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

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO DISCLOSEABLE TRANSACTION**

**ACQUISITION OF 65% SHARE INTEREST IN
WELPRO TECHNOLOGY LIMITED**

Reference is made to the announcement of SOCAM Development Limited (the “**Company**”) dated 20 December 2021 (the “**Announcement**”) in relation to the acquisition of 65% share interest in Welpro Technology Limited (the “**Target Company**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

This announcement is made to provide supplemental information in relation to the Acquisition.

As disclosed in the Announcement, the Consideration (subject to downward adjustment) was determined after arm’s length negotiation between the Purchaser (an indirect non-wholly owned subsidiary of the Company) and the Vendor, taking into account factors including (i) the net asset value of the Target Company; (ii) the prospective synergy effect that would be achieved with the Group’s existing maintenance and other businesses after the Acquisition; (iii) the know-how, licences and qualifications already possessed by the Target Company; and (iv) the outstanding contracts for jobs on hand of the Target Company.

The Directors considered that the Consideration was fair and reasonable having evaluated each of the above-mentioned factors as follows:

- (i) In the negotiation with the Vendor, the Company took into consideration the net asset value of the Target Company, which was HK\$15.74 million based on its latest unaudited management accounts as of 30 November 2021, and the potential growth of profitability of the Target Company with reference to the Guaranteed Profit as warranted and undertaken by the Vendor of at least HK\$7.14 million and HK\$12.05 million for the financial years ending 31 March 2022 and 2023, respectively. Based on the Target Company's audited net profit (after taxation and extraordinary items) of HK\$5.21 million for the year ended 31 March 2021 and the Guarantee Profit for the next two financial years, it is implied that there would be a growth in the net profit of the Target Company of approximately 92% over the two years up to 31 March 2023.
- (ii) The Target Company is admitted to the categories of (1) "Burglar Alarm and Security Installation", (2) "Electronic Timing and Display Installation" and (3) "Video Electronics Installation" on the List of Approved Suppliers of Materials and Specialist Contractors for Public Works established by the Development Bureau of the Hong Kong Government and therefore is eligible to tender for and carry out public works contracts under these categories of specialist works. The expertise, know-how and qualifications possessed by the Target Company, which the Group currently does not have, would serve to complement and expand the Group's existing business scope.
- (iii) The Target Company has been granted contracts by various government departments and is a subcontractor of the Group. The Acquisition will generate synergy through vertical integration with the Group's existing maintenance and other businesses, improving the efficiency and quality control of the entire value chain as well as bringing in a stable source of income to the Group, which will in turn facilitate its overall business development. The Group will also be benefited from the sharing of resources, technical know-how and customer base and saving of costs. On the other hand, the Group's existing client base and resources would help achieve further expansion of the business of the Target Company.
- (iv) As at 31 October 2021, the total outstanding contract value on hand of the Target Company amounted to approximately HK\$53 million. Approximately 90% of the contract value was for jobs in relation to various government departments and the remaining was mainly attributable to jobs from the commercial sector. With reference to the historical data for the financial year ended 31 March 2021, the gross profit margin over revenue of the Target Company was approximately 46%.

The Board is pleased to announce that all the conditions of the Acquisition have been satisfied and Completion took place on 3 January 2022 in accordance with the terms of the Sale and Purchase Agreement. Following Completion, the Target Company has become an indirect non-wholly owned subsidiary of the Company, in which the Company holds an effective interest of approximately 42.8%.

The above information is provided as a supplement to the Announcement and does not affect the other information contained in the Announcement. Save as disclosed in this announcement, the contents of the Announcement remain unchanged.

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

Hong Kong, 5 January 2022

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