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瑞安建業有限公司\*

**SOCAM Development Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

## **CONNECTED TRANSACTIONS**

### **PAYMENT OF FEES PURSUANT TO CONTRIBUTION AGREEMENT FOR DALIAN PROJECT**

Reference is made to the announcement of the Company dated 31 December 2015 in relation to:

- (i) the Contribution Agreement, pursuant to which (among other things) the JV Shareholders, namely Main Zone (a wholly-owned subsidiary of the Company), Innovate Zone (a wholly-owned subsidiary of SOL) and Many Gain (a wholly-owned subsidiary of Yida) have agreed to provide additional funding to the Dalian Group by way of contributing loans in an aggregate amount of not exceeding RMB781 million (equivalent to approximately HK\$879.4 million), being the Contributing Loans, in proportion to their effective shareholding ratio of 22%, 48% and 30% in the Dalian Group; and
- (ii) the First Financial Support Agreement, pursuant to which (among other things) Innovate Zone has agreed to provide a unilateral loan of an amount up to RMB240 million (equivalent to approximately HK\$270.2 million), being the First Unilateral Loan, to the Dalian Group for a term of one year. As Main Zone did not make any matching loan to the Dalian Group in proportion to its 22% effective shareholding ratio therein, Main Zone was required to pay a fee of approximately RMB6.3 million (equivalent to approximately HK\$7.1 million), being the First Non-matching Loan Fee, to Innovate Zone with respect to the First Unilateral Loan in accordance with the terms of the Contribution Agreement.

Main Zone was informed that Innovate Zone has entered into the Second Financial Support Agreement with Richcoast on 5 December 2016, pursuant to which Innovate Zone has agreed to provide a unilateral loan in an amount up to RMB289 million (equivalent to approximately HK\$325.4 million), being the Second Unilateral Loan, to the Dalian Group for the purpose of repayment of its existing indebtedness with near term maturities. The Second Unilateral Loan is repayable on a date no later than 7 December 2019. As Main Zone does not intend to make any matching loan to the Dalian Group in proportion to its 22% effective shareholding ratio therein, a fee of up to approximately RMB22.9 million (equivalent to approximately HK\$25.8 million), being the Second Non-matching Loan Fee, will have to be paid by Main Zone to Innovate Zone with respect to the Second Unilateral Loan in accordance with the terms of the Contribution Agreement.

In relation to the Contributing Loans, Main Zone has not fully provided and does not expect to provide the outstanding balance of its share of the Contributing Loans to the Dalian Group on or before 31 December 2017. As such, Main Zone will have to pay to Innovate Zone, which has provided its share of the Contributing Loans to the Dalian Group, a fee of up to approximately RMB4.9 million (equivalent to approximately HK\$5.5 million), being the Non-contributing Loan Fee, in accordance with the terms of the Contribution Agreement.

Mr. Lo, who is the Chairman of the Company, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of the Company. Accordingly, Mr. Lo is a connected person of the Company. Mr. Lo, who is also the Chairman of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. Therefore, Innovate Zone, being a subsidiary of SOL and hence an associate of Mr. Lo, is a connected person of the Company. As such, the Relevant Payments to be made by Main Zone to Innovate Zone pursuant to the terms of the Contribution Agreement will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the total amount of the Relevant Payments exceeds HK\$3 million but all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Relevant Payments, together with the First Non-matching Loan Fee on an aggregate basis, are less than 5%, the Connected Transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **PAYMENT OF FEES PURSUANT TO THE CONTRIBUTION AGREEMENT**

Reference is made to the announcement of the Company dated 31 December 2015 in relation to the Contribution Agreement and the First Financial Support Agreement.

Pursuant to the Contribution Agreement, among other things, the JV Shareholders have agreed to provide additional funding to the Dalian Group by way of contributing loans in an aggregate amount of not exceeding RMB781 million (equivalent to approximately HK\$879.4 million) (the “**Contributing Loans**”) in proportion to their effective shareholding ratio of 22%, 48% and 30% in the Dalian Group.

In addition, under the Contribution Agreement, each of the JV Shareholders may from time to time extend additional loan(s) to the Dalian Group under the terms and conditions as set out in separate agreement(s) with Richcoast, and any JV Shareholder which does not make any matching loan(s) to the Dalian Group in proportion to its effective shareholding ratio therein, and/or has not contributed its share of the Contributing Loans, shall pay to the JV Shareholder which has extended the additional loan(s) to the Dalian Group, and/or contributed its share of the Contributing Loans, a fee equal to 12% per annum of the outstanding amount of the additional loan(s) provided, and/or the excess corresponding Contributing Loans extended, by such JV Shareholder multiplied by the effective shareholding ratio in the Dalian Group of that non-matching or non-contributing JV Shareholder.

Pursuant to the First Financial Support Agreement, Innovate Zone (a wholly-owned subsidiary of SOL) has agreed to provide a unilateral loan of an amount up to RMB240 million (equivalent to approximately HK\$270.2 million) (the “**First Unilateral Loan**”) to the Dalian Group for a term of one year. As Main Zone (a wholly-owned subsidiary of the Company) did not make any matching loan to the Dalian Group in proportion to its 22% effective shareholding ratio therein, Main Zone was required to pay a fee of approximately RMB6.3 million (equivalent to approximately HK\$7.1 million) (the “**First Non-matching Loan Fee**”) to Innovate Zone, in the manner to be agreed, with respect to the First Unilateral Loan in accordance with the terms of the Contribution Agreement.

Main Zone was informed that Innovate Zone has entered into the Second Financial Support Agreement with Richcoast on 5 December 2016, pursuant to which Innovate Zone has agreed to provide a unilateral loan in an amount up to RMB289 million (equivalent to approximately HK\$325.4 million) (the “**Second Unilateral Loan**”) to the Dalian Group for the purpose of repayment of its existing indebtedness with near term maturities. The Second Unilateral Loan is repayable on a date no later than 7 December 2019. As Main Zone does not intend to make any matching loan to the Dalian Group in proportion to its 22% effective shareholding ratio therein, a fee of up to approximately RMB22.9 million (equivalent to approximately HK\$25.8 million) (the “**Second Non-matching Loan Fee**”) will have to be paid by Main Zone to Innovate Zone, in the manner to be agreed, with respect to the Second Unilateral Loan in accordance with the terms of the Contribution Agreement.

In relation to the Contributing Loans, Main Zone has not fully provided and does not expect to provide the outstanding balance of its share of the Contributing Loans to the Dalian Group on or before 31 December 2017. As such, Main Zone will have to pay to Innovate Zone, which has provided its share of the Contributing Loans to the Dalian Group, a fee of up to approximately RMB4.9 million (equivalent to approximately HK\$5.5 million) (the “**Non-contributing Loan Fee**”), in the manner to be agreed, in accordance with the terms of the Contribution Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONNECTED TRANSACTIONS**

The Dalian Group, being a joint venture comprising Richcoast and its subsidiaries, was formed in 2007 for the development and operation of the Dalian Project, which is effectively owned by the Company as to 22%. So far as the Directors are aware, the Second Unilateral Loan is intended to be applied for repayment of the existing indebtedness of the Dalian Group with near maturities. Main Zone does not intend to make any matching loan to the Dalian Group in proportion to its 22% effective shareholding ratio therein and does not expect to contribute the outstanding balance of its share of the Contributing Loans on or before 31 December 2017, as priority has been given by the Group in the allocation of its financial resources to the property projects under its direct and active management.

The Directors (including the independent non-executive Directors) consider that the Connected Transactions are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Mr. Lo, who is the Chairman of the Company, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of the Company. Accordingly, Mr. Lo is a connected person of the Company. Mr. Lo, who is also the Chairman of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. Therefore, Innovate Zone, being a subsidiary of SOL and hence an associate of Mr. Lo, is a connected person of the Company. As such, the Relevant Payments to be made by Main Zone to Innovate Zone pursuant to the terms of the Contribution Agreement will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the total amount of the Relevant Payments exceeds HK\$3 million but all the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Relevant Payments, together with the First Non-matching Loan Fee on an aggregate basis, are less than 5%, the Connected Transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of Mr. Lo's interest in the Connected Transactions, he had abstained from voting on the resolutions passed by the Board in relation to the Connected Transactions. None of the other Directors has any material interest in the Connected Transactions and therefore is not required to abstain from voting thereon.

## **GENERAL INFORMATION**

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

The SOL Group is one of the leading property developers in the PRC and principally engages in the development, sale, leasing, management and ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

## DEFINITIONS

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

“associate(s)”, “connected person” and “subsidiary(ies)”	each shall have 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);
“Connected Transactions”	the connected transactions in relation to the Relevant Payments to be made by Main Zone to Innovate Zone pursuant to the terms of the Contribution Agreement;
“Contributing Loans”	has the meaning ascribed to it under the section headed “PAYMENT OF FEES PURSUANT TO THE CONTRIBUTION AGREEMENT” in this announcement;
“Contribution Agreement”	the contribution agreement dated 31 December 2015 entered into among Main Zone, Innovate Zone, Many Gain and Richcoast in relation to (among other things) the provision of additional funding for the Dalian Project;
“Dalian Group”	collectively, Richcoast and its subsidiaries (including the PRC Subsidiaries) which holds the Dalian Project;
“Dalian Project”	the Dalian Tiandi property development project jointly developed and operated by the Group, the SOL Group and the Yida Group, being a large-scale integrated development in Dalian, the PRC, with an estimated developable gross floor area of approximately 3 million square metres comprising software offices, residential, commercial and retail properties, hotels and educational facilities;
“Directors”	the directors of the Company;

“First Financial Support Agreement”	the financial support agreement dated 31 December 2015 entered into between Innovate Zone and Richcoast in relation to the First Unilateral Loan;
“First Non-matching Loan Fee”	has the meaning ascribed to it under the section headed “PAYMENT OF FEES PURSUANT TO THE CONTRIBUTION AGREEMENT” in this announcement;
“First Unilateral Loan”	has the meaning ascribed to it under the section headed “PAYMENT OF FEES PURSUANT TO THE CONTRIBUTION AGREEMENT” in this announcement;
“Group”	collectively, the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Innovate Zone”	Innovate Zone Group Limited, a wholly-owned subsidiary of SOL incorporated in the British Virgin Islands with limited liability;
“JV Shareholders”	collectively, Main Zone, Innovate Zone and Many Gain;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Zone”	Main Zone Group Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability;
“Many Gain”	Many Gain International Limited, a wholly-owned subsidiary of Yida incorporated in the British Virgin Islands with limited liability;
“Mr. Lo”	Mr. Lo Hong Sui, Vincent;
“Non-contributing Loan Fee”	has the meaning ascribed to it under the section headed “PAYMENT OF FEES PURSUANT TO THE CONTRIBUTION AGREEMENT” in this announcement;

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan);
“PRC Subsidiaries”	subsidiaries of Richcoast established in the PRC, which are held as to 78% by Richcoast and 22% by the Yida Group;
“Relevant Payments”	collectively, the Non-contributing Loan Fee and the Second Non-matching Loan Fee;
“Richcoast”	Richcoast Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is held as to 28.20% by the Group through Main Zone, 61.54% by the SOL Group through Innovate Zone and 10.26% by the Yida Group through Many Gain;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Financial Support Agreement”	the financial support agreement dated 5 December 2016 entered into between Innovate Zone and Richcoast in relation to the Second Unilateral Loan;
“Second Non-matching Loan Fee”	has the meaning ascribed to it under the section headed “PAYMENT OF FEES PURSUANT TO THE CONTRIBUTION AGREEMENT” in this announcement;
“Second Unilateral Loan”	has the meaning ascribed to it under the section headed “PAYMENT OF FEES PURSUANT TO THE CONTRIBUTION AGREEMENT” in this announcement;
“SOL”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 272);
“SOL Group”	collectively, SOL and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Yida” Yida China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3639);

“Yida Group” collectively, Yida and its subsidiaries; and

“%” per cent.

*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1 : HK\$1.126. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.*

By order of the Board  
**SOCAM Development Limited**  
**Wong Fook Lam, Raymond**  
*Managing Director and Chief Financial Officer*

Hong Kong, 5 December 2016

*At the date of this announcement, the executive Directors are Mr. Lo Hong Sui, Vincent and Mr. Wong Fook Lam, Raymond; the non-executive Directors are Mr. Tsang Kwok Tai, Moses and Mr. Gerrit Jan de Nys; and the independent non-executive Directors are Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. William Timothy Addison.*

\* *For identification purpose only*

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