



FOR IMMEDIATE RELEASE

SOCAM Development Announces 2023 Interim Results

(Hong Kong, 29 August 2023) SOCAM Development Limited (“SOCAM” or the “Group”, stock code: 983) announced its 2023 interim results today.

For the first six months ended 30 June 2023, the Group’s turnover increased significantly by 37.6% to HK\$3.8 billion. However, the Group reported net loss attributable to shareholders of HK\$79 million for the first six months ended 30 June 2023 (1H 2022: loss of HK\$60 million). The loss for this interim period was largely due to the net foreign exchange loss of HK\$76 million attributable to the 3.2% depreciation of the Renminbi against the Hong Kong dollar, valuation loss (net of deferred tax provision) of HK\$58 million on our property portfolio in Mainland China (1H 2022: HK\$18 million valuation loss, net of deferred tax provision), and the substantial increase in net finance costs to HK\$95 million during the period, from HK\$58 million in the prior interim period, on tightening financial market conditions. The Board of Directors does not recommend the payment of an interim dividend (1H 2022: Nil).

SOCAM’s construction business achieved a notable increase in turnover and reported a profit of HK\$255 million for the first six months of 2023. For property business, we recorded a loss of HK\$61 million (including valuation loss) for the first six months of 2023. Rental income was maintained at a stable level and net rental results were much enhanced, as compared to the last interim period, on tightened cost control.

Construction – Notable Progress with Strong Order Book

- The business reported a profit of HK\$255 million for the first six months of 2023, a 15.6% decline against the profit of HK\$302 million for the same period in 2022.
- Turnover for the first six months of 2023 soared 40.5% to HK\$3.7 billion, from HK\$2.6 billion for the same period in 2022.
- Pre-tax profit margin eased to 7.0% for the current interim period, from 11.6% for the last interim period, as certain substantially completed projects made increased contributions in the prior interim period.
- New construction contracts totaling HK\$2.9 billion were secured during this first half year (1H 2022: HK\$3.0 billion).

Heading towards “Construction 2.0”, SOCAM becomes more mature in exceling

construction technologies like Building Information Modeling (BIM) and Modular Integrated Construction (MiC). Our dedication to innovation technologies adoption has groomed us to meet the clients' demand in building more public housing units and government facilities.

Property – Refining Business Approaches to Fit the New Normal

- The business recorded a loss of HK\$61 million for the first six months of 2023, including HK\$58 million valuation loss (net of deferred tax provision) of its property portfolio (1H 2022: HK\$36 million loss).
- Total turnover was HK\$126 million for this first half year, comprising sales revenue of HK\$7 million, gross leasing income of HK\$51 million, and Hong Kong property management services income of HK\$68 million (1H 2022: HK\$146 million).
- Gross leasing income for the first half of 2023 was HK\$51 million, increased slightly from HK\$49 million for the same period in 2022.

The pandemic brought about drastic shifts in consumer behaviour. In response to the rapidly evolving new normal, the Group rolled out asset enhancement initiatives continuously in spite of the difficult market conditions, and revitalised the leasing and marketing strategies, solidifying its position as the “Community Mall”, enriched with unique green and fun elements in Chengdu, Chongqing, Shenyang and Tianjin.

Outlook

There are signs of resilience in the global economy over the recent months, but any upturn looks fragile and risks are tilted to the downside. Nonetheless, leveraging SOCAM's strengths in design and build know-how, technological capabilities in construction and increasing pace of digitalisation, we believe our competitive edge would help us seize upcoming market opportunities amid industry challenges.

Solving the housing problem tops the agenda of the HKSAR Government, which has plans to increase the supply of public housing and expedite the housing construction with wider adoption of innovative technologies. The expanding public housing construction market and roll-out of the new scheme on private sector participation in subsidised housing development, coupled with the on-going hospital development plans and the Northern Metropolis Development Strategy, will offer tremendous business opportunities to SOCAM in the coming years.

Summary of Financial Results for the six months ended 30 June

	2023 HK\$ million	2022 HK\$ million
Construction	255	302
Property		
Loss on property sales	-	(2)
Net rental income	14	9
Fair value changes on investment properties, net of deferred tax provision	(58)	(18)
Hong Kong property management	3	11
Net operating expenses and others	(20)	(36)
	(61)	(36)
Net finance costs	(95)	(58)
Net foreign exchange losses	(76)	(122)
Release of exchange gains	23	4
Corporate overheads and others	(23)	(32)
Taxation	(50)	(57)
Non-controlling interests	(52)	(61)
Total	(79)	(60)

The full results announcement is available on the Group's corporate website (www.socam.com), under the section of "Investor Relations", and on the "HKExnews" website (www.hkexnews.hk) of the Hong Kong Exchanges and Clearing Limited.

About SOCAM Development Limited (SOCAM)

Listed on the Hong Kong Stock Exchange in 1997, SOCAM Development Limited (HKSE Stock Code : 983) is a member of the Shui On Group, and is principally engaged in construction and property businesses, with operations spanning Mainland China, Hong Kong and Macau.