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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).

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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 TRANSACTIONS

FRAMEWORK AGREEMENT IN RELATION TO WORKS AND SERVICES FOR SHUI ON CENTRE

AND

NOTICE OF SPECIAL GENERAL MEETING

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



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 18 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 19 and 20 of this circular. A letter from Merdeka Corporate Finance Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 21 to 35 of this circular.

A notice convening the special general meeting of SOCAM Development Limited ("SGM") to be held at Concord Room I-II, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 1 June 2022 at 4:30 p.m. (or immediately following the closure of the annual general meeting of the Company) is set out on pages SGM-1 and SGM-2 of this circular.

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 54, 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), should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing Novel Coronavirus (COVID-19) pandemic and the Government regulations on prevention and control of its spread, the following precautionary measures (as detailed on pages 1 and 2 of this circular) will be implemented for the SGM to safeguard the health and safety of attendees:

- (1) Compulsory body temperature check
- (2) Mandatory wearing of surgical face mask
- (3) Maintaining a safe distance between seats and/or limiting the number of attendees to avoid over-crowding
- (4) No provision of refreshments, drinks or corporate gifts

Any attendee, who (a) refuses to comply with the precautionary measures; (b) is subject to the Government's quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Government's prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of COVID-19, will be denied entry into or be required to leave the SGM venue at the absolute discretion of the Company as permitted by law.

In light of the continuing risks posted by COVID-19, the Company strongly encourages Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

* For identification purpose only

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PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Capitalised terms used in this section have the same meanings as those defined in the section headed “Definitions” in this circular.

In view of the ongoing Novel Coronavirus (COVID-19) pandemic and the Government regulations on prevention and control of its spread, the Company will implement the following precautionary measures for the SGM to safeguard the health and safety of attendees:

- (1) Compulsory body temperature check will be carried out on every attendee prior to admission to the SGM venue. Any person with a body temperature of 37.4 degrees Celsius or above will not be admitted to the SGM venue.
- (2) Every attendee will be required to wear a surgical face mask prior to admission to the SGM venue and throughout the SGM. Please note that no masks will be provided at the SGM venue and attendees should wear their own masks.
- (3) The Company will maintain a safe distance between seats and/or limit the number of attendees to avoid over-crowding.
- (4) No refreshments, drinks or corporate gifts will be provided.

The Company may also implement any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in view of the development of the COVID-19 pandemic.

Attendees are requested to observe good personal hygiene at all times at the SGM venue. Any attendee, who (a) refuses to comply with the precautionary measures; (b) is subject to the Government’s quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Government’s prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of COVID-19, will be denied entry into or be required to leave the SGM venue at the absolute discretion of the Company as permitted by law.

Shareholders are requested to consider carefully the risk of attending the SGM, which will be held in an enclosed environment, and not to attend the SGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In addition, the Company would like to remind Shareholders that attendance at the SGM is not necessary for the purpose of exercising voting rights. As an alternative to attending the SGM in person, Shareholders may appoint the Chairman of the SGM as their proxy to vote at the SGM according to their indicated voting instructions by completing and returning the enclosed form of proxy.

The deadline to submit completed proxy forms is Monday, 30 May 2022 at 4:30 p.m. (and, in the event of any adjournment or postponement of the SGM, not less than 48 hours before the time appointed for holding the adjourned or postponed SGM, as the case may be). Completed proxy forms must be returned to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. For Non-registered Shareholders whose Shares are held through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited, they should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

To prevent the spread of COVID-19 and for the sake of their own health and safety, Shareholders are strongly encouraged to cast their votes by submitting proxy forms to appoint Chairman of the SGM as their proxy, instead of attending the SGM in person.

In light of the development of the COVID-19 situation and the latest update on the related Government regulations, the Company may be required to change the meeting arrangements for the SGM at short notice. Shareholders should check the Company's website at www.socam.com or the Stock Exchange's website at www.hkexnews.hk for any further announcement that may be issued by the Company in respect of such arrangements and/or any further precautionary measures to be taken.

DEFINITIONS

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

“Annual Caps”	collectively, the Project Cap and the Service Cap
“associates”, “connected persons”, “controlling shareholder” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“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)
“Condition”	has the meaning as ascribed to it in the section headed “THE FRAMEWORK AGREEMENT – <i>Condition precedent</i> ” in the letter from the Board contained in this circular
“Design Plan”	the design plan on the possible Works and Services that may be required by or could be pitched to the SOCL Group based on (i) the fact that Shui On Centre has not undergone any major overhaul renovation or upgrading since 2011; (ii) the possible deterioration of Shui On Centre’s common areas and proprietary areas; (iii) physical site visit and visual inspection of Shui On Centre; and (iv) the potential energy saving and smart property management control upgrades that could be made to Shui On Centre
“Director(s)”	the director(s) of the Company
“DMC”	the Deed of Mutual Covenant and Management Agreement in respect of Shui On Centre dated 17 February 1994 entered into between, among others, SOCCCL (the first owner of Shui On Centre) and SOCPML (as the management company)
“Framework Agreement”	the framework agreement dated 7 March 2022 (as amended and supplemented by a supplemental agreement dated 13 May 2022) entered into between the Company and SOCL in relation to the Transactions

DEFINITIONS

“Government”	the Hong Kong Government
“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
“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 independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Framework Agreement, the Transactions and the Annual Caps
“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement, the Transactions and the Annual Caps
“Independent Shareholders”	Shareholders other than Mr. Lo, Ms. Lo and their respective associates, including SOCL and Mrs. Lo
“Latest Practicable Date”	11 May 2022, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing
“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. 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

DEFINITIONS

“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 Cap”	has the meaning as ascribed to it in the section headed “ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS – <i>The Project Cap</i> ” in the letter from the Board contained in this circular
“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
“Services”	has the meaning as ascribed to it in the section headed “THE FRAMEWORK AGREEMENT – <i>Subject matter</i> ” in the letter from the Board contained in this circular
“Service Cap”	has the meaning as ascribed to it in the section headed “ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS – <i>The Service Cap</i> ” in the letter from the Board contained in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened on Wednesday, 1 June 2022 at 4:30 p.m. (or immediately following the closure of the annual general meeting of the Company) for considering and, if appropriate, 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 capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shui On Centre”	a commercial building located at 6-8 Harbour Road, Hong Kong

DEFINITIONS

“Smart Facilities”	such smart facilities, equipment, building management and related software systems for improving efficiency of energy consumption, facilities management, and user journey, including, among others, building management control system, digital twin smart facility management platform, internet of things (IoT) indoor air quality sensor, electric vehicle (EV) charger, automatic door, anti-virus/bacterial building solutions, smart camera and building passive design energy efficient solutions
“SOCCL”	Shui On Centre Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of SOCL
“SOCL”	Shui On Company Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company
“SOCL Group”	collectively, SOCL and its subsidiaries
“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 of Shui On Centre under the DMC
“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
“Transactions”	provision of the Works and the Services possibly awarded to any member of the Group by any member of the SOCL Group pursuant to the tenders submitted during the term of the Framework Agreement
“Works”	has the meaning as ascribed to it in the section headed “THE FRAMEWORK AGREEMENT – <i>Subject matter</i> ” in the letter from the Board contained in this circular
“%”	per cent

LETTER FROM THE BOARD



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. Lee Chun Kong, Freddy

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

16 May 2022

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

FRAMEWORK AGREEMENT IN RELATION TO WORKS AND SERVICES FOR SHUI ON CENTRE

INTRODUCTION

References are made to the announcements of the Company dated 7 March 2022 and 13 May 2022.

* For identification purpose only

LETTER FROM THE BOARD

Certain members of the SOCL Group, including (among others) SOCCL, own a majority part of Shui On Centre, and a wholly-owned subsidiary of SOCL, namely SOCPML, is the management company of Shui On Centre under the DMC. As Shui On Centre has not undergone any major overhaul renovation or upgrading since 2011, it is expected that an overhaul enhancement of the property, possibly involving the Works and the Services, covering common areas and proprietary areas, will be conducted as the SOCL Group and the other owners of Shui On Centre may decide. The Group wishes to be considered and to participate in the tenders for the Works and the Services if invitation for any such tender is made by or on behalf of the SOCL Group and/or the other owners of Shui On Centre. As such, the Company and SOCL entered into the Framework Agreement in relation to the Group's possible undertaking and/or provision of the Works and the Services in relation to Shui On Centre.

The purpose of this circular is to provide you with, among other things, (i) further details of the Framework Agreement and the Transactions; (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 convening the SGM.

THE FRAMEWORK AGREEMENT

Date

7 March 2022 (as amended and supplemented on 13 May 2022)

Parties

- (1) the Company
- (2) SOCL, being the controlling shareholder of the Company, certain subsidiaries of which, including (among others) SOCCL, are the owners of certain proprietary areas of Shui On Centre and a wholly-owned subsidiary of which, namely SOCPML, is the management company of Shui On Centre under the DMC

Term

The period commencing from the business day following the date of fulfilment of the Condition (as set out below) and ending on 31 December 2024 (both days inclusive).

LETTER FROM THE BOARD

Subject matter

Pursuant to the Framework Agreement, subject to the Condition having been satisfied, any member of the Group may, from time to time during the term of the Framework Agreement, submit tender(s) under any tender invitation made by the SOCL Group (for the proprietary areas of Shui On Centre) or on behalf of the SOCL Group and the other owners of Shui On Centre (for the common areas of Shui On Centre) and enter into any contract, if awarded, for the engagement of such member of the Group as contractor or service provider for the provision of the following works and services:

- (a) overhaul enhancement works for Shui On Centre, covering its common areas and/or proprietary areas owned by the SOCL Group as the project may involve (the “**Works**”). This would cover all types of works typical of an asset enhancement project for an office commercial building of similar grading, including but not limited to builder works, building services works, renovation works, fitting-out works, additional and alteration works, maintenance works, and procurement and installation of the Smart Facilities; and
- (b) after sales/maintenance services for the Smart Facilities included under the Works (the “**Services**”) for a term of not more than 3 years.

Condition precedent

The Transactions contemplated under the Framework Agreement are conditional upon the necessary approval having been obtained from the Independent Shareholders on or before 15 June 2022 (the “**Condition**”).

Pricing basis of the tenders to be submitted by the Group

The prices and terms to be submitted by members of the Group in the tenders will be subject to the following standard and systematic internal pricing mechanism, which applies to tender submissions to both the Company’s connected persons and independent third parties, in order to ensure that the prices and terms offered to members of the SOCL Group are no more favourable than those offered by the Group to independent third parties.

The Group’s tender submission procedure involves the following major steps:

- (a) receiving tender details;
- (b) establishing internal working group of relevant expertise usually comprising 5 to 8 members, such as quantity surveyors, procurement staff and any specialised expertise as required under the tender’s scope of work etc., to evaluate the terms and tender price and to prepare the final tender submission documents;
- (c) assessing tender documents by the internal working group;
- (d) internally discussing the proposed tender price and terms;

LETTER FROM THE BOARD

- (e) preparation for and finalisation of tender submission; and
- (f) tender submission in accordance with the procedure required by the employer.

As a general principle, the prices and terms of the proposed tenders with respect to the Works and the Services will be determined in the Group's ordinary course of business on normal commercial terms, negotiated on arm's length basis and at prices and on terms no more favourable than those provided to the independent third party customers of the Group.

In order to ensure that the above general principle is implemented throughout the tender evaluation and preparation process, the Group will take into account, among other things, the following:

- (a) scope of works or services and other requirements of the relevant tender, such as timing, technical and quantity specifications;
- (b) the costs analysis and risk assessment conducted;
- (c) estimated profitability of the contract; and
- (d) internal and external reference data such as the prices and terms for the previous projects carried out by the Group for similar types of works and services, and its in-house directory of market information.

The internal working group, if considered necessary, will also conduct site inspection and obtain fee quotations from subcontractors and suppliers to enhance the accuracy of its assessment of the relevant contract's costs and profitability.

Before submission of any tender for the Works or the Services, the price and terms to be offered by the Group will be scrutinised in accordance with the Group's usual procedures for scrutinising tenders for third party works and services. In addition to the Group's usual tendering procedures, comparison will also be made of the proposed tender price and terms with those of at least two previous projects of a similar nature for a connected person of the Company and an independent third party respectively, or if there are no such records of previous projects available, with the quotations collected from subcontractors and suppliers based on the applicable tender requirements, to ensure that the tender price and terms offered to the relevant member of the SOCL Group are no more favourable than those to independent third parties. A designated project manager of the internal working group will review and assess the quotations obtained by the internal working group and the mark-up proposed by the internal working group based on technical risk factors, historical profit margin for works of similar nature (if available) and the prevalent mark-up charged to independent third parties. The designated project manager will review and approve the cost analysis as well as the pricing and terms of the tenders to be submitted. The corporate evaluation department of the Company,

LETTER FROM THE BOARD

which undertakes the internal audit function, will review and oversee the procedures for preparing the tenders for the Works and the Services and ensure that such tenders submitted by members of the Group are in accordance with the terms of the Framework Agreement.

For tendering for the Works, the relevant member of the Group will determine the tender sum based on the expected scope and complexity of the Works, and the estimated costs of labour, materials and facilities, including the Smart Facilities, based on the prevailing market prices as determined with reference to the price quotations obtained from the subcontractors and suppliers for carrying out similar works of comparable scale and complexity plus a fair and reasonable margin based on previous tenders submitted by the Group to independent third parties for the provision of works of similar type and scope to the Works. The Independent Financial Adviser, having reviewed the sample contracts (including the prices quoted by the Group and the mark-up in those sample contracts) of each of the major components of the works provided to independent third parties by the Group, considered that the margin applied by the Group used to assess the tender sum for the Works is in line with the margin applied in the previous tenders submitted by the Group to independent third parties.

For tendering for the Services, the tender sum will be determined in a fair and reasonable manner having considered the commonly-used commercial terms and conditions and the market price as determined with reference to the price quotations obtained from the subcontractors and suppliers for the same or similar type of services, projected inflation of costs of labour and materials with reference to the industry forecast on labour and material costs, and on no more favourable terms offered by the Group to independent third parties with reference to the service fee from previous projects (if available) carried out by the Group for similar types of services. The Company has made reference to the industry inflation forecast published by International Monetary Fund, the construction expenditure forecast published by Hong Kong Construction Industry Council, the building works and services tender price index published by Hong Kong Architectural Services Department and the average daily wages of works for public sector construction projects published by Hong Kong Census and Statistics Department when determining the projected inflation of costs of labour and materials, details of which are disclosed on their respective official websites.

When preparing tenders for the relevant Works and/or Services, the internal work group will obtain quotations from relevant subcontractors and suppliers based on the work scope as set out in the tender documents. The number of quotations to be obtained will depend on the types of the relevant Works and/or Services and the available choices of subcontractors and suppliers on the market for performing such Works and/or Services. A designated project manager of the internal working group will then review and assess the quotations obtained by the internal working group and will also be responsible for making the final recommendation to the relevant member of the Group on whether to submit a tender proposal for any tender invitation received based on the results from the analysis prepared by the internal working group.

LETTER FROM THE BOARD

All tender submissions by the Group will follow relevant standards under the International Organisation for Standardisation depending on the exact Works or Services to be provided. The corporate evaluation department of the Company, which undertakes the internal audit function, will review and oversee the procedures for preparing the tenders for the Works and the Services and ensure that such tenders submitted by members of the Group are in accordance with the terms of the Framework Agreement. The Board, having taken in account that the above procedures for reviewing and approving the terms and pricing of the tenders are in line with the market practice, considers that such pricing mechanism and procedures can ensure that the Transactions contemplated under the Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the minority Shareholders.

Payment terms

The fees payable to the Group for provision of the Works and the Services, if awarded, will be settled in accordance with the payment terms set out in the specific tender documentation and contracts.

ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS

The Project Cap

The annual cap for the Works (the “**Project Cap**”) shall be HK\$372 million for each of the period ending 31 December 2022 and the years ending 31 December 2023 and 2024. The Project Cap, taking into account the circumstance that all the tenders for the Works might be released in one single year during the term of the Framework Agreement, represents the maximum total contract sum of the Works that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all the tenders submitted under the Framework Agreement, and further details are set out on page 14 of this circular.

The proposed Project Cap was determined based on:

- the size, office grading and location of Shui On Centre;
- the aggregate of estimated costs for the Works to be potentially tendered to the SOCL Group based on the Design Plan prepared by the designated working groups of the Group and with references to (i) the Group’s past transactions, with similar scope as the Works contemplated under the Framework Agreement, entered into with independent third parties; (ii) preliminary quotations from equipment and raw material suppliers; and (iii) the size and current state of Shui On Centre, including, among others, (a) overall square footage; (b) number of lifts, floors and toilets; (c) age of existing facilities and systems; and (d) type of materials and equipment originally used;

LETTER FROM THE BOARD

- the typical type and scope of enhancement works that may be conducted for office/commercial property in proximate location or of comparable grade, the anticipated scale of the Works given the size and the current state of Shui On Centre, and the estimated costs of the Group for carrying out the Works;
- the prevailing market prices of comparable suppliers of materials and equipment; and
- the estimated fluctuation in the average market prices of materials and equipment.

The Service Cap

The annual cap for the Services (the “**Service Cap**”) shall be HK\$9 million for each of the period ending 31 December 2022 and the years ending 31 December 2023 and 2024. The Service Cap, taking into account the circumstance that all the tenders for the Services might be released in one single year during the term of the Framework Agreement, represents the maximum total after sales/maintenance service fee for the Services that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all the tenders submitted under the Framework Agreement, and further details are set out on page 14 of this circular.

The proposed Service Cap was determined based on:

- the size, office grading and location of Shui On Centre;
- the typical type of the Smart Facilities and the Services that may be provided for office/commercial property in proximate location or of comparable grade, the possible scale given the size of Shui On Centre, and the estimated costs of the Group for providing such Services;
- the prevailing market fees charged by service providers comparable to the Group for similar services; and
- the estimated fluctuation in the average fees charged by service providers comparable to the Group for similar services.

The Project Cap and the Service Cap were both determined according to the Group’s standard pricing procedures based on similar procedures for determining a tender submission as if the Group had already received a tender invitation for the potential Works and Services to be requested for the revamp of Shui On Centre and with reference to the proposed work scope in the Design Plan prepared by the designated working groups. In determining the Project Cap and the Service Cap, the Group has made assumptions on the potential designs and upgrade choices that may be made by the owners of Shui On Centre to formulate the Design Plan and to estimate the quantity of the Works and the Services required. The designated working groups have obtained preliminary quotations from vendors and made reference to the

LETTER FROM THE BOARD

previous tenders to have an estimated unit cost, e.g. the unit cost of each lift to be replaced, the estimated total cost for raw materials required, the estimated total cost for replacing new floorings for lobby for each of the work items under each category of the Works and the estimated labour and material costs for the Services to be undertaken according to the Design Plan and thereafter compile all potential expenses for all the potential Works and Services. After compiling the potential expenses, a reasonable mark-up based on the Group's historical transactions was applied to calculate the preliminary tender quotations for all the Works and Services so as to determine the Project Cap and the Service Cap.

Shui On Centre has not undergone any major overhaul renovation or upgrading since 2011. The works and the services provided by the Group to the SOCL Group in relation to Shui On Centre in the past two years are of limited scope and scale, and are therefore not indicative of the scope and scale of the Works and the Services which may be required in relation to the expected overhaul enhancement of Shui On Centre.

It is still uncertain to the Company as to whether all the Works and the Services will be undertaken for Shui On Centre as its owners may decide. In particular, it is also unclear if the tenders for all the Works and the Services will be made in one single year, or spread over the term of the Framework Agreement. In order to allow the Group to capture the maximum opportunities to participate in the tenders for the Works and the Services, the Annual Caps were set for the period ending 31 December 2022 and the years ending 31 December 2023 and 2024 respectively, taking into account the circumstance that all the tenders might be released in one single year during the term of the Framework Agreement. Accordingly, the Project Cap of HK\$372 million represents the maximum total contract sum of the Works that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all the tenders submitted under the Framework Agreement, and the Service Cap of HK\$9 million represents the maximum total after sales/maintenance service fee for the Services that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all the tenders submitted under the Framework Agreement. The Group would not submit any further tender for any Works or Services if the aggregate contract sum of the Works or the Services awarded to the Group in any financial year within the term of the Framework Agreement has reached the Project Cap or the Service Cap (as the case may be). If necessary, the Company will re-comply with the applicable Listing Rules requirements should the estimated aggregate contract sum of the Works or the Services exceed the Project Cap or the Service Cap (as the case may be). The Annual Caps should not be taken as an indication that the Group may take on the Works or the Services with an aggregate contract sum equivalent to the total amount of the Project Cap or the Service Cap throughout the period and years up to 2024 as mentioned above.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

In order to ensure that the terms of the Framework Agreement and the Transactions contemplated thereunder are on normal commercial terms and fair and reasonable and that the Project Cap and the Service Cap will not be exceeded, the Group will adopt the following measures:

- (a) The corporate evaluation department of the Company will be responsible for reviewing the procedures to prepare the tenders for the Works and the Services and ensuring that such tenders submitted by member(s) of the Group are in accordance with the terms of the Framework Agreement.
- (b) The Company has internal protocol for designated project department heads to monitor on a monthly basis the total contract sums for the Works and the Services awarded and the estimated contract sums for those tenders submitted but pending results. The designated project department heads will (i) report to the corporate finance, legal and company secretarial departments of the Company once the total contract sums and/or the estimated contract sums have reached 80% of the Project Cap and the Service Cap (as the case may be); and (ii) put on hold the submission of any further intended tender that will cause the total contract sums and/or the estimated contract sums for the Works and the Services to exceed the Project Cap and the Service Cap (as the case may be) and notify the corporate finance, legal and company secretarial departments of the Company accordingly, which will then make assessment on the Listing Rules implications. Where appropriate, a proposal for revising the Project Cap and the Service Cap will be submitted to the Board for consideration and approval and necessary actions will be taken in connection therewith to re-comply with the applicable Listing Rules requirements.
- (c) In accordance with the Company policy on connected transactions, the corporate evaluation department of the Company will, on a quarterly basis, compile a report on all connected transactions and continuing connected transactions of the Group, including those entered into under the Framework Agreement, setting out the relevant transaction amounts for submission to the audit committee of the Company and the Board for review to ensure that the annual caps of the continuing connected transactions of the Company (including the Project Cap and the Service Cap) will not be exceeded.
- (d) The independent non-executive Directors will conduct an annual independent review of the above control measures and the continuing connected transactions arising from the Framework Agreement to ensure that such transactions are on normal commercial terms, fair and reasonable, and are carried out pursuant to the terms of the Framework Agreement.

LETTER FROM THE BOARD

- (e) The external auditor of the Company will also be engaged to conduct an annual review and report on the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. The Company will provide necessary information to and facilitate access to such information by the independent non-executive Directors and auditor for the purpose of such review.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT AND THE TRANSACTIONS

The Transactions form part of the Group's ordinary and usual business activities. The Framework Agreement will allow the Group to capitalise on its experience and expertise to increase its revenue and profit through tendering for and, upon successful tenders, participating in the Works and the Services.

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 19 and 20 of this circular) consider that the Framework Agreement is on normal commercial terms, and the Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As SOCL is the controlling shareholder of the Company, SOCL and members of the SOCL Group are connected persons of the Company. Accordingly, the entering into of the Framework Agreement and, if materialised, the Transactions thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Annual Caps exceeds 5%, the Framework Agreement, the Transactions and the Annual Caps are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

SOCL 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 Framework Agreement and the Transactions and had abstained from voting at the relevant Board resolutions approving the same.

LETTER FROM THE BOARD

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Framework Agreement, the Transactions and the Annual Caps. In addition, Merdeka 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.

In view of the interests of Mr. Lo and Ms. Lo in the Framework Agreement and the Transactions, Mr. Lo and Ms. Lo and their respective associates, including SOCL and Mrs. Lo, shall abstain from voting on the Resolution at the SGM. As 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 236,895,300 Shares (including the Shares held by other family member of Mr. Lo in addition to those disclosed on page I-1 of this circular), representing approximately 63.27% of the total number of issued Shares.

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.

SOCL is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Concord Room I-II, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 1 June 2022 at 4:30 p.m. (or immediately following the closure of the annual general meeting of the Company), 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.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, 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), should you so wish.

LETTER FROM THE BOARD

In accordance with Rule 13.39(4) of the Listing Rules, the Resolution will be decided by way of poll at the SGM. Accordingly, the Chairman of the SGM will demand a poll on the Resolution pursuant to Bye-law 66 of the Company's Bye-laws. An explanation of the detailed procedures of voting by poll will be provided to Shareholders at the SGM. The Company will publish an announcement of the poll results on the websites of the Stock Exchange and the Company after the SGM in accordance with Rule 13.39(5) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 19 and 20 of this circular which contains its recommendation to the Independent Shareholders; (ii) the letter from the Independent Financial Adviser, Merdeka, set out on pages 21 to 35 of this circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iii) the additional information set out in the Appendix to this circular.

RECOMMENDATION

The Directors believe that the Framework Agreement and the Transactions are in the best interests of the Company and the Shareholders as a whole. Accordingly, 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
Lee Chun Kong, Freddy
Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter of recommendation from the Independent Board Committee, which has been 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)

16 May 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

FRAMEWORK AGREEMENT IN RELATION TO WORKS AND SERVICES FOR SHUI ON CENTRE

We refer to the circular dated 16 May 2022 (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 Framework Agreement, the Transactions and the Annual Caps, taking into account the recommendation of the Independent Financial Adviser. Merdeka 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 18 of the Circular and the letter from the Independent Financial Adviser, Merdeka, set out on pages 21 to 35 of the Circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Framework Agreement and the advice of Merdeka, we are of the opinion that the Transactions are in the ordinary and usual course of business of the Group, the Framework Agreement is on normal commercial terms, and the Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the Resolution at the SGM to approve the Framework Agreement, the Transactions and the Annual Caps.

Yours faithfully,
For and on behalf of
Independent Board Committee
Chan Kay Cheung
Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Merdeka Corporate Finance Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



Room 1108-1110, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

16 May 2022

*To: the Independent Board Committee and the Independent Shareholders of
SOCAM Development Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

FRAMEWORK AGREEMENT IN RELATION TO WORKS AND SERVICES FOR SHUI ON CENTRE

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms and conditions of the Framework Agreement and the transactions contemplated thereunder, details of which are set out in the Letter from the Board (the “**Board Letter**”) contained in the circular dated 16 May 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to (i) the announcements of the Company dated 7 March 2022 and 13 May 2022; and (ii) the Circular regarding the Framework Agreement in relation to the Group’s possible undertaking and/or provision of the Works and the Services in relation to Shui On Centre (collectively, being the “**Transactions**”).

LISTING RULES IMPLICATIONS

As SOCL is the controlling shareholder of the Company, SOCL and members of the SOCL Group are connected persons of the Company. Accordingly, the entering into of the Framework Agreement and, if materialised, the Transactions thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Annual Caps exceeds 5%, the Framework Agreement, the Transactions and the Annual Caps are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

SOCL 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 Framework Agreement and the Transactions and had abstained from voting at the relevant Board resolutions approving the same.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Framework Agreement, the Transactions and the Annual Caps. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

In view of the interests of Mr. Lo and Ms. Lo in the Framework Agreement and the Transactions, Mr. Lo and Ms. Lo and their respective associates, including SOCL and Mrs. Lo, shall abstain from voting on the Resolution at the SGM. As 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 236,895,300 Shares (including the Shares held by other family member of Mr. Lo in addition to those disclosed on page I-1 of the Circular), representing approximately 63.27% of the total number of issued Shares.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Framework Agreement, there were no engagements between the Group or the Shareholders and Merdeka Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the statements, information, opinions and representations contained in or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (the "**Management**"). Our review procedures include, among others, review of (i) the Framework Agreement; (ii) the interim report of the Group for the six months ended 30 June 2021; (iii) the annual report of the Group for the year ended 31 December 2021 ("**2021 Annual Report**"); (iv) the Circular; (v) relevant announcements published by the Company;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and (vi) review of other relevant public information. We have assumed that all statements, information and representations made or referred to in this Circular and all information and representations which have been provided by the Company and its advisers, the Directors and the Management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in this Circular were reasonably made after due and careful enquiry and were based on honestly held opinions.

The Directors have collectively and individually accepted full responsibility for the Circular, including particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Company and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the 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 in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and Management.

Our opinion is based on the information made available to us as at the date of the Circular. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the date of the Circular or to update, revise or reaffirm our opinion. This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Framework Agreement and the Transactions contemplated thereunder, and except for its inclusion in this Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations in respect of whether the Framework Agreement and the Transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below.

1. Background information

1.1 Information of the Company

The Company is an investment holding company incorporated in the Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange. 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Information of SOCL Group

SOCL is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding. Its major subsidiaries are principally engaged in property development and management. Certain member(s) of the SOCL Group own(s) a majority part of Shui On Centre and is the management company of Shui On Centre under the DMC. SOCL is also the controlling shareholder of the Company.

1.3 Information of Shui On Centre

Shui On Centre is a Grade A office building with total gross floor area of approximately 50,000 sq.m located in Wan Chai, Hong Kong. Construction of the property was completed in 1987. The property consists of both commercial and office accommodation in its 35-storey tower structure, together with car parking facilities in its three basement floors.

2. Reasons for and benefits of entering into the Framework Agreement

The Transactions form part of the Group's ordinary and usual business activities. As noted from the 2021 Annual Report, the Group recorded revenue of approximately HK\$5,267 million for the financial year ended 31 December 2021 ("**2021 Total Revenue**"), in which the construction and building maintenance segment contributed approximately HK\$4,936 million, representing a significant portion of approximately 94% of the 2021 Total Revenue.

The Framework Agreement will allow the Group to capitalise on its experience and expertise to increase its revenue and profit through tendering for and, upon successful tenders, participating in the Works and the Services.

As disclosed in the Board Letter, as Shui On Centre has not undergone any major overhaul renovation or upgrading since 2011, it is expected that an overhaul enhancement of the property, possibly involving the Works and the Services, covering Shui On Centre's common and proprietary areas, will be conducted as the SOCL Group and the other owners of Shui On Centre may decide. The Group wishes to be considered for and to participate in the tenders for the Works and the Services if invitation for any such tender is made by the SOCL Group (for the proprietary areas of Shui On Centre) or on behalf of the SOCL Group and the other owners of Shui On Centre (for the common areas of Shui On Centre).

The Transactions contemplated under the Works and Services to be potentially conducted by the Group require the approval of the Independent Shareholders under Chapter 14A of the Listing Rules. The tendering timeline and process of the Works and Services to be potentially requested by the owners of Shui On Centre is yet to be fixed and not within the control of the Group. From our discussions with the Management, it is to our understanding that invitation for public tenders in construction segment in Hong Kong, as a general practice do not allow tender submissions nor will grant a tender award on a conditional basis, in particular for an awarded contractor to obtain shareholders' approval at general meetings prior to the execution of any formal agreements, as tendering processes generally have specified timelines.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As confirmed by the Directors, as the Transactions (which are comprised of various tenders to be made throughout the term of the Framework Agreement) are conducted in the ordinary and usual course of business of the Group, it would be costly and impractical to make regular disclosure of each of the relevant Transactions, if materialised, and obtain the prior approval from the Independent Shareholders as required by the Listing Rules, if necessary, upon confirmation of the Group's successful bidding for the provision of construction works and services to SOCL Group. Accordingly, the Framework Agreement, if approved by the Independent Shareholders, will allow the Group to participate in any tender invitations for any of the Works and Services to be potentially performed on Shui On Centre within the Annual Caps.

Taking into account of (i) the Transactions are in line with the existing principal business activities of the Group; (ii) Shui On Centre is a 35-storey grade A office building in a major business district of Hong Kong, securing tender awards for the Works and Services can significantly enhance the portfolio of the Group; (iii) entering of the Framework Agreement allows the Group to reduce the uncertainty and compliance burden in relation to its submission of tenders to SOCL Group and/or the other owners of Shui On Centre; and (iv) the Framework Agreement itself does not impose any contractual obligation on the Group to sign any definitive agreements with the SOCL Group and/or the other owners of Shui On Centre, we are of the view that the entering into the Framework Agreement (including the Transactions) are in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

3. The Framework Agreement

3.1 *The principal terms*

As extracted from the Board Letter, the principal terms of the Framework Agreement are set out below:

- Date* : 7 March 2022 (as amended and supplemented on 13 May 2022)
- Parties* : (1) the Company; and
- (2) SOCL, being the controlling shareholder of the Company, certain subsidiaries of which, including (among others) SOCCL, are the owners of certain proprietary areas of Shui On Centre and a wholly-owned subsidiary of which, namely SOCPML, is the management company of Shui On Centre under the DMC.
- Term* : The period commencing from the business day following the date of fulfilment of the Condition (as set out below) and ending on 31 December 2024 (both days inclusive).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject matter : Pursuant to the Framework Agreement, subject to the Condition having been satisfied, any member of the Group may, from time to time during the term of the Framework Agreement, submit tender(s) under any tender invitation made by the SOCL Group (for the proprietary areas of Shui On Centre) or on behalf of the SOCL Group and the other owners of Shui On Centre (for the common areas of Shui On Centre) and enter into any contract, if awarded, for the engagement of such member of the Group as contractor or service provider for the provision of the following works and services:

- (a) overhaul enhancement works for Shui On Centre, covering its common areas and/or proprietary areas owned by the SOCL Group as the project may involve. This would cover all types of works typical of an asset enhancement project for an office commercial building of similar grading, including but not limited to builder works, building services works, renovation works, fitting-out works, additional and alteration works, maintenance works, and procurement and installation of the Smart Facilities; and
- (b) after sales/maintenance services for the Smart Facilities included under the Works for a term of not more than 3 years.

Condition precedent : The Transactions contemplated under the Framework Agreement are conditional upon the necessary approval having been obtained from the Independent Shareholders on or before 15 June 2022.

3.2 Our review on the Group's tender submission procedures and tender review procedures

Shareholders should note that the Framework Agreement does not impose any contractual obligation for the Group to tender for any renovation works for the SOCL Group and the SOCL Group along with other owners of the Shui On Centre. As confirmed by the Management, the Group maintains standard and systematic internal pricing mechanisms to review the feasibility and profitability of invitations to tender from the SOCL Group or other independent third parties. As advised by the Management, the Group's standard and systematic tender submission procedures are in line with market practices.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Board Letter, the Group's standard and systematic internal pricing mechanisms, which applies for tenders submitted to both connected persons and independent third parties, ensures that the price and terms of the proposed tenders submitted by the Group under the Framework Agreement are no more favourable to the SOCL Group, and no less favourable to the Group, than those submitted to independent third parties.

As disclosed in the Board Letter and as confirmed by the Management, upon any receipt of a tender invitation whether from a connected person or an independent third party, the Group will establish an internal working group of relevant expertise usually comprising 5 to 8 members (the "**Tender Working Group**"), such as quantity surveyors, procurement staffs and any specialised expertise as required under the tender's scope of work etc., to evaluate the terms and tender price and to prepare the final tender submission documents. In addition, all tender submissions by the Group follow relevant standards under the International Organization for Standardization depending on the exact services to be provided.

As disclosed in the Board Letter, in order to ensure that the terms of the Framework Agreement and the Transactions contemplated thereunder are on normal commercial terms and fair and reasonable and that the Project Cap and Service Cap will not be exceeded, the Group will adopt the following measures:

- (a) The corporate evaluation department of the Company (the "**CE**") will be responsible for reviewing the procedures to prepare the tenders for the Works and the Services and ensuring that such tenders submitted by member(s) of the Group are in accordance with the terms of the Framework Agreement.
- (b) The Company has internal protocol for designated project department heads to monitor on a monthly basis the total contract sums for the Works and the Services awarded and the estimated contract sums for those tenders submitted but pending results. The designated project department heads will (i) report to the corporate finance, legal and company secretarial departments of the Company once the total contract sums and/or the estimated contract sums have reached 80% of the Project Cap and the Service Cap (as the case may be); and (ii) put on hold the submission of any further intended tender that will cause the total contract sums and/or the estimated contract sums for the Works and the Services to exceed the Project Cap and the Service Cap (as the case may be) and notify the corporate finance, legal and company secretarial departments of the Company accordingly, which will make assessment on the Listing Rules implications. Where appropriate, a proposal for revising the Project Cap and the Service Cap will be submitted to the Board for consideration and necessary actions will be taken in connection therewith to re-comply with the applicable Listing Rules requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) In accordance with the Company policy on connected transactions, the CE will, on a quarterly basis, compile a report on all connected transactions and continuing connected transactions of the Group, including those entered into under the Framework Agreement, setting out the relevant transaction amounts for submission to the audit committee of the Company and the Board for review to ensure that the annual caps of the continuing connected transactions of the Company (including the Project Cap and the Service Cap) will not be exceeded.
- (d) The independent non-executive Directors will conduct an annual independent review of the above control measures and the continuing connected transactions arising from the Framework Agreement to ensure that such transactions are on normal commercial terms, fair and reasonable, and are carried out pursuant to the terms of the Framework Agreement.
- (e) The external auditor of the Company will also be engaged to conduct an annual review and report on the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. The Company will provide necessary information to and facilitate access to such information by its independent non-executive Directors and auditor for the purpose of such review.

As understood from the Management, the responsible persons of the CE that will undertake the internal audit function of any tenders provided to the Company cannot be an associate of the company providing the tender invitation. We consider that the CE has sufficient independence and professional capabilities to review the terms of transactions and internal controls therein in preparing the tenders under the Framework Agreement.

To ascertain the Group's standard and systematic tender assessment and submission procedures, we have obtained and reviewed four randomly selected sample tender reports of the Group entered into between August 2021 and February 2022, of which one was submitted to the SOCL Group while the other three were submitted to independent third parties. Based on our review, we noted that (i) the standard and systematic tender submission procedures has been implemented by the Group to review the feasibility and profitability of tender invitations received by the Group; (ii) the pricing terms of the tenders were determined, by the Group with reference to, among others, technical requirements, quantity specifications, expected completion time, customer's expectations and possible risk factors associated with a project; (iii) the tender submission documents have been prepared by a Tender Working Group; and (iv) the abovementioned standard and systematic tender submission mechanism maintained by the Group is applicable to tenders submitted to both connected persons and independent third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Board Letter, aside from the Group's standard tender submission procedures, comparison will also be made of any proposed tender price and terms for any Works and Services with those of at least two previous projects of a similar nature for a connected person of the Company and an independent third party respectively, or if there are no such records of previous projects available, with the quotations collected from subcontractors and suppliers based on the applicable tender requirements, to ensure that the tender price and terms offered to the relevant member of the SOCL Group are no more favourable than those offered to independent third parties.

We further understand that a designated project manager within each Tender Working Group is responsible for making the final recommendation to the relevant member of the Group on whether to submit a tender proposal for any tender invitation received based on the results from the analysis prepared by each Tender Working Group. The designated project manager of the Tender Working Group will review and assess the quotations obtained by the Tender Working Group and the mark-up proposed by the Tender Working Group, historical profit margin for works of similar nature (if available) and the prevalent mark-up charged to independent third parties. The designated project manager will review and approve the cost analysis as well as the pricing and terms of the tenders to be submitted. If any contract is granted to the Group as a result of a competitive tender, the relevant project owner of the SOCL Group will issue a letter of award to the Group and the Group will act as a contractor for the relevant works of the SOCL Group based on the terms of the successful tender.

As (i) the tender documents submitted by the Group will be prepared in accordance with the same standard and systematic tender submission mechanisms applicable to tenders submitted to both connected persons and independent third parties; (ii) further comparison to historical and vendor quoted prices will also be made; and (iii) various measures adopted by the group to ensure the terms of the Framework Agreement and the Transactions contemplated thereunder are on normal commercial terms and fair and reasonable and that the Project Cap and Service Cap will not be exceeded, we consider that by following the standard and systematic tender submission mechanisms that have been agreed by the CE that proper internal controls are present and the additional measures imposed by the Group for the Framework Agreement, the terms and conditions of any Transactions that may be entered into under the Framework Agreement would be on normal commercial terms and be fair and reasonable so far as the Independent Shareholders are concerned.

3.3 The proposed Annual Caps under the Framework Agreement

The Project Cap

As set out in the Board Letter, the Project Cap shall be HK\$372 million for each of the period ending 31 December 2022 and the two years ending 31 December 2023 and 2024. The Project Cap, taking into account the circumstance that all the tenders for the Works might be released in one single year during the term of the Framework Agreement, represents the maximum total contract sum of the Works that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all tenders submitted under the Framework Agreement.

The proposed Project Cap was determined based on:

- the size, office grading and location of Shui On Centre;
- the aggregate of estimated costs for the Works to be potentially tendered to SOCL Group based on the Design Plan prepared by the designated working groups of the Group and with references to (i) the Group's past transactions, with similar scope as the Works contemplated under the Framework Agreement, entered into with independent third parties; (ii) preliminary quotations from equipment and raw material suppliers; and (iii) the size and current state of Shui On Centre, including, among others, (a) overall square footage; (b) number of lifts, floors and toilets; (c) age of existing facilities and systems; and (d) type of materials and equipment originally used;
- the typical type and scope of enhancement works that may be conducted for office/commercial property in proximate location or of comparable grade, the anticipated scale of the Works given the size and the current state of Shui On Centre, and the estimated costs of the Group for carrying out the Works;
- the prevailing market prices of comparable suppliers of materials and equipment; and
- the estimated fluctuation in the average market prices of materials and equipment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Service Cap

As further set out in the Board Letter, the annual cap for the Services shall be HK\$9 million for each of the period ending 31 December 2022 and the years ending 31 December 2023 and 2024. The Service Cap, taking into account the circumstance that all the tenders for the Services might be released in one single year during the term of the Framework Agreement, represents the maximum total after sales/maintenance service fee for the Services that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all the tenders submitted under the Framework Agreement.

The proposed Service Cap was determined based on:

- the size, office grading and location of Shui On Centre;
- the typical type of the Smart Facilities and the Services that may be provided for office/commercial property in proximate location or of comparable grade, the possible scale given the size of Shui On Centre, and the estimated costs of the Group for providing such Services;
- the prevailing market fees charged by service providers comparable to the Group for similar services; and
- the estimated fluctuation in the average fees charged by service providers comparable to the Group for similar services.

3.4 Our assessments on the Project Cap and Service Cap and their basis

In assessing the reasonableness of the abovementioned Project Cap and Service Cap, we have reviewed and discussed with the Management the basis and assumptions underlying the projections of Project Cap and Service Cap, respectively.

We noted from the Board Letter that it is still uncertain to the Group as to whether all the Works and the Services will be undertaken for Shui On Centre as its owners may decide. In particular, it is also unclear if the tenders for all the Works and the Services will be made in one single year, or spread over the term of the Framework Agreement. In order to allow the Group to capture the maximum opportunities to participate in the tenders for the Works and the Services, the Annual Caps were set for the period ending 31 December 2022 and the years ending 31 December 2023 and 2024 respectively, taking into account the circumstance that all the tenders might be released in one single year during the term of the Framework Agreement. Accordingly, the Project Cap of HK\$372 million represents the maximum total contract sum of the Works that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all the tenders submitted under the Framework Agreement, and the Service Cap of HK\$9 million represents the total after sales/maintenance service fee for the Services that may be awarded to member(s) of the Group within the term of the Framework Agreement pursuant to all the tenders submitted under the Framework Agreement. The Group would not submit any further tender for any Works or Services if the aggregate contract sum of the Works or the

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Services awarded to the Group in any financial year within the term of the Framework Agreement has reached the Project Cap or the Service Cap (as the case may be) and if necessary, the Company will re-comply with the applicable Listing Rules requirements should the estimated aggregate contract sum of the Works or the Services exceed the Project Cap or the Service Cap (as the case may be). The Annual Caps should not be taken as an indication that the Group may take on the Works or the Services with an aggregate contract sum equivalent to the total amount of the Project Cap or the Service Cap throughout the period ending 31 December 2022 and the years ending 31 December 2023 and 2024 as mentioned above.

As disclosed in the Board Letter and according to our discussions with the Management, we are of the understanding that the Project Cap and the Service Cap were both devised based on similar procedures to determining a tender submission as if the Group had already received a tender invitation for the predicted Works and the Services to be requested for the revamp of Shui On Centre.

The Group had created various designated internal working groups of relevant professionals to determine the possible upgrade and renovation/fitting-out works that may be required by or could be pitched to the SOCL Group based on (i) the fact that Shui On Centre has not undergone any major overhaul renovation or upgrading since 2011; (ii) the expected deterioration of Shui On Centre's common areas and proprietary areas; (iii) physical site visit and visual inspection of Shui On Centre; and (iv) the potential energy saving and smart property management control upgrades that could be made to Shui On Centre, to create the Design Plan. Shareholders should note that the Annual Caps are based on assumptions of possible Works and Services to be tendered, which is ultimately up to the decision of the owners of Shui On Centre.

To assess the reasonableness of the Project Cap, we have obtained from the Management the breakdown of the major components of the Works under the Framework Agreement (i.e. assets/areas at Shui On Centre expected to be enhanced or replaced) and we are given to understand that the Works are classified into (i) asset enhancement initiatives (“**AEI**”); (ii) electrical and mechanical works related to AEI (“**E&M**”); (iii) building maintenance (“**B&M**”); and (iv) procurement and installation of the Smart Facilities.

It is to our understanding that (i) AEI principally includes lift replacements, renovation of lobby areas, corridors, toilets and external walls; (ii) E&M mainly consists of replacement of, including but not limited to, fire service systems, electrical and power systems, fresh air systems and plumbing and drainage systems; (iii) B&M include, among others, replacement of chilled water pipe, fire service control panel and centralized security control panel, and inspect and repair of curtain wall system; and (iv) Smart Facilities include, among others, building management control system, digital twin smart facility management platform, internet of things (IoT) indoor air quality sensor, electric vehicle (EV) charger, automatic door, anti-virus/bacterial building solutions, smart camera, building passive design energy efficient solutions.

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For our due diligence purpose, we obtained the calculation of the estimated Project Cap. The calculation was based on the aggregate of estimated costs for Works to be potentially tendered to SOCL Group that designated internal working groups have made, with references to (i) the Group's past transactions with similar scope as the Works contemplated under the Framework Agreement entered into with independent third parties; (ii) preliminary quotations from equipment and raw material suppliers; and (iii) the size and current state of Shui On Centre, including among others, (a) overall square footage; (b) number of lifts, floors and toilets; (c) age of existing facilities and systems; and (d) type of materials and equipment originally used.

As disclosed in the Board Letter and from our discussions with the Management, it is to our understanding that the estimations used as the basis for the Project Cap was made according to the Group's standard pricing procedures as if the Group was submitting a tender for the Works. In order to estimate the potential costs of the Works and Services, the Group has made assumptions on the potential designs and upgrade choices that may be made by the owners of Shui On Centre to formulate the Design Plan. Based on the Design Plan, internal experts of the Group obtained preliminary quotations from vendors and referenced historical tenders to compile all potential expenses for all the potential Works and Services. After compiling potential expenses, a reasonable mark-up based on the Group's historical transactions was applied to calculate the preliminary tender quotations for all the Works.

We have obtained and reviewed eight randomly selected sample contracts of each of the major components of the Works provided to independent third parties by the Group. Based on our review of the sample contracts of similar Works provided to independent third parties. We compared the figures included inside the sample contracts, being the prices quoted by the Group to independent third parties for, among others, replacing lifts, building management systems (i.e. fire, electrical, power, climate control), plumbing, and compared them to the Group's estimated prices for the Works used to calculate the basis for the Project Cap. We noted that there was no significant difference between the prices used in the Group's estimates to calculate the Project Cap and historical tender submissions for the provision of similar works and services by the Group. We also further noted that the mark-ups applied by the Group used to calculate the basis for the Project Cap are in line with historical tenders submitted by the Group with independent third parties. Accordingly we consider that the Project Cap is justifiable.

Similarly, in order to assess the reasonableness of the Service Cap, we have discussed with the Management on the breakdown of the Services and we are given to understand that the Service Cap consists of the projected after sales/maintenance service of the Smart Facilities included under the Works.

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As disclosed in the Board Letter, any after sales/maintenance service fee will be determined with reference to the price quotations obtained from the subcontractors and suppliers for the same or similar type of services, projected inflation of costs of labour and materials with reference to the industry forecasts on labour and materials costs, and on no more favourable terms offered by the Group to independent third parties with reference to the service fee from previous projects (if available) carried out by the Group for similar types of services. The Company has made reference to the industry inflation forecast published by International Monetary Fund, the construction expenditure forecast published by Hong Kong Construction Industry Council, the building works and services tender price index published by Hong Kong Architectural Services Department and the average daily wages of works for public sector construction projects published by Hong Kong Census and Statistics Department when determining the projected inflation of costs of labour and materials, details of which are disclosed on their respective official websites.

According to our discussions with the Management, it is to our understanding that the Smart Facilities consist of many new and patented technologies being developed and provided by a relatively small number of vendors that has only entered the market in recent years. The small number of vendors also limits the range of quotations the Group is able to secure in relation to the pricing of the assets and after sales/maintenance services under the Smart Facilities. If the owners of Shui On Centre choose to implement the Smart Facilities, the pricing for the underlying components to be procured by the Group for its provision of any after sales/maintenance services is expected to be market price as directly quoted by the relevant vendors.

In order to assess the after sales/maintenance service fees, we have reviewed the potential maintenance works expected by the Group assuming the usage of the Smart Facilities for 3 years. We have obtained and reviewed 3 randomly selected sample contracts regarding the Group's provision of similar after sales/maintenance services to independent third parties and we have noted that the Group's estimated time consumption, labor time costs and mark-up in relation to the calculation of the Service Cap is similar and not less than those quoted by the Group to independent third parties.

We have also obtained the Group's preliminary vendor quotations for the underlying components to be installed under the Smart Facilities. Based on our review of the preliminary quotations and comparing them to the Group's estimated component procurement costs for the provision of after sales/maintenance services during the term of the Framework Agreement for the calculation of the Service Cap, we noted that the Group's cost estimates are based on vendor quoted prices. It is also to our understanding that the potential maintenance requirements of the Smart Facilities are based on the average frequency of maintenance and the estimated asset life of various components of the Smart Facilities as provided by the vendors of the assets under the Smart Facilities. Taking into account the aforementioned, we consider the Group's estimations of the potential after sales/maintenance service fees for the Service Cap to be fair and reasonable.

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Having considered the above basis for determining the Annual Caps, we are of the view that the Annual Caps are fair and reasonable. The Shareholders should note that each of the Project Cap and Service Cap under the Framework Agreement represents the best estimates by the Group of the amount of the relevant Transactions based on information currently available to the Group. Each of the Project Cap and the Service Cap bears no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance. The SOCL Group may or may not retain the Group to engage in the Works or Services up to the level of the relevant caps, if at all, and in the case of any such tender invitations, the Group's engagement is still subject to standard market tender procedures which are also open to other contractors.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Transactions contemplated under the Framework Agreement are in the ordinary and usual course of business of the Company, are 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, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to approve the Framework Agreement and the Transactions contemplated thereunder at the SGM.

Yours faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Director

Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.

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

As 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 set out in Appendix 10 to the Listing Rules (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 positions in the shares of the Company

Name of Director	Number of Shares			Total	Approximate % of issued Shares (Note 1)
	Personal interests	Family interests	Other interests		
Mr. Lo	–	312,000 (Note 2)	236,309,000 (Note 3)	236,621,000	63.20
Mr Lee Chun Kong, Freddy (“ Mr. Lee ”)	20,000	–	–	20,000	0.00
Ms. Lo	–	–	236,309,000 (Note 3)	236,309,000	63.11

Notes:

- Based on 374,396,164 Shares in issue as at the Latest Practicable Date.
- 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 236,309,000 Shares mentioned in Note 3 below.
- These Shares were beneficially owned by SOCL, which 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 one of the discretionary beneficiaries, Ms. Lo was a discretionary beneficiary and HSBC International Trustee Limited (“**HSBC Trustee**”) was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such Shares under the SFO.

(b) Long positions 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				Approximate % of issued shares (Note 1)
		Personal interests	Family interests	Other interests	Total	
Mr. Lo	SOL	–	1,849,521 (Note 2)	4,497,509,751 (Note 3)	4,499,359,272	55.80
Mr. Lee	SOL	81,333	–	–	81,333	0.00
Ms. Lo	SOL	437,000 (Note 4)	–	4,497,509,751 (Note 3)	4,497,946,751	55.79

Notes:

- Based on 8,062,216,324 shares of SOL in issue as at the Latest Practicable Date.
- 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 4,497,509,751 shares mentioned in Note 3 below.
- These shares were held by SOCL through its controlled corporations, comprising 2,742,167,818 shares, 1,725,493,996 shares and 29,847,937 shares held by Shui On Investment Company Limited (“**SOI**”), Shui On Properties Limited (“**SOP**”) and New Rainbow Investments Limited (“**NRI**”) respectively, whereas both SOI and SOP were wholly-owned subsidiaries of SOCL. NRI was a wholly-owned subsidiary of the Company which in turn was held by SOCL as to approximately 63.11%. 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 one of the discretionary beneficiaries, Ms. Lo was a discretionary beneficiary and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under the SFO.
- 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 (“ SODH ”)	Trust interests (Note 1)	US\$20,500,000
		Trust interests (Note 1)	US\$2,000,000
		Family interests (Note 2)	US\$2,000,000
		Family interests (Note 2)	US\$1,400,000
Ms. Lo	SODH	Trust interests (Note 1)	US\$20,500,000
		Trust interests (Note 1)	US\$2,000,000

Notes:

- These represented the interests in the debentures held by SOI, a wholly-owned subsidiary of SOCL. SOCL 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.
- These represented the interests in the debentures held by Mrs. Lo, the spouse of Mr. Lo.

Save as disclosed above, as 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.

As at the date of this circular, save for (i) the Framework Agreement; (ii) the letter of mock-up works award dated 23 December 2021 and the letter of renovation works award dated 28 January 2022 as disclosed in the announcement issued by the Company on 28 January 2022; (iii) the property management services agreement dated 16 December 2021 as disclosed in the announcement issued by the Company on 16 December 2021; and (iv) two project management services agreements both dated 30 April 2021 as disclosed in the announcement issued by the Company on 30 April 2021, 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 agreements subsist between certain members of the Group as lessees and certain subsidiaries of SOCL (in which Mr. Lo and Ms. Lo were deemed to have interests at the Latest Practicable Date as mentioned above) as lessors in respect of the leasing of certain office space/premises owned by the group companies of SOCL in Hong Kong and the PRC, the aggregate amount of the rental and management fees of which was approximately HK\$0.6 million for the first quarter of 2022. Save as disclosed above, since 31 December 2021 (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.

As 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 of company which had such discloseable interest or short position	Position within such company
Mr. Lo	SOCL	director
Ms. Lo	SOCL	director

3. DIRECTORS' SERVICE CONTRACTS

As 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

As 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, provision of property management and maintenance services, and trading of building materials in Hong Kong, Macau 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.

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, as 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 as if each of them was a controlling shareholder of the Company).

5. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice, which is contained in this circular:

Name	Qualification
Merdeka	A corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO

Merdeka has given and, as at the Latest Practicable Date, has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears herein.

Merdeka has confirmed that:

- (a) as 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) as at the Latest Practicable Date, it did not have any direct or indirect interest in any assets which had, since 31 December 2021 (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 which were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (c) its letter of advice 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 2021 (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. DOCUMENT ON DISPLAY

Copy of the Framework Agreement is available on (i) the website of the Company at www.socam.com and (ii) the website of the Stock Exchange at www.hkexnews.hk 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.

NOTICE OF SPECIAL GENERAL MEETING



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 Concord Room I-II, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 1 June 2022 at 4:30 p.m. (or immediately following the closure of the annual general meeting of the Company) 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 Framework Agreement (as defined in the circular of the Company dated 16 May 2022 (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 (as defined in the Circular) together with the Annual Caps (as defined in the Circular) be and are 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 Framework Agreement and the Transactions.”

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

Hong Kong, 16 May 2022

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. To safeguard the health and safety of the attendees and to prevent the spread of the Novel Coronavirus (COVID-19) pandemic, certain precautionary measures will be implemented for the above meeting, including, without limitation, (i) all attendees being required to (a) undergo compulsory body temperature checks; and (b) wear surgical masks prior to admission to the meeting venue and throughout the meeting; (ii) maintaining a safe distance between seats and/or limiting the number of attendees to avoid over-crowding; and (iii) no provision of refreshments, drinks or corporate gifts. For details of the measures, please refer to the section headed “PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING” in the circular of the Company dated 16 May 2022.

In light of the development of the COVID-19 situation and the latest update on the related Government regulations, the Company may be required to implement additional precautionary measures for the meeting and/or change the meeting arrangements at short notice. Shareholders should check the Company’s website at www.socam.com or the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for any further announcement that may be issued by the Company in respect of such measures and/or arrangements.

2. 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. To prevent the spread of COVID-19 and for the sake of their own health and safety, shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy to vote at the meeting, instead of attending the meeting in person.
3. 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 54, 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.
4. 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.
5. 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 Friday, 27 May 2022 to Wednesday, 1 June 2022 (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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 26 May 2022.
6. If a Typhoon Signal No. 8 or above is hoisted or “extreme conditions” caused by super typhoons or a Black Rainstorm Warning Signal is/are in force at or at any time after 2:00 p.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.