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

## **CONTINUING CONNECTED TRANSACTION**

### **NEW PROPERTY MANAGEMENT SERVICES AGREEMENT**

The Board announces that on 16 December 2021, PEPM (an indirect wholly-owned subsidiary of the Company) entered into the New Property Management Services Agreement with SOCPML (an indirect wholly-owned subsidiary of SOCL), pursuant to which SOCPML has agreed to engage PEPM, and PEPM has agreed to accept the engagement, to provide the SOC Property Management Services for a term of three years commencing from 1 January 2022.

SOCPML is an indirect wholly-owned subsidiary of SOCL, the controlling shareholder of the Company, and therefore is a connected person of the Company. Accordingly, the continual provision of the SOC Property Management Services under the New Property Management Services Agreement will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the Annual Caps exceeds HK\$3 million while all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules with reference to the highest Annual Cap are less than 5%, the said continuing connected transaction is subject to the announcement, annual review and reporting requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A.76 of the Listing Rules.

### **BACKGROUND**

Reference is made to the announcement of the Company dated 18 April 2019 in relation to, among other matters, the continuing connected transaction regarding the provision of the SOC Property Management Services by Shui On Properties Management Limited (currently known as Pacific Extend Properties Management Limited, i.e. PEPM referred to in this announcement) to SOCPML under the Existing Property Management Services Agreement.

As the Existing Property Management Services Agreement will expire on 31 December 2021, PEPM and SOCPML entered into the New Property Management Services Agreement in respect of the engagement of PEPM for the continual provision of the SOC Property Management Services for a term of three years.

## **THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT**

### ***Date***

16 December 2021

### ***Parties***

- (1) PEPM, an indirect wholly-owned subsidiary of the Company
- (2) SOCPML, an indirect wholly-owned subsidiary of SOCL and the management company under the DMC in respect of Shui On Centre

### ***Subject Matter***

Pursuant to the New Property Management Services Agreement, PEPM shall continue to provide the SOC Property Management Services to SOCPML for a term from 1 January 2022 to 31 December 2024, or until the termination of the engagement of SOCPML to provide the related services under the DMC (whichever is earlier).

### ***Service Fee and Disbursements***

PEPM's annual service fee (the "**Service Fee**") for provision of the SOC Property Management Services under the New Property Management Services Agreement shall be the aggregate sum of (i) 9% of the budgeted expenses for the management of Shui On Centre (the "**Management Expenses**") calculated in accordance with the provisions set out in the DMC for the relevant financial year (excluding (a) the budgeted Management Expenses on remuneration to be received by SOCPML in its capacity as the management company appointed under the DMC; and (b) the sinking fund maintained under the DMC to meet all expenditure of a heavy and/or non-recurrent nature for the common areas of Shui On Centre) plus any additional sum demanded and recovered by SOCPML in accordance with the DMC provisions to cover any insufficiency in the Management Expenses; and (ii) 9% of the part of (if any) actual capital expenditure incurred from 1 January 2022 which exceeds the accumulated balance of the sinking fund as at 31 December 2021.

The Service Fee was determined with reference to the market level of property management fees for comparable properties in Hong Kong after taking into account the amount of work and costs involved in providing the SOC Property Management Services.

SOC PML shall also reimburse PEPM on cost basis for the costs, expenses and disbursements properly incurred in the course of performing the SOC Property Management Services, such as the charges of main office overheads, facilities, accountancy or other professional services, any staff cost and sums payable for the use of any premises reasonably required by PEPM as the management office (the “**Disbursements**”).

SOC PML shall pay the Service Fee and reimburse the Disbursements to PEPM in cash on a monthly basis within 30 days of receiving the payment request from PEPM.

### ***The Annual Caps***

It is expected that the total amounts of the Service Fee and Disbursements payable by SOC PML to PEPM under the New Property Management Services Agreement for the three years ending 31 December 2022, 2023 and 2024 would not exceed HK\$20 million, HK\$22 million and HK\$22 million, respectively (the “**Annual Caps**”).

The Annual Caps are determined with reference to the following factors:

- (a) the historical amounts of service fee paid by SOC PML to PEPM for providing the SOC Property Management Services for the years ended 31 December 2019 and 31 December 2020 and for the period from 1 January 2021 to 30 November 2021, being approximately HK\$6.06 million, HK\$6.90 million and HK\$6.68 million, respectively;
- (b) the amounts of the Management Expenses and capital expenditure incurred for Shui On Centre for the years ended 31 December 2019 and 31 December 2020 and for the period from 1 January 2021 to 30 November 2021, respectively; and
- (c) the estimated amounts of the Management Expenses, capital expenditure and Disbursements to be incurred for Shui On Centre for the three years ending 31 December 2022, 2023 and 2024, respectively.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT**

PEPM principally engages in the provision of property management services in Hong Kong and has a wide range of experience and property management capabilities. Provision of the SOC Property Management Services under the New Property Management Services Agreement forms part of the usual business activities of PEPM, allowing PEPM to capitalise on its experience and expertise to earn a stable income from its services.

The Directors (including the independent non-executive Directors) consider that the terms of the New Property Management Services Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

SOC PML is an indirect wholly-owned subsidiary of SOCL, the controlling shareholder of the Company, and therefore is a connected person of the Company. Accordingly, the continual provision of the SOC Property Management Services under the New Property Management Services Agreement will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the Annual Caps exceeds HK\$3 million while all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules with reference to the highest Annual Cap are less than 5%, the said continuing connected transaction is subject to the announcement, annual review and reporting requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A.76 of the Listing Rules.

SOCL, being the holding company of SOC PML, 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 Mr. Lo and Ms. Lo, a non-executive Director and the daughter of Mr. Lo, are discretionary beneficiaries. Given the interests of Mr. Lo and Ms. Lo in SOCL as set out above, both of them are considered to have material interests in the New Property Management Services Agreement and had abstained from voting at the relevant Board resolutions approving the same.

## GENERAL INFORMATION

The Group principally engages in construction and building maintenance in Hong Kong and Macau, property development and investment in the PRC and provision of property management services in Hong Kong.

PEPM is an indirect wholly-owned subsidiary of the Company and principally engages in the provision of property management services in Hong Kong.

SOC PML is an indirect wholly-owned subsidiary of SOCL and its principal activity is property management.

## DEFINITIONS

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

“Annual Caps”	has the meaning ascribed to it under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT — <i>The Annual Caps</i> ” of this announcement
“Board”	the board of Directors

“Company”	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 983)
“connected person”, “controlling shareholder” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disbursements”	has the meaning ascribed to it under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT — <i>Service Fee and Disbursements</i> ” of this announcement
“DMC”	the Deed of Mutual Covenant and Management Agreement in respect of Shui On Centre dated 17 February 1994 entered into between, among others, Shui On Centre Company Limited (the first owner of Shui On Centre) and SOCPML (as the management company)
“Existing Property Management Services Agreement”	the agreement dated 16 March 2019 entered into between Shui On Properties Management Limited (currently known as Pacific Extend Properties Management Limited, i.e. PEPM referred to in this announcement) and SOCPML in relation to the provision of the SOC Property Management Services by PEPM to SOCPML
“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

“Management Expenses”	has the meaning ascribed to it under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT — <i>Service Fee and Disbursements</i> ” of this announcement
“Mr. Lo”	Mr. Lo Hong Sui, Vincent, an executive Director and the Chairman of the Company
“Ms. Lo”	Ms. Lo Bo Yue, Stephanie, a non-executive Director and the daughter of Mr. Lo
“New Property Management Services Agreement”	the agreement dated 16 December 2021 entered into between PEPM and SOCPML in relation to the continual provision of the SOC Property Management Services by PEPM to SOCPML
“PEPM”	Pacific Extend Properties Management Limited (formerly known as Shui On Properties Management Limited), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan)
“Service Fee”	has the meaning ascribed to it under the section headed “THE NEW PROPERTY MANAGEMENT SERVICES AGREEMENT — <i>Service Fee and Disbursements</i> ” of this announcement
“Shui On Centre”	a commercial building located at 6-8 Harbour Road, Hong Kong
“SOC Property Management Services”	the services of management and maintenance of Shui On Centre
“SOCL”	Shui On Company Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company

“SOCPML”	Shui On Centre Property Management Limited, a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of SOCL and the management company under the DMC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 16 December 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*

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