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瑞安建業有限公司\*  
**SOCAM Development Limited**  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 983)

## CONNECTED TRANSACTION

### AGREEMENT TO NON-EXERCISE OF THE CALL OPTION TO ACQUIRE SHARE INTEREST IN SHUI ON CONTRACTORS LIMITED

Reference is made to the announcement issued by the Company on 4 August 2017 (the “**2017 Announcement**”) in relation to, among other things, (i) the disposal by the Company of 30 SOCON Shares, representing 15% of the issued share capital of SOCON, to the Purchasers (all being employees of the SOCON Group at the relevant time) under an employee equity participation arrangement (the “**Disposal**”); and (ii) the grant of the Call Options (including the 2% Call Option) to the Company for acquiring from the Purchasers such SOCON Shares being sold to them upon the occurrence of certain specified events, including, without limitation, cessation of the Purchasers’ employment in the SOCON Group, pursuant to the Sale and Purchase Agreement.

On 1 March 2021, one of the Purchasers, Mr. David Chan, ceased to be an employee of the SOCON Group due to retirement, and on 30 March 2021, entered into the Deed with the Company whereby the Company has agreed not to exercise the 2% Call Option, conditional upon, among other things, Mr. David Chan agreeing to sell and transfer all his 4 SOCON Shares underlying the 2% Call Option only to such purchaser(s) as designated by the Company on or before 31 March 2022 at the sale price per SOCON Share to be determined on the same basis as the exercise price of the 2% Call Option as stipulated in the Sale and Purchase Agreement. No consideration or compensation is payable by the Company or Mr. David Chan under the Deed.

The SOCON Group principally engages in the construction business in Hong Kong and Macau.

Mr. David Chan remains to be a director of certain subsidiaries of SOCON after his retirement and is therefore a connected person of the Company at the subsidiary level. As such, the non-exercise of the 2% Call Option as agreed by the Company would be treated as if exercised under Rule 14A.79(4) of the Listing Rules and constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Despite that one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the non-exercise of the 2% Call Option exceeds 5%, the entering into of the Deed with Mr. David Chan, being a connected person of the Company at the subsidiary level, in relation to the Company's conditional agreement to the non-exercise of the 2% Call Option is subject to the reporting and announcement requirements only but exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Reference is made to the 2017 Announcement in relation to, among other things, (i) the Disposal; and (ii) the grant of the Call Options (including the 2% Call Option) to the Company pursuant to the Sale and Purchase Agreement.

## **THE DEED**

### *Date*

30 March 2021

### *Parties*

- (1) The Company, being the grantee of the 2% Call Option
- (2) Mr. David Chan, being the grantor of the 2% Call Option, who purchased under the Sale and Purchase Agreement and holds 4 SOCON Shares, representing 2% of the issued share capital of SOCON, as at the date of this announcement

### *Subject matter*

The Company has agreed not to exercise the Call Option granted by Mr. David Chan under the Sale and Purchase Agreement (the "**2% Call Option**").

Pursuant to the Sale and Purchase Agreement, the 2% Call Option is exercisable at the discretion of the Company by serving a written notice (the "**Call Option Notice**") on Mr. David Chan within 12 months from the date of cessation of Mr. David Chan's employment in the SOCON Group, requiring him to sell and transfer to the Company all or part of his 4 SOCON Shares at the exercise price equal to the adjusted pro-forma consolidated net asset value of the SOCON Group attributable to each SOCON Share as at the end of the month immediately preceding the date of the Call Option Notice.

Assuming that the Company exercised the 2% Call Option in full by serving on Mr. David Chan the Call Option Notice on 30 March 2021, the total consideration payable by the Company to Mr. David Chan for acquiring his 4 SOCON Shares pursuant to the exercise of the 2% Call Option would be approximately HK\$23.81 million, which is determined based on the adjusted pro-forma consolidated net asset value of the SOCON Group as at 28 February 2021, as mentioned above.

### ***Conditions***

The agreement of the Company not to exercise the 2% Call Option is conditional upon, among other things, Mr. David Chan agreeing to sell and transfer all his 4 SOCON Shares underlying the 2% Call Option only to such purchaser(s) as designated by the Company on or before 31 March 2022 at the sale price per SOCON Share to be determined on the same basis as the exercise price of the 2% Call Option as stipulated in the Sale and Purchase Agreement, which on this basis will be equal to the adjusted pro-forma consolidated net asset value of the SOCON Group attributable to each SOCON Share as at the end of the month immediately preceding the date of the Designation Notice. It is the intention of the Company to designate employees of the SOCON Group as purchasers of the 4 SOCON Shares of Mr. David Chan and to maintain the Group's ownership of SOCON together with employees of the SOCON Group in furtherance of the employee equity participation arrangement for the SOCON Group.

No consideration or compensation is payable by the Company or Mr. David Chan under the Deed.

### **INFORMATION ON THE SOCON GROUP**

The SOCON Group principally engages in the construction business in Hong Kong and Macau.

Set out below is a summary of certain financial information of the SOCON Group based on its unaudited pro-forma consolidated financial statements for the two years ended 31 December 2019 and 2020:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2020</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net profit (before taxation and extraordinary items)	421	468
Net profit (after taxation and extraordinary items)	353	399

At 31 December 2020, the unaudited pro-forma consolidated net asset value of the SOCON Group was approximately HK\$1,088 million.

## **REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE 2% CALL OPTION**

As disclosed in the 2017 Announcement, the objective of disposing of a 15% minority interest in SOCON to the Purchasers was to provide the senior executives of the SOCON Group at the relevant time with the opportunity to have a personal stake in the construction business of the Group under an employee equity participation arrangement with a view to:

- (a) retain and motivate the senior executives to take on greater accountability and initiatives, and align their interests with the Company's interests in a bid to strive for improving performance and efficiency for the benefits of the Group; and
- (b) provide long-term incentive to the senior management to share in the future growth and success of the Group's construction business.

As Mr. David Chan has agreed to sell and transfer all his 4 SOCON Shares to such purchaser(s), who will be employees of the SOCON Group, as designated by the Company following cessation of his employment, allowing the Company to uphold the aforesaid objective, the Company has decided that it is not necessary to exercise the 2% Call Option.

Based on the above, the Directors (including all the independent non-executive Directors) consider that the terms of the Deed are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole.

## **IMPLICATIONS OF THE LISTING RULES**

Mr. David Chan remains to be a director of certain subsidiaries of SOCON after his retirement and is therefore a connected person of the Company at the subsidiary level. As such, the non-exercise of the 2% Call Option as agreed by the Company would be treated as if exercised under Rule 14A.79(4) of the Listing Rules and constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Despite that one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the non-exercise of the 2% Call Option exceeds 5%, the entering into of the Deed with Mr. David Chan, being a connected person of the Company at the subsidiary level, in relation to the Company's conditional agreement to the non-exercise of the 2% Call Option is subject to the reporting and announcement requirements only but exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As none of the Directors has any material interest in the Company's non-exercise of the 2% Call Option, no Director is required to abstain from voting on the relevant Board resolutions approving the matter.

## GENERAL INFORMATION

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

Mr. David Chan is a director of certain subsidiaries of SOCON and is therefore a connected person of the Company at the subsidiary level.

## DEFINITIONS

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

“2% Call Option”	has the meaning ascribed to it under the section headed “THE DEED – <i>Subject matter</i> ” of this announcement;
“2017 Announcement”	has the meaning ascribed to it in the summary box on page 1 of this announcement;
“Board”	the board of Directors of the Company;
“Call Options”	the call options (including the 2% Call Option) exercisable by the Company at its absolute discretion to require the Purchasers to sell and transfer their SOCON Shares to the Company upon the occurrence of certain specified events pursuant to the Sale and Purchase Agreement;
“Call Option Notice”	has the meaning ascribed to it under the section headed “THE DEED – <i>Subject matter</i> ” of this announcement;
“Company”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 983);
“connected person and subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Deed”	the deed of agreement dated 30 March 2021 entered into between the Company and Mr. David Chan in respect of the Company’s conditional agreement to the non-exercise of the 2% Call Option;

“Designation Notice”	the notice to be served by the Company on Mr. David Chan requesting for the sale and transfer of his SOCON Shares to the designated purchaser(s) in accordance with the terms of the Deed;
“Directors”	the directors of the Company;
“Disposal”	has the meaning ascribed to it in the summary box on page 1 of this announcement;
“Group”	collectively, the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macao Special Administrative Region of the People’s Republic of China;
“Mr. David Chan”	Mr. Chan Ngai Shing, David, a director of certain subsidiaries of SOCON and one of the Purchasers in the Disposal;
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);
“Purchasers”	the seven purchasers in the Disposal, all of whom were then employees of the SOCON Group;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 August 2017 (as amended by the supplemental agreement dated 26 May 2020) entered into between the Company and the Purchasers in relation to the Disposal and the grant of the Call Options (including the 2% Call Option);

“SOCON”	Shui On Contractors Limited, a company incorporated in the British Virgin Islands with limited liability, which is a 85%-owned subsidiary of the Company;
“SOCON Group”	collectively, SOCON and its subsidiaries;
“SOCON Shares”	issued ordinary shares of US\$1.00 each of SOCON;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board  
**SOCAM Development Limited**  
**Lee Chun Kong, Freddy**  
*Executive Director and Chief Executive Officer*

Hong Kong, 30 March 2021

*At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent and Mr. Lee Chun Kong, Freddy; the non-executive Director is Ms. Lo Bo Yue, Stephanie; and the independent non-executive Directors are Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. William Timothy Addison.*

\* *For identification purpose only*

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