms

Payment of the Total Transaction Amount of approximately RMB147.85 million (equivalent to approximately HK$172.98 million), subject to adjustment, being the total consideration for the Disposal is to be made as to:

- 10% of the Sale Consideration of approximately RMB127.47 million (equivalent to approximately HK$149.14 million) within five Business Days from the date of signing the Sale and Purchase Agreement;
- 80% of the Sale Consideration on Completion;
- the balance of the Adjusted Sale Consideration to be paid by the Purchaser or reimbursed by the Vendor (as the case may be) on the fifth Business Day after agreement or determination of the Audited Closing Statements of Assets and Liabilities of the Target Group as of the Completion Date; and
- a sum of approximately RMB20.38 million (equivalent to approximately HK$23.84 million), being the Purchaser's Onshore Payment to be paid on the Completion Date to the Project Company for its partial settlement of the Vendor's Onshore Advances of RMB38.86 million.

As at the Latest Practicable Date, the Purchaser had paid the deposit of approximately RMB12.75 million (equivalent to approximately HK$14.92 million) to the Vendor in accordance with the abovementioned payment terms.

Conditionality

The conditions and completion arrangements of the Sale and Purchase Agreement are set out on page 12 of the Circular. Independent Shareholders should read these pages carefully. Independent Shareholders should note that important conditions include the approval of Independent Shareholders at the SGM in terms of the Listing Rules, no notice or order having been issued by any government entities under applicable law for the acquisition of any major part of the Land or the Properties by government entities, no major additional part between the date of the Sale and Purchase Agreement and the Completion Date of the Land or the Properties having been damaged, destroyed or rendered inaccessible, and no event which has a Material Adverse Effect on the Target Group having occurred before the Completion Date. Material Adverse Effect includes effect of any event that causes the Target Group to suffer losses in aggregate equal to or greater than RMB14.785 million (equivalent to approximately HK$17.30 million). Neither the Vendor nor the Purchaser will be obliged to complete the sale and purchase of the Sale Shares unless (a) the purchase and sale of all the Sale Shares; and (b) the assignment of the Sale Shareholder Loan of approximately RMB100.04 million (equivalent to approximately HK$117.05 million) are completed simultaneously in accordance with the Sale and Purchase Agreement.

If any of the Closing Conditions, including the condition for obtaining approval of Independent Shareholders at the SGM, is not satisfied or waived by the Long Stop Date, the Purchaser may by notice to the Vendor either defer the Long Stop Date once for a period of not more than 60 days, or terminate the Sale and Purchase Agreement. If any of the Additional Closing Conditions is not satisfied or waived on or before the Completion Date, the Vendor or the Purchaser, as the case may be, may by notice to the other party terminate the Sale and Purchase Agreement.

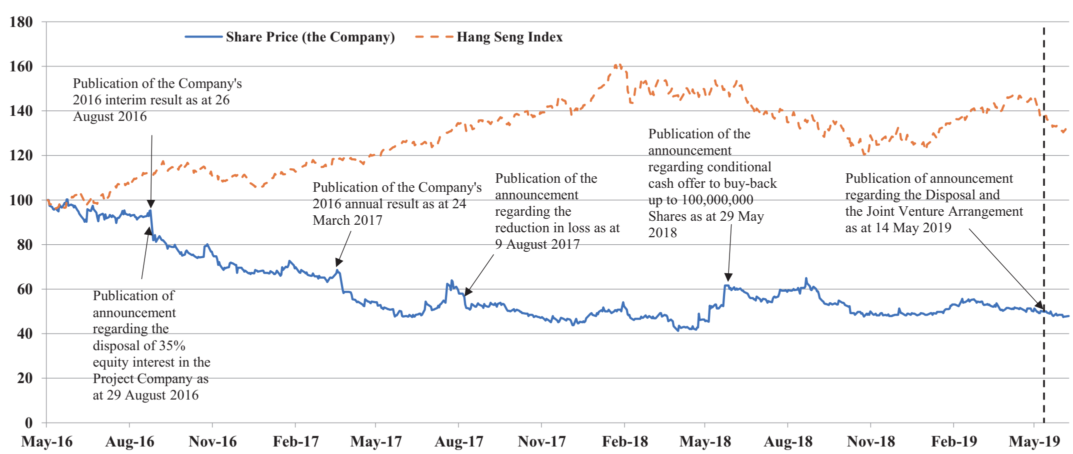
THE JOINT VENTURE ARRANGEMENT AND THE SHAREHOLDERS AGREEMENT

Upon Completion, the Vendor, the Purchaser and Great Market will enter into the Shareholders Agreement to govern the management and operation of the Target Group. The principal terms of the Shareholders Agreement relating to board composition, funding, reserved matters and restrictions on transfer of shares and arrangement regarding acquisition by the PRC government for redevelopment purpose in the future, are set out on pages 13 to 14 of the Circular.

PRICE PERFORMANCE OF THE SHARES IN THE COMPANY

We have considered the share price performance of the Shares so as to analyse how the stock market values the Shares and thereby, the Group. Set out below are Chart 1 which shows the price performance of the Shares relative to the movements in Hang Seng Index for the three years preceding 14 May 2019, the date of the announcement of the Disposal (the "**Announcement**") and up to the Latest Practicable Date; and Chart 2 which shows the Share price and volume of Shares traded for the same period.

Chart 1 – Share price performance compared to Hang Seng Index for the three years preceding 14 May 2019, the date of the Announcement and up to the Latest Practicable Date



Sources: The website of the Stock Exchange and Bloomberg

The Shares underperformed the Hang Seng Index during the entire period under review. This performance reflected difficult trading conditions facing the Group's property business in the PRC for the last three financial years ended 31 December 2016, 2017 and 2018. The 2018 annual results announcement of the Company described the operating environment for the Group's business remained challenging given the oversupply of retail spaces and rising uptake of e-commerce convenience in the PRC, as well as the shortage of skilled labour shortage in Hong Kong affecting the construction industry.

Chart 2 – Share price and trading volume for the three years preceding 14 May 2019, the date of the Announcement and up to the Latest Practicable Date

Source: The website of the Stock Exchange

During the period from May 2016 to May 2018, the Share price in general displayed a falling trend with the Shares traded at the highest closing price of HK$3.89 on 25 and 26 March 2016 and subsequently decreased to the lowest point of HK$1.60 on 3 April 2018 following the release of the Group's annual results announcement for the year ended 31 December 2017 on 28 March 2018. The Share price later increased to HK$2.39 on 25 May 2018, being the last trading day prior the publication of the announcement of the conditional cash offer by the Company to buy-back up to 100,000,000 Shares at HK$2.50 per Share, and further to a one-year high of HK$2.52 on 23 August 2018 after the announcement of the results of the share buy-back offer on 16 August 2018. The Share price decreased to HK$1.85 on 26 October 2018 and subsequently traded between a range of HK$1.84 and HK$2.16 up to the Latest Practicable Date.

BACKGROUND AND BUSINESS OPERATIONS OF THE GROUP

The Group, listed on the Stock Exchange in 1997, is principally engaged in (i) property development and investment and asset management in the PRC; (ii) property investment and management in Hong Kong; and (iii) construction business involving the provision of building construction, maintenance and interior fitting out services in Hong Kong and Macau.

Prior to disposal of its cement business in August 2015, the Group was engaged in cement operations principally through its 45% interest in Lafarge Shui On Cement joint venture, a major cement manufacturer in southwest PRC. The Group's cement production business had been loss-making since 2011 and posted net losses of some HK$317 million for the year ended 31 December 2014. As stated in the Company's 2014 annual report, the cement industry in southwest PRC was affected by over-capacity and falling cement prices. At present and prior to Completion, the Group indirectly owns a 60% equity interest in the Project Company which owns and operates a small-scale cement grinding mill situated on the Land at Qixia District, Nanjing, PRC, and sells cement to customers in the PRC. For each of the two years ended 31 December 2017 and 2018, the Project Company incurred net losses of approximately RMB21.5 million (equivalent to approximately HK$25.2 million) and RMB16.8 million (equivalent to approximately HK$19.7 million), respectively. The Group has discontinued recognition of its share of loss of the Project Company because the Group's accumulated share of losses of the Project Company in previous years has exceeded its investment cost of approximately HK$67.6 million.

Property business

The Group develops properties in major cities in the PRC for sale and rental. It has a track record of turning around a number of quality properties in special situations over the years. The Group has commenced monetising its property assets since 2013 with a view to maximising the value of its assets and rationalising its operations. As at 31 December 2018 the Group's property portfolio comprises retail properties, high-grade residential and office space and carparks in Chengdu, Chongqing, Guangzhou, Nanjing, Shenyang and Tianjin in the PRC and Hong Kong, occupying a total gross floor area ("**GFA**") attributable to the Group of approximately 490,100 square meters ("**sq. m.**") as compared to a portfolio comprising total GFA of 2,159,400 sq. m. as at 31 December 2012. Set out below is a summary of the details of the Group's property portfolio in the PRC and Hong Kong as at 31 December 2018:

			100% owned basis							
	Project	Location	Residential/ Villa (sq. m.)	SOHO/ Office (sq. m.)	Retail (sq. m.)	Carparks and others (sq. m.)	Total developable GFA *(Note)* (sq. m.)	The Group's interest (%)	Developable GFA attributable to the Group (sq. m.)	Estimated completion
1.	Centropolitan	Chengdu	–	33,500	43,000	112,800	189,300	100%	189,300	Completed
2.	Creative Concepts Center	Chongqing	–	–	21,000	9,900	30,900	100%	30,900	Completed
3.	Parc Oasis	Guangzhou	–	–	300	4,800	5,100	100%	5,100	Completed
4.	Scenic Villa	Nanjing	51,600	–	–	19,300	70,900	100%	70,900	2020
5.	Shenyang Project Phase I	Shenyang	–	1,800	62,200	22,500	86,500	100%	86,500	Completed
6.	Veneto	Tianjin	–	12,800	100,200	3,400	116,400	90%	104,800	Completed (Phase 1) 2020 (Phase 2)
7.	93 Wai Yip Street, Kwun Tong	Hong Kong	–	2,600	–	–	2,600	100%	2,600	Completed
			51,600	50,700	226,700	172,700	501,700		490,100	

Note: The GFA shown above has excluded sold and delivered areas

Source: 2018 annual report of the Company

At the end of 2018, out of the total developable GFA of 501,700 sq. m., 390,600 sq. m. were completed properties, and the remaining 111,100 sq. m. were under development.

Chengdu Centropolitan – During 2018, all SOHO units were re-launched and sold. As at 31 December 2018, 91% of the office tower was leased and the shopping mall achieved an occupancy rate of 83%.

Chongqing Creative Concepts Center – During 2018, enhancement work of the shopping mall was carried out with a great emphasis placed on the lifestyle aspects of the mall. This had resulted in an increase in the tenant occupancy rate to 93% as at 31 December 2018 compared to an occupancy rate of 60% as at 31 December 2017. Average monthly rental income also increased some 27% during 2018 compared to the previous year.

Guangzhou Parc Oasis – All of the residential units had been sold as at the end of 2018. During 2018, five car parking spaces were sold and generated HK$2 million and the remaining carparks were held for leasing.

Nanjing Scenic Villa – 174 out of a total of 230 villas launched for pre-sale at phase II had been sold. Development of phase III was underway for six commercial blocks occupying a total developable GFA of 17,000 sq. m.. Total property sales amounted to HK$587 million during 2018.

Shenyang Project Phase I – As a result of revamping of the shopping mall, the tenant mix improved and the overall tenancy occupancy rate increased to 80%. Monthly rental income also increased by 10% compared to 2017.

Tianjin Veneto – The revamped shopping mall occupying 63,600 sq. m. achieved a higher occupancy rate of 83% as at 31 December 2018 (2017: 66%). Average monthly income also increased by 58% in comparison to the previous year. Development of Phase II began in the second half of 2018, which is focused on 49,400 sq. m. GFA of retail and SOHO space. Strata-title sales for 300 out of 486 retail shops launched in stages in January 2019, resulting in over RMB100 million (equivalent to approximately HK$117 million) in sales.

93 Wai Yip Street, Kwun Tong – In December 2018, the Group completed the acquisition of a commercial building at 93 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong with a total GFA of approximately 2,600 sq. m. The Group may consider strata-title sale of some units of this building depending on market conditions.

Construction business

The Group's construction division is a major player in the building of public housing and design-and-build of institutional buildings and community structures, mainly for government and institutional clients, including the Hong Kong Children's Hospital and Public Rental Housing Development at So Uk Estate Phase II, which was completed in late 2017 and 2018, respectively. The division also provides interior fit-out works mainly in the private sector in Hong Kong and Macau, covering commercial, hotel and office premises, such as Taikoo Place and Wynn Palace which were completed in 2018.

Profit and loss of the Group

Set out below is the turnover of the Group and a breakdown of the net losses attributable to Shareholders (categorised by business segments) for the three years ended 31 December 2016, 2017 and 2018:

	For the year ended 31 December		
(HK$ million)	**2016** *(audited)*	**2017** *(audited)*	**2018** *(audited)*
Turnover by segment			
Construction and building maintenance	4,712	6,407	4,921
Property development	2,169	517	1,214
Others	36	29	27
Total turnover	6,917	6,953	6,162
Year-on-year % changes of total turnover	10.2%	0.5%	(11.4%)
Loss for the year	(1,356)	(570)	(83)
Loss attributable to owners of the Company	(1,382)	(613)	(139)

Set out below is a breakdown of the net loss attributable to Shareholders for the three years ended 31 December 2016, 2017 and 2018:

	For the year ended 31 December		
(HK$ million)	**2016**	**2017**	**2018**
	(audited)	*(audited)*	*(audited)*
Property			
Profit/(loss) on property sales	(19)	6	215
Net rental expenses	(19)	(33)	(76)
Fair value changes on investment properties, net of deferred tax provision	(29)	3	106
Share of results of joint ventures	(799)	(149)	–
Net gain on acquisitions of interests in joint ventures	–	141	–
Share of results of associates – Dalian Tiandi	(161)	(82)	–
Disposal of interest in Dalian Tiandi	–	(127)	74
Operating expenses, net of project fee income	(155)	(179)	(122)
Sub-total	(1,182)	(420)	197
Construction	75	135	201
Venture capital investments	(25)	(8)	(12)
Net finance costs	(142)	(184)	(215)
Others (corporate overheads, currency hedging contracts loss, foreign exchange gain (loss), taxation and non-controlling interests)	(108)	(136)	(310)
Net loss attributable to Shareholders	(1,382)	(613)	(139)

Sources: Annual reports of the Company for 2017 and 2018

The Group achieved improved results with reduced losses in the past three financial years. The Group's net loss attributable to Shareholders decreased to HK$139 million for the year ended 31 December 2018 (2017: Losses of HK$613 million). The improved results were mainly driven by the following reasons:

a. The sale of units at *Chengdu Centropolitan and Nanjing Scenic Villa* in 2018. The Group's property segment recorded a profit on property sales of HK$215 million in 2018 (2017: HK$6 million);

b. The Group recorded fair value changes on investment properties (net of deferred tax provision) of HK$106 million during 2018 (2017: HK$3 million) reflecting positive fair value changes of an enlarged investment portfolio after the acquisition of a controlling interests in *Chengdu Centropolitan* and *Tianjin Veneto* projects in 2017, and a completed commercial building in Kwun Tong in 2018;

c. The Group's construction business contributed profits of HK$201 million in 2018 (2017: HK$135 million). This segment's average net profit margin increased to 4.1% in 2018 (2017: 2.1%) largely due to higher profits generated from maintenance contracts which carried higher margin, and no further loss was incurred on the *So Uk Estate Phase 1* project in 2018. As at 31 December 2018, the gross value of the Group's contracts on hand was HK$14.1 billion, and contracts to be completed was HK$7.3 billion (2017: Gross value of contracts on hand amounted to HK$18.5 billion and contracts to be completed amounted to HK$9.8 billion); and

d. The disposal of the Group's 22% interest in *Dalian Tiandi* at the end of 2017 which resulted in the recognition of interest income of HK$42 million on the outstanding consideration payable to the Group in 2018, and a write-back of fees payable relating to *Dalian Tiandi* of approximately HK$32 million in 2018.

The Group's assets

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 December 2016, 2017 and 2018:

	As at 31 December		
(HK$ million)	**2016**	**2017**	**2018**
	(audited)	*(audited)*	*(audited)*
Bank balances, deposits and cash (excluding restricted bank deposits)	587	1,486	1,237
Net current assets	130	2,371	943
Total assets	9,210	12,024	10,602
Bank and other borrowings			
Bank borrowings			
Due within one year	1,685	500	978
Non-current portion	669	945	870
Sub-total	2,354	1,445	1,848
Senior notes	–	2,157	2,023
Total	2,354	3,602	3,871
Net bank and other borrowings *(Note 1)*	1,767	2,116	2,634
Total liabilities	5,338	8,322	7,586
Net assets	3,835	3,566	2,889
Net asset value per share *(HK$)*	7.9	7.4	7.5
Net gearing ratio *(%) (Note 2)*	46.1%	59.3%	91.2%
Current ratio *(Note 3)*	1.03	1.50	1.22

Sources: Annual reports of the Company for 2017 and 2018

Notes:

1. Net bank and other borrowings are calculated as the total bank and other borrowings of the Group minus its bank balances, deposits and cash, excluding restricted bank deposits.

2. Net gearing ratio of the Group is calculated as the net bank and other borrowings of the Group divided by equity attributable to owners of the Group, and multiplied by 100%.

3. Current ratio is calculated as the current assets divided by the current liabilities of the Group.

Set out below is the Group's total assets by business segments as at 31 December 2016, 2017 and 2018:

	As at 31 December			
(HK$ million)	**2016**	**2017**	**2018**	
	(audited)	*(audited)*	*(audited)*	
Construction	1,934	2,189	1,792	17%
Property	6,479	7,854	7,642	72%
Corporate and others	797	1,981	1,168	11%
Total assets	**9,210**	**12,024**	**10,602**	**100%**

Sources: Annual reports of the Company for 2017 and 2018

As at 31 December 2018, the Group's property assets in the PRC and Hong Kong represented some 72% of its total assets, representing a greater portion of the assets of the Group compared with its construction and other business segments. Total assets amounted to approximately HK$10.6 billion as at 31 December 2018 (2017: HK$12.0 billion; 2016: HK$9.2 billion). The decrease in net assets at the end of 2018 was principally due to (a) recognition of a loss of HK$139 million in 2018; and (b) a decrease in the translation reserve of HK$198 million as a result of the depreciation of Renminbi against Hong Kong dollars. At 31 December 2018, the Group held a 0.4% (2017: 0.4%) equity interest in SOL carrying a book value of HK$52 million (2017: HK$65 million).

Net gearing ratio increased to 91.2% as at 31 December 2018 (31 December 2017: 59.3%) due to an increase in net borrowings and a decrease in shareholders' equity due in part to the share buyback offer of the Company in 2018. Although the leverage was high, the Group remained apparently liquid with cash and cash equivalents (excluding restricted bank deposits) of HK$1,237 million and a satisfactory current ratio of 1.22 times as at 31 December 2018.

Prospects of the Group after Completion

Construction business

As stated in the Company's 2018 annual report, the Hong Kong Government has set a target to provide 315,000 public housing units over the next ten years. The Directors believe that this is expected to lead to a steady flow of new public housing contracts from the Housing Authority in the years ahead. Tenders for government offices, schools and hospitals are also in the pipeline. However, the construction sector in Hong Kong and Macau is expected to continue to face labour shortage, rising material costs and intense competition.

Property business

The Group intends to continue its asset enhancement strategy and has identified certain key disposal targets, namely the office tower at *Chengdu Centropolitan* and interests in the Kaili cement plant in Guizhou, and sale of retail units at *Tianjin Veneto Phase 2*. It is expected that the PRC retail property sector will continue to face challenges from the rising trend of e-commerce. After revamping its four shopping malls in the PRC with enhanced leisure and food and beverage offerings, the Company seeks to further refine its tenant mix with a view to increasing the occupancy rates and rental yield.

FINANCIAL INFORMATION OF THE TARGET GROUP

At present and prior to Completion, the financial results, assets and liabilities of Great Market, an indirect wholly-owned subsidiary of the Company, are consolidated into the Group's financial statements while the Project Company is accounted for as a joint venture using the equity method of accounting in the Group's consolidated financial statements.

The two tables below show the summaries of certain financial information of Great Market and the Project Company for the two years ended 31 December 2017 and 2018:

Great Market

	For the year ended 31 December	
(HK$'000)	**2017**	**2018**
	(audited)	*(unaudited)*
Administrative expenses	(11)	(15)
Loss before taxation	(11)	(15)
Loss attributable to the Vendor	(11)	(15)

As at 31 December 2018, Great Market recorded accumulated losses carried forward of approximately HK$96.7 million, which mainly arose from the provision for impairment loss incurred in previous years for its investment in and loans to the Project Company. Such provision for impairment loss was eliminated in the consolidated financial statements of the Group.

The unaudited net liabilities of Great Market as at 31 March 2019 were approximately HK$96.6 million, comprising (i) investment in and amount due from the Project Company, net of impairment loss, totalling approximately HK$104.4 million; (ii) other net current assets of approximately HK$0.1 million; and (iii) shareholder's loans due to the Vendor of approximately HK$201.1 million which was mainly used for provision of capital and advances to the Project Company for its cement operation. The Sale Shareholder Loan represents 58% of the total outstanding shareholder's loan provided by the Vendor to Great Market at 31 March 2019. Great Market recorded net liabilities as at 31 March 2019 largely due to the impairment losses incurred in previous years on the investment in and amount due from the Project Company totalling approximately HK$96.5 million.

Project Company

(RMB million)	For the year ended 31 December 2017 *(audited)*	2018 *(unaudited)*
Operating income	45.9	46.2
Operating expenses and finance costs	(66.8)	(63.0)
Operating loss	(20.9)	(16.8)
Other expenses	(0.6)	–
Loss before taxation	(21.5)	(16.8)
Loss after taxation	(21.5)	(16.8)

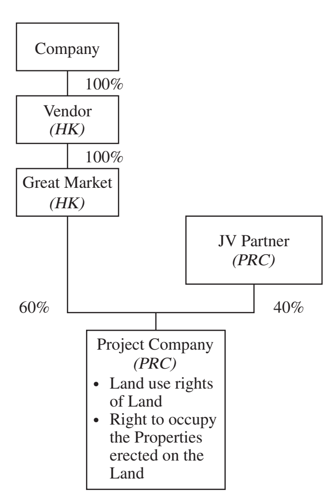
The net losses of the Project Company for the two years ended 31 December 2017 and 2018 were mainly due to the operational losses incurred in its cement operation.

The Group has discontinued recognition of its share of loss of the Project Company because its accumulated share of losses of the Project Company in previous years exceeded its investment cost of approximately HK$67.6 million.

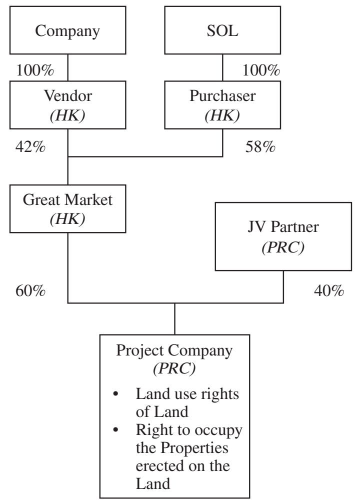
The unaudited net liabilities of the Project Company as at 31 March 2019 were approximately RMB223.8 million (equivalent to approximately HK$261.85 million), comprising (i) the net book values of the Land and the Properties totalling approximately RMB25.2 million (equivalent to approximately HK$29.48 million); (ii) the net book value of the Facilities of approximately RMB15.5 million (equivalent to approximately HK$18.14 million); (iii) shareholders' loans and net payables due to Great Market and the JV Partner totalling approximately RMB222.1 million (equivalent to approximately HK$259.86 million); (iv) the Vendor's Onshore Advances of approximately RMB38.86 million (equivalent to approximately HK$45.47 million); and (v) other net liabilities of approximately RMB3.5 million (equivalent to approximately HK$4.10 million).

EFFECTS OF THE DISPOSAL ON THE GROUP

The chart below shows the simplified shareholding structure of the Target Group as at the Latest Practicable Date:



The chart below shows the simplified shareholding structure of the Target Group immediately after Completion:



Upon Completion, the Vendor will own 42% of the issued ordinary shares of Great Market which will cease to be a subsidiary of the Company. Great Market will remain as an investment holding company and the principal business of the Project Company will remain the same until the implementation of the transformation and redevelopment plan of Qixia District announced by the local government. The results of Great Market will be accounted for as a joint venture using the equity method of accounting in the Group's consolidated financial statements. The Group's effective equity interest in the Project Company will be reduced from 60% to 25.2% upon Completion. The Project Company will also cease to be an indirect subsidiary of the Company for the purpose of the Listing Rules, but will continue to be accounted for as a joint venture in the Group's consolidated financial statements.

It is expected that upon Completion, the Group will record an increase in total assets and a gain on Disposal of approximately HK$49 million, being the difference between the Total Transaction Amount and the aggregate of the estimated carrying value of the Group's interest in the Target Group to be disposed of and the estimated costs and expenses in relation to the Disposal, as shown in the calculations below:

	Amount in RMB million	*Amount in HK$ million*
Total Transaction Amount (subject to adjustment)	147.85	172.98
Less: Estimated carrying value of the Group's interest in the Target Group to be disposed of	(91.60)	(107.17)
Less: Estimated costs and expenses in relation to the Disposal	(14.10)	(16.50)
Gain on Disposal	42.15	49.31

Save as aforesaid, the Group expects that the effect of the Disposal on the Group's results will be immaterial and the Disposal will not have any significant impact on the overall financial position of the Group but will generate net cash proceeds of approximately RMB134 million (equivalent to approximately HK$156.78 million) after deduction of relevant transaction costs and expenses. The Group intends to use such proceeds primarily for funding its operation, and if possible, seeking out opportunities to rebuild its asset management and property businesses as well as strengthening its construction business.

BASIS OF THE TOTAL TRANSACTION AMOUNT

The Total Transaction Amount of approximately RMB147.85 million was determined principally by reference to 34.8% of unaudited net asset value ("**NAV**") of the Project Company as at 31 March 2019, assuming full capitalisation of shareholders loans and after adjustments reflecting the agreed values of fixed assets of the Project Company comprising (a) the values of the Land and the Properties totalling RMB444 million; and (b) the value of the Facilities of approximately RMB66.57 million ("**Agreed NAV**"). As mentioned above, Great Market is an investment company and its main asset comprises a 60% equity interest in the Project Company. As at 31 March 2019, Great Market held total assets of HK$113,477 and total liabilities of HK$2,500, excluding its investment in the Project Company and loans to the Project Company and from the Vendor. As the Vendor and Purchaser considered the said amounts to be minimal, they have not been taken into account in the determination of the Total Transaction Amount. The date of 31 March 2019 arose since that was the closest reference point for the Directors when negotiations with the Purchaser took place.

Valuations of the net assets being disposed of

The table below shows the make-up of the net assets of the Project Company being disposed of:

	As at 31 March 2019 *RMB million*
Agreed values of fixed assets:	
– The Land	425.00
– The Properties	19.00
– The Facilities	66.57
Sub-total	510.57
Other receivables due from Great Market and the JV Partner	6.96
Other current assets	22.55
Interest payable to Great Market and the JV Partner	(7.74)
Other payable to Great Market and the JV Partner	(114.76)
Vendor's Onshore Advances	(38.86)
Other current liabilities	(26.00)
Shareholders loans	(106.56)
Estimated tax payable as a result of revaluation of the Land, the Properties and the Facilities *(Note)*	(82.27)
Subtotal	163.89
Add: Shareholder loans and other net payables of the Project Company due to Great Market and the JV Partner (assuming full capitalisation)	222.10
Add: Vendor's Onshore Advances (assuming full capitalisation)	38.86
Net assets disposed of (100%)	424.85
Effective equity interest (i.e. 34.8%) of the net assets disposed of	**147.85**
Agreed NAV (which is equal to the Total Transaction Amount)	**147.85**

Sources: The Company and the Sale and Purchase Agreement

Note: The tax payables are estimated future tax exposure through acquisition of the Land, Properties and Facilities by the PRC government or when the Project Company is liquidated, based on the agreed values of the Land, Properties and Facilities with reference to the valuation reports by CBRE and a PRC valuer.

Agreed values of the Land and the Properties held by the Project Company

The aggregate values of the Land and the Properties of RMB444 million (equivalent to approximately HK$519.48 million) agreed between the Vendor and the Purchaser are reflected as adjustments to the unaudited net asset value of the Project Company as at 31 March 2019 and are used in part for determining the Total Transaction Amount. Such agreed values were determined after arm's length negotiations with reference to the market valuation of the Land of RMB425 million (equivalent to approximately HK$497.25 million) and the reference value of the Properties of RMB19 million (equivalent to approximately HK$22.23 million).

The said agreed values of the Land and the Properties are equal to the valuations contained in the valuation report (the "**Valuation Report**") prepared by CBRE (see Appendix I to the Circular), that is, the respective valuation of the Land and the Properties was RMB425 million (equivalent to approximately HK$497.25 million) and RMB19 million (equivalent to approximately HK$22.23 million) as at 31 March 2019. The Properties are yet to be granted with property title certificate of building ownership rights to the Project Company. Pursuant to the PRC legal opinion obtained by the Company, the legal title of building ownerships rights of the Properties has been held by the JV Partner since the establishment of the Project Company. We have been informed by the Company that as at the Latest Practicable Date, neither the Project Company nor the JV Partner had discussed with the relevant PRC authorities regarding the transfer of legal title of the Properties by the JV Partner to the Project Company. On 29 April 2019, Great Market, JV Partner and the Project Company entered into a memorandum of confirmation acknowledging that, since the establishment of the Project Company, the Project Company has an interest to the beneficial rights of using and benefitting from the Properties and all compensation from any government entities and, or any other entity (if any) in respect of the acquisition and demolition of the Properties belongs to the Project Company. Given the absence of the Project Company holding legal title of building ownerships rights in respect of the Properties, no commercial value to the Properties has been attributed by CBRE. However, according to CBRE and its Valuation Report, the reference value of the Properties, assuming that it has been granted with a proper title certificate of building ownership rights and it can be freely transferred, as at the 31 March 2019 was approximately RMB19 million (equivalent to approximately HK$22.23 million).

We are satisfied that the terms of engagement between the Company and CBRE, including the scope of work are appropriate. The person-in-charge of the Valuation Report, Mr. Danny Mohr, has been a qualified valuer with over 15 years of valuation experience in the PRC, Hong Kong and Asia. CBRE has confirmed its independence from the Group, the Purchaser and their respective associates. Based on the foregoing, we consider that Mr. Danny Mohr is qualified to prepare the Valuation Report.

We note that CBRE mainly carried out its due diligence through management interviews and its own research. CBRE has relied on publicly available information as well as relevant information relating to the Land and Properties provided by the management of the Group. We also note that CBRE has accepted and taken into account the legal opinion provided by the Company's PRC legal adviser confirming various rights attached to the Land and, or the Properties, and have been provided with extracts from title documents relating to the Properties.

We have reviewed the Valuation Report and discussed with CBRE in respect of the methodology and assumptions used in arriving at the market valuation of the Land and reference valuation of the Properties. We note that CBRE has carried out site inspection of the Properties and Land on 29 January 2019. We have also discussed with CBRE and understand that it has considered three different generally accepted valuation methods, namely the market approach, the cost approach and the income approach in arriving at the valuations of the Land and the Properties.

CBRE adopted the direct comparison approach in valuing the Land. CBRE considered this approach to be appropriate given (i) it is the most commonly accepted method for valuing land; and (ii) recent comparable sales transactions with similar attributes in terms of size, characteristics and location as the Land are available in the market.

CBRE adopted the cost approach in valuing the Properties. CBRE considered that neither the market approach nor the income approach to be appropriate as the Properties were used for production of cement and only a limited number of transactions involving similar properties were available in the market. CBRE also considered the fact that the Project Company was yet to be granted with property title certificate of building ownership rights in respect of the Properties. As such CBRE attributed no commercial value to the Properties and provided a reference value for the Properties assuming that the Project Company had been granted with property title certificate of building ownership rights and it can be freely transferred.

Based on the foregoing and our review of CBRE's workings on the selection of market comparable transactions for the Land, we consider the methodologies and assumptions used by CBRE in the valuation of the Land and the Properties to be appropriate and reasonable.

Agreed value of the Facilities

As mentioned above, the value of the Facilities of approximately RMB66.57 million (equivalent to approximately HK$77.89 million) agreed between the Vendor and the Purchaser were reflected as adjustments to the net asset value of the Project Company as at 31 March 2019 in determining the Total Transaction Amount. Such agreed value was determined after arms' length negotiations with reference to the valuation as at 30 June 2018 prepared by a PRC valuer commissioned by the Project Company in accordance with applicable PRC valuation standards. It is noted that the basis of valuation of the Facilities did not follow The Hong Kong Institute of Surveyors ("**HKIS**") Valuation Standards on Properties published by the HKIS or the International Valuation Standards published by the International Valuation Standards Council as set out in Chapter 5 of the Listing Rules.

We have enquired into the methodologies and assumptions used by the valuer of the Facilities, but have yet to obtain the necessary information as at the Latest Practicable Date for assessing whether or not the methodologies and assumptions used by the valuer of the Facilities are reasonable.

In the circumstance, we consider it appropriate to exclude the said valuations of the Properties and the Facilities (and take into consideration instead the respective book value of the Properties and the Facilities as at 31 March 2019) in determining the adjusted net asset value of the Project Company as at 31 March 2019 for the purpose of our comparison with the Total Transaction Amount as shown below:

	RMB million	
34.8% of the adjusted net asset value of the Project Company as at 31 March 2019 (that is, the Agreed NAV as defined above)	147.85	
Less: Agreed value of the Facilities and the Properties (being 34.8% of each of RMB66.57 million and RMB19 million)	(29.78)	*(Notes 1 and 2)*
Add: 34.8% of book value of the Facilities and the Properties as at 31 March, 2019	7.42	*(Notes 1 and 2)*
Add: Estimated tax effect as a result of revaluation of the Facilities and Properties	6.23	
Adjusted net asset value of the Project Company attributable to the Group ("**Adjusted NAV**") *(for comparison purpose)*	131.72	*(A)*
Total Transaction Amount	147.85	*(B)*
Premium of the Total Transaction Amount over the Adjusted NAV of the Project Company	16.13	*(B) – (A)*

Notes:

1. As explained above, we have not been able to assess whether or not the methodologies and assumptions used by the valuer of the Facilities are reasonable and we have therefore excluded the agreed value of the Facilities attributable to the Group's disposed interest in our comparison of the adjusted net asset value of the Project Company attributable to the Group's disposed interest as at 31 March 2019 with the Total Transaction Amount. Accordingly, after the exclusion we have added back the book value of the Facilities as at 31 March 2019 attributable to the Group's disposed interest (recorded in the financial statements of the Project Company) in calculating the adjusted net asset value of the Project Company as at 31 March 2019. The net book value of the Facilities as at 31 March 2019 was RMB15.5 million.

2. As described in the Valuation Report (set out in Appendix I to the Circular), the Project Company is yet to be granted with property title certificate of building ownership rights in respect of the Properties. Such title is held by the JV Partner who is obliged to transfer the title to the Project Company. We have been advised by the Company that there are no particular reason why the title certificate in respect of the Properties have yet to be transferred to the Project Company. However, it is noted that the Project Company has, since its formation, taken physical possession and has the right to use the Properties for its cement operations. Given this and the fact that CBRE attributed no commercial value to the Properties, we have excluded the reference value of the Properties attributable to the Group's disposed interest in our comparison of the adjusted net asset value of the Project Company (attributable to the Group's disposed interest as at 31 March 2019) with the Total Transaction Amount.

From the calculations above, given that the Total Transaction Amount of RMB147.85 million implies a considerable premium of approximately RMB16.13 million, or 12.2%, over the Adjusted NAV of the Project Company as at 31 March 2019 (excluding the aggregate agreed values of the Facilities and the Properties).

COMPARABLE TRANSACTIONS

We have identified through Bloomberg, as shown in the table below, a list of comparable transactions (the "**Comparable Transactions**") involving acquisition or disposal of PRC cement production and related business by companies listed on Stock Exchange in the past three years. As the Project Company incurred net losses and did not generate a positive earnings before interests, taxes, depreciation and amortisation (EBITDA) or earnings before interests and taxes (EBIT) for the most recent financial year, we have considered price-to-book ratio ("**P/B**") only for the purpose of our comparable transaction analysis.

Date of announcement	**Acquirer**	**Target**	**Seller**	**Total consideration for the acquisition of equity interests and assignment of shareholders loan of the target** *(HK$)* *(Note 1)*	**Reported book value (assuming capitalisation of relevant shareholders loans) of target** *(HK$)* *(Note 1)*	**P/B** *(times)*
18 August 2017	North Cement Company Limited, a 70% owned subsidiary of China National Building Material Company Limited (3323.HK)	70% – 100% interest of 19 subsidiaries of Mudanjiang North Cement Company Limited *(Note 2)*	Liaoyuan Jingang Cement (Group) Company Limited	2,697,015,009	692,394,112	3.90
25 November 2016	China Tianrui Group Cement Company Limited (1252.HK) *(Note 3)*	100% interest of Henan Yongan Cement Company Limited and 55% interest of Tianrui Xindeng Zhengzhou Cement Company Limited *(Note 4)*	Tianrui Group Company Limited	1,030,188,214	966,107,088	1.07
29 August 2016 *(Note 5)*	Jiangsu Nan Bi Property Development Co., Ltd (an indirect wholly-owned subsidiary of Country Garden Holdings Company Limited (2007.HK))	35% interest in the Project Company	Great Market, an indirect wholly-owned subsidiary of the Company	171,200,000	37,185,134	4.60
					Max P/B	4.60
					Min P/B	1.07
					Average P/B	3.19
					Median P/B	3.90
14 May 2019	The Purchaser	58% interest of Great Market (which in turn owns 60% equity interest in the Project Company)	The Vendor	172,980,000	13,487,638 *(Note 6)*	12.83

Sources: Bloomberg and the website of the Stock Exchange

Notes:

1. RMB are converted into HK$ based on the exchange rates on the dates of the relevant agreements.

2. Based on public information, it is not known if the target companies own any land parcels.

3. The circular of China Tianrui Group Cement Company Limited contains a valuation report on the property interests held by the target companies. However, it is not clear if the basis of determining the consideration includes valuations of the property interests held by the target companies.

4. Henan Yongan Cement Company Limited owns a piece of land in Gong Yi City, Henan Province for use as its principal factories and manufacture base. Tianrui Xindeng Zhengzhou Cement Company Limited owns a piece of land in Dengfeng City, Henan Province for use as its factories and manufacture base.

5. This transaction involved a proposed disposal of a 35% equity interest in the Project Company by the Group to an independent third party which also agreed to provide loans of approximately HK$122.5 million to the Project Company for partial settlement of advances owed by the Project Company to Great Market on a dollar-to-dollar basis. On 25 July 2018, the Company announced the termination of the proposed disposal as the Project Company was unable to complete registration of the disposal with the relevant government authorities in the PRC due to the disapproval of the JV Partner which held 40% equity interest in the Project Company.

6. The book value of the Project Company shown in the table above is before adjustments relating to the aggregate values of the Land, the Properties and the Facilities of approximately RMB510.57 million (on a 100% basis) agreed between the Vendor and the Purchaser as described under section titled "*Basis of the Total Transaction Amount*" above.

We note that the P/B implied by the Disposal of approximately 12.83 times is much higher than the range of the P/Bs of the Comparable Transactions which is favourable to the Company. The P/B of the proposed disposal of 35% interest in the Project Company by the Group to an independent third party in 2016 (which was terminated in July 2018) of approximately 4.60 times is lower than the P/B of 12.83 times implied by the Disposal is largely due to the decrease in the book value of the Project Company caused by losses incurred since 2016.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND REDEVELOPMENT POTENTIAL OF THE LAND

The principal asset of the Target Group is the Land (held directly by the Project Company) which occupies a site area of approximately 319,871 sq. m., and is located at the core area of Qixia District, Nanjing, the PRC that is approximately 20 kilometres northeast of Nanjing, the capital of Jiangsu Province and one of the most prosperous second tier cities of the PRC. The Properties erected on the Land include a cement grinding mill, warehouses, office buildings, training premises and certain sites which carry historical significance relating to the Second World War.

According to the developments plans of Qixia District announced by the local government of Nanjing, including the "Controlled Development Plan (NJDBb012) of Qixia Mountain District, Nanjing City (南京市棲霞山片區(NJDBb012)控制性詳細規劃)" adopted by the Nanjing City Planning and Natural Resources Bureau (南京市規劃和自然資源局) for implementation in March 2017, the local government planned to redevelop and transform in multiple phases the relevant areas at Qixia Mountain of Qixia District (in which the Land is situated) into a high-end community incorporating cultural, ecological, industrial, tourism, and entertainment features by 2030. The redevelopment will typically involve the local government acquiring the relevant areas in Qixia District and paying compensation to owners and, or occupiers of the relevant area. Land use rights of the relevant areas will then be put for sale and redevelopment by way of tender and, or auction. Interested parties may then submit bid proposals to redevelop the area to the tender or bid at the auction.

The Board believes that, through the Disposal and the introduction of SOL with a track record in urban regeneration projects and as a major shareholder of Great Market, the Company will be well positioned to participate in the potential future redevelopment of the Qixia District. In particular, the Directors consider that the Transactions will enable the Group to leverage SOL's expertise in large scale master-planned community development, while retaining a 25.2% effective equity interest in the Project Company to participate in the future redevelopment of the Qixia District. In addition, the Group will also benefit from the Disposal as it will upon Completion be able to divest part its interests in the Target Group that had been loss-making in the past years. As at the Latest Practicable Date, we have been informed by the Company that it was not aware of any objection by the JV Partner regarding the future redevelopment of the Qixia District.

As stated in the announcement of SOL dated 14 May 2019, SOL and its subsidiaries had commenced two asset management projects in Nanjing, and further expansion in the Nanjing market, via the Transactions, is in line with SOL's growth strategy. It is noted that SOL was involved in a number of property redevelopment projects in the PRC in the past. Examples of such projects involving restoration of historical buildings are set out below:

Project	Location	Date of operation	Description of the projects
Shanghai Taipingqiao	Shanghai	2001	A large-scale development which includes the Shanghai Xintiandi comprising retail, office, residential and cultural properties occupying a total GFA of 1.3 million sq. m. and a repair area of 21,000 sq. m. of historical building
Wuhan Tiandi	Wuhan, Hebei	2007	A large-scale, mixed-use redevelopment including residential, commercial, retail and entertainment facilities occupying a total GFA of 1.58 million sq. m. and involved preservation of eight historical buildings and 60 ancient trees
Shanghai KIC project	Shanghai	2006	Residential, office and retail development occupying a total GFA of 498,000 sq. m., and involved the protection of 18,700 sq. m. of historical buildings
Foshan Lingnan Tiandi	Foshan, Guangdong	2011	A large-scale urban redevelopment comprising office, retail, hotel and cultural facilities and residential complexes occupying a total GFA of 1.5 million sq. m,, and involved renovation of 17.92 hectares of historical blocks, Zumiao (祖廟), a preserved ancient Taoist temple, and Donghuali (東華里), a well-known historic area in the project.

Sources: Annual reports of SOL for the years ended 31 December 2007, 2011 and 2018

We have been informed by the Company that the local government of Nanjing had recently commenced initial discussions with the Project Company (and other owners of the relevant areas in Qixia District) in relation to the transformation and redevelopment plan of Qixia District. These discussions were at a preliminary stage. The timing of the local government's execution of the redevelopment plan as well as the resumption and, or acquisition of the Land and the Properties by the local government remained uncertain as at the Latest Practicable Date. We are given to understand that no agreement had been reached between the local government and the Project Company in respect of the acquisition of the Land and the Properties for the redevelopment of Qixia District as at the Latest Practicable Date.

OPINIONS AND RECOMMENDATIONS ON THE DISPOSAL

Having considered the principal factors and reasons for the Disposal as summarised below:

- The Shares have underperformed the Hang Seng Index during the three years preceding 14 May 2019, the date of the Announcement and up to the Latest Practicable Date. This performance reflects challenging conditions for the Group's property business in the PRC and Hong Kong, and construction business in Hong Kong and Macau;

- In circumstances of difficult trading conditions for the Group's businesses, the Disposal provides the Group with net cash proceeds of approximately RMB134 million that will be used for funding its operations, and if possible, seeking out opportunities to rebuild its asset management and property businesses as well as strengthening its construction business, taken in the context of a loss attributable to Shareholders of HK$139 million for the year ended 31 December 2018 as the operating environment for the Group's businesses remained challenging;

- The Group will be able to divest part its indirect interests in the Project Company which is engaged in the manufacture and sale of cement, a non-core business of the Group. This fits with the Group's strategy to restore shareholder value communicated to the market in the past;

- The Total Transaction Amount implies a considerable premium of approximately RMB16.13 million, or 12.2% over the Adjusted NAV of the Project Company as at 31 March 2019 (excluding the valuations of the Facilities and the Properties);

- The P/B ratio implied by the Total Transaction Amount is reasonable in terms of market comparisons;

- The Group expects to record an increase in total assets and a gain of approximately HK$49 million arising from the Disposal. Other than this, it is expected that the effect of the Disposal on the Group's results will be immaterial, and the Disposal will not have any significant impact on the overall financial position of the Group;

- The introduction of SOL as a major shareholder of Great Market upon Completion (being a 60% shareholder of the Project Company which owns the Land subject to possible redevelopment) would bring in immediate expertise to assist the Project Company to participate in the potential redevelopment of the Land in the future; and

- In the event the Land is redeveloped, the Group retains a 42% interest in Great Market and an effective equity interest of 25.2% in the Project Company, and is expected to be able to enjoy any potential uplift in the valuation of the Land arising from the redevelopment,

we consider that the Disposal under the Sale and Purchase Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend that Independent Shareholders vote in favour of the Resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and that the Independent Board Committee advises the Independent Shareholders accordingly.

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited
Stephanie Wong
Director

Ms. Stephanie Wong is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out 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. She has over 25 years of experience in corporate finance.

The following is the full text of the letter and valuation certificate from CBRE, an independent professional valuer, in connection with its valuation of the Land and the Properties at 31 March 2019 prepared for the purpose of inclusion in this circular.

CBRE

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香港中環康樂廣場八號交易廣場第三期
十二樓1204-06室，三樓及四樓
電話 852 2820 2800 傳真 852 2810 0830

www.cbre.com.hk

地產代理（公司）牌照號碼
Estate Agent’s Licence No. C-004065

12 June 2019

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

Dear Sirs,

In accordance with instruction from **SOCAM Development Limited** (the “**Company**”) for us to carry out a valuation of property interest of **an industrial premises located at east of Qixiashan, Qixia Town, Qixia District, Nanjing, Jiangsu Province, the People’s Republic of China** (the “**PRC**”) (the “**Property**”) held by Nanjing Jiangnan Cement Co., Ltd., we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 March 2019 (the “**Date of Valuation**”).

Valuation Basis, Assumptions and Methodology

Our valuation is prepared in accordance with the “HKIS Valuation Standards 2017” published by The Hong Kong Institute of Surveyors (the “**HKIS**”), the “RICS Valuation, Global Standards 2017” of the Royal Institution of Chartered Surveyors (the “**RICS**”) Valuation Standards and the “International Valuation Standards 2017” published by the International Valuation Standards Council (the “**IVSC**”) subject to variation to meet local established law. Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards.

Our valuations are made on the basis of market value which is defined by the International Valuation Standards and followed by the HKIS and RICS to mean "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."

We have also complied with all 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 (the "**Listing Rules**").

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

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property.

No allowance has been made in our valuations for any charges, mortgages, or amounts owing neither on the property nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the property was free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have valued the Property as a single property interest and 100% of the property interest and not the ownership of companies or the shares within each.

Our valuation is current as at the Date of Valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

We have valued the Property by the Direct Comparison Approach on the assumption that it can be sold on vacant possession basis. This comparison approach is considered as an appropriate and commonly accepted approach as recent comparable sales transactions with similar attributes are available in the market. Comparison is based on prices realized on actual transactions and/or asking prices of comparable properties. Comparable properties with similar sizes, characteristics and locations are analyzed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

Source of Information

We have relied on the information given by the Company, in particular, but not limited to occupation condition, site area and other relevant information. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations. We have taken every reasonable care both during reviewing the information provided to us and in making relevant enquiries. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

We have not been instructed to independently verify the information provided to us. Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should it be established subsequently that the details relating to the Property are incorrect or inadequate, we reserve the right to adjust the value reported herein.

In the course of our valuation for the property in the PRC, we have relied on the legal opinion provided by the Company's PRC legal advisor, Zhong Lun Law Firm (the "**PRC Legal Opinion**"). We have been provided with extracts from title documents relating to such property. We have not, however, inspected the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only. Unless otherwise stated, in valuing the Property, we have prepared our valuation on the basis that the owner(s) have proper title to the property and have free and uninterrupted rights to use, occupy or assign the property for the whole of the unexpired terms as granted.

We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Property Inspection

We made inspection of the Property for this valuation. In the course of our inspection, we did not notice any serious defects. During our inspection, we have not carried our investigations on the site to determine the suitability of the ground conditions and the services for any future development.

We have not carried out site measurements to verify the correctness of the areas of the Property. We have assumed that the areas shown on the documents and official site plan are correct. Our valuation is on the basis that these aspects are satisfactory. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Inspection of the property was carried out on 29 January 2019 by our technical staff Ms. Coco Zhu, Senior Manager. She has more than 8 years' experience in the valuation of properties in the PRC.

Currency

Unless otherwise stated, all monetary figures stated in this report are in Renminbi ("**RMB**"), the official currency of the PRC.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
CBRE Limited

Danny Mohr
AAPI MRICS RICS Registered Valuer
Head of Valuation & Advisory Services
Greater China
Executive Director

Note: Mr. Daniel Mohr is a member of Royal Institution of Chartered Surveyors. He has over 15 years of valuation experience in the PRC, Hong Kong and Asia.

VALUATION CERTIFICATE

Property interests held and occupied by the Group's joint venture in the PRC

Property	Description and tenure	Details of occupancy	Market value with benefit of vacant possession as at 31 March 2019
An industrial premises located at east of Qixiashan, Qixia Town, Qixia District, Nanjing, Jiangsu Province, the People's Republic of China	The Property comprises six parcels of industrial land covering a site area of approximately 319,871.90 sq m and buildings with a total gross floor area of approximately 43,883.27 sq m. The buildings erected on the Property are single-storey and multi-storey workshops for production and ancillary usage, completed between 1937 and 1989. The Property is in Qixia District, the northeast of Nanjing. The locality is the industrial base of the city. The Property is held under a set of Land Use Right Certificates for industrial use for 50 years with the expiry date on 24th February 2050.	As at the Date of Valuation, the Property is currently occupied by the joint venture of the Group.	RMB425,000,000 (Renminbi Four Hundred and Twenty-Five Million)

Notes:

1. Pursuant to the joint venture arrangement dated 1 December 2000, 南京江南水泥有限公司 (Nanjing Jiangnan Cement Co., Ltd), is established as a joint venture company directly owned as to 60% by 好易發有限公司 (Great Market Limited) and 40% by 江南水泥廠有限公司 (Jiangnan Cement Plant Co., Ltd), an independent third party. The profit sharing is in proportional to the equity interests owned by respective shareholders.

2. Pursuant to the Land Use Right Certificates dated 12 July 2000 and 9 September 2004 issued by Nanjing Land and Resources Bureau and Ministry of Land and Resources, the land use right of the Property has been granted to 南京江南水泥有限公司 (Nanjing Jiangnan Cement Co., Ltd.) with details summarised below:

No.	Site Area (m^2)	Land Use	Land Use Term
Ning Qi Guo Yong (2000) Zi Di No.08534	5,616.50		
Ning Qi Guo Yong (2000) Zi Di No.08535	47,569.50		
Ning Qi Guo Yong (2000) Zi Di No.08536	29,184.80		
Ning Qi Guo Yong (2000) Zi Di No.08537	11,175.40	Industrial	24th February 2050
Ning Qi Guo Yong (2000) Zi Di No.08539	162,010.00		
Ning Qi Guo Yong (2004) Di No.09837	64,315.70		
Total	**319,871.90**		

3. We have in the course of the valuation accepted and taken into account the legal opinion provided by the Company's PRC Legal Adviser, which contains, inter alia, the following:

   (a) 南京江南水泥有限公司 (Nanjing Jiangnan Cement Co., Ltd.) is owned as to 60% by 好易發有限公司 (Great Market Limited) and 40% by 江南水泥廠有限公司 (Jiangnan Cement Plant Co., Ltd), and the profit sharing is in proportional to the equity interests owned by respective shareholders;

   (b) 南京江南水泥有限公司 (Nanjing Jiangnan Cement Co., Ltd.) has obtained the land use right of the property;

   (c) 南京江南水泥有限公司 (Nanjing Jiangnan Cement Co., Ltd.) has the right to occupy, use, dispose, lease and mortgage the property within the remaining land use term;

   (d) the Property is not subject to any mortgage, encumbrances or onerous restrictions; and

   (e) the buildings erected on the Property have a total GFA of approximately 43,883.27 sq m, among which 35,354.35 sq m has been registered on the title document under the name of 江南水泥廠有限公司 (Jiangnan Cement Plant Co., Ltd.), which holds 40% equity interest in 南京江南水泥有限公司 (Nanjing Jiangnan Cement Co., Ltd.), while the remaining 8,528.92 sq m have not been registered.

4. As advised by the Group, the property is yet to be granted with property title certificate of building ownership rights to 南京江南水泥有限公司 (Nanjing Jiangnan Cement Co., Ltd.). In the course of our valuation, we have attributed no commercial value to the building portion of property. The reference value of building portion of the property, assuming that it has been granted with a proper title certificate of building ownership rights and it can be freely transferred, as at the Valuation Date is approximately RMB19,000,000.

5. In the course of our valuation of the property, we have considered and analysed the land sale comparables for industrial use in the Qixia District in Nanjing. The unit site value of the land sale comparables are ranging from RMB1,750 to RMB2,240 per square metre. These comparables have been selected based on the same land use and located in the same district. The unit rate adopted of RMB1,330 per square metre in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of transaction date, term and size, etc.

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 EXECUTIVE

At the Latest Practicable Date, the interests of the Directors and chief executive of the Company 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 which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

(a) Long position in the Shares of the Company

	Number of Shares				Approximate % of issued Shares
Name of Director	Personal interests	Family interests	Other interests	Total	*(Note 1)*
Mr. Lo	–	312,000 *(Note 2)*	234,381,000 *(Note 3)*	234,693,000	61.05%
Ms. Lo	–	–	234,381,000 *(Note 3)*	234,381,000	60.97%
Mr. Wong Yuet Leung, Frankie ("**Mr. Wong**")	3,928,000	–	–	3,928,000	1.02%

Notes:

1. Based on 384,410,164 Shares in issue at the Latest Practicable Date.

2. These Shares were beneficially owned by Mrs. Lo, the spouse of 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 the 234,381,000 Shares mentioned in Note 3 below.

3. These Shares comprised 232,148,000 Shares beneficially owned by SOCL and 2,233,000 Shares held by SOFCL, an indirect wholly-owned subsidiary of SOCL. SOCL was held under 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 the founder and both Mr. Lo and Ms. Lo were discretionary beneficiaries and HSBC International Trustee Limited ("**HSBC Trustee**") was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, HSBC Trustee and Bosrich were deemed to be interested in such Shares under the SFO.

(b) Long position in the shares and underlying shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Number of shares/underlying shares Personal interests	Family interests	Other interests	Total	Approximate % of issued shares *(Note 1)*
Mr. Lo	SOL	–	1,849,521 *(Note 2)*	4,611,835,751 *(Note 3)*	4,613,685,272	57.22%
Ms. Lo	SOL	437,000 *(Note 4)*	–	4,611,835,751 *(Note 3)*	4,612,272,751	57.20%

Notes:

1. Based on 8,062,216,324 shares of SOL in issue at the Latest Practicable Date.

2. These shares were beneficially owned by Mrs. Lo, the spouse of 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 the 4,611,835,751 shares mentioned in Note 3 below.

3. These shares were held by SOCL through its controlled corporations, comprising 1,477,888,889 shares, 675,493,996 shares, 183,503,493 shares, 29,847,937 shares, 633,333,333 shares, 908,448,322 shares, 150,000,000 shares, 323,319,781 shares and 230,000,000 shares held by Shui On Investment Company Limited ("**SOI**"), Shui On Properties Limited ("**SOP**"), Chester International Cayman Limited ("**Chester International**"), New Rainbow Investments Limited ("**NRI**"), Lanvic Limited ("**Lanvic**"), Boswell Limited ("**Boswell**"), Merchant Treasure Limited ("**Merchant Treasure**"), Doreturn Limited ("**Doreturn**") and Smart Will Investments Limited ("**Smart Will**") respectively, whereas SOI, SOP, Chester International, Lanvic, Boswell, Merchant Treasure, Doreturn and Smart Will were all wholly-owned subsidiaries of SOCL. NRI was a wholly-owned subsidiary of the Company which in turn was held by SOCL and its wholly-owned subsidiary, SOFCL, as to 60.97%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and both Mr. Lo and Ms. Lo were discretionary beneficiaries and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, HSBC Trustee and Bosrich were deemed to be interested in such shares under the SFO.

4. These represented the interests in the underlying shares of SOL under the outstanding share options granted by SOL.

(c) Interests in the debentures of the associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interests	Amount of debentures
Mr. Lo	Shui On Development (Holding) Limited	Trust interests *(Note 1)*	RMB50,000,000
		Trust interests *(Note 1)*	US$6,000,000
		Trust interests *(Note 1)*	US$4,000,000
		Family interests *(Note 2)*	RMB35,500,000
		Family interests *(Note 2)*	US$2,000,000
Ms. Lo	Shui On Development (Holding) Limited	Trust interests *(Note 1)*	RMB50,000,000
		Trust interests *(Note 1)*	US$6,000,000
		Trust interests *(Note 1)*	US$4,000,000

Notes:

1. These represented the interests in the debentures held by SOI and/or Boswell. Both SOI and Boswell were wholly-owned subsidiaries of SOCL, which was held under the Bosrich Unit Trust. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was the founder and both Mr. Lo and Ms. Lo were discretionary beneficiaries.

2. These represented the interests in the debentures held by Mrs. Lo, the spouse of Mr. Lo.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive 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, other than the Sale and Purchase Agreement and the property management services agreement dated 16 March 2019 as disclosed in the announcement issued by the Company on 18 April 2019, 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 subsisted between the Company as lessee and a subsidiary of SOCL (in which Mr. Lo and Ms. Lo were deemed to have interests at the Latest Practicable Date as mentioned above) as lessor in respect of certain office premises owned by a subsidiary of SOCL in Hong Kong, the aggregate amount of the rental and management fees of which was approximately HK$0.5 million for the 5-month period ended 31 May 2019. Save as disclosed above, since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, 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	Name(s) of company(ies) which had such discloseable interest or short position	Position within such company(ies)
Mr. Lo	SOCL	director
Ms. Lo	SOCL	director
Mr. Wong	SOCL and SOFCL	director

3. DIRECTORS' 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 businesses, which competed or were likely to compete, either directly or indirectly, with the businesses 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 projects in Hong Kong and 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, and trading of building materials in Hong Kong and the PRC.

(c) Ms. Lo is a director of SOCL which, through its subsidiaries, including (among others) SOL, principally engages in property development and investment projects in Hong Kong and the PRC.

(d) Mr. Wong is a director of SOCL which, through its subsidiaries, including (among others) SOL, principally engages in property development and investment projects in Hong Kong and 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 businesses independently of, and at arm's length from, the businesses of such companies.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in the businesses, which competed or were likely to compete, either directly or indirectly, with the businesses 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 opinions or advice contained in this circular:

Name	Qualifications
Anglo Chinese	A corporation licensed to carry on 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
CBRE	Independent professional valuer

Each of Anglo Chinese and CBRE has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or summary of its opinions (as the case may be) and references to its name in the form and context in which it appears herein.

Each of Anglo Chinese and CBRE has confirmed that:

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

(b) at the Latest Practicable Date, it did not have any direct or indirect interest in any assets which had since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(c) its letter of advice or the valuation report (as the case may be) was given as of the date of this circular for incorporation herein.

6. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Sale and Purchase Agreement (including the form of the Shareholders Agreement incorporated therein) is available for inspection during normal business hours at the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong for a period of 14 days from the date of this circular.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of any inconsistency between the two versions.

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 Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Friday, 28 June 2019 at 9:30 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the entering into of the Sale and Purchase Agreement (as defined in the circular of the Company dated 12 June 2019 (the "**Circular**"), a copy of which 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 Disposal (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 at their absolute discretion to be incidental to, ancillary to or in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Disposal)."

By Order of the Board
SOCAM Development Limited
Chan Yeuk Ho, Karen
Company Secretary

Hong Kong, 12 June 2019

* *For identification purpose only*

Notes:

1. Any shareholder entitled to attend and vote at the above meeting or any adjournment or postponement thereof (as the case may be) 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 shareholder 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 Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment or postponement thereof (as the case may be) should he/she so wish and in such event, the form of proxy shall be deemed to be revoked.

3. In accordance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the ordinary resolution as set out above will be put to vote at the meeting by way of poll. An explanation of the detailed procedures of voting by poll will be provided to shareholders at the meeting.

4. For the purpose of determining the shareholders' entitlement to attend and vote at the meeting or any adjournment or postponement thereof (as the case may be), the register of members of the Company will be closed from Tuesday, 25 June 2019 to Friday, 28 June 2019 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting or any adjournment or postponement thereof (as the case may be), all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 24 June 2019.

5. If a Typhoon Signal No.8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 7:30 a.m. on the day of the meeting, the meeting will be postponed to a later date. In this event, the Company will, as soon as practicable, post an announcement on its website and on the website of The Stock Exchange of Hong Kong Limited to notify shareholders of the date, time and place of the postponed meeting.

   The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under unfavourable weather conditions bearing in mind their own situations.