

FOR IMMEDIATE RELEASE

SOCAM Development 2012 Annual Results

(Hong Kong, 27 March 2013) **SOCAM Development Limited** (“SOCAM” or the “Group”, stock code: 983) today announced its annual results for the year ended 31 December 2012. The profit attributable to shareholders was HK\$848 million (2011: HK\$910 million) with earnings per share at HK\$1.73 (2011: HK\$1.86). The total turnover was 7,927 million (2011: 6,148 million). The gearing ratio decreased to 46% (2011: 51%).

The Board of Directors recommended the payment of a final dividend of HK\$0.50 per share to shareholders, compared to HK\$0.40 per share in 2011. The total dividends for the year ended 31 December 2012 are HK\$0.50 per share (2011: HK\$0.65 per share).

RESULTS

	For the year ended 31 December	
	2012	2011
Turnover		
Company and subsidiaries	HK\$6,443 million	HK\$5,900 million
Share of jointly controlled entities and associates	HK\$1,484 million	HK\$248 million
Total	HK\$7,927 million	HK\$6,148 million
Profit attributable to shareholders	HK\$848 million	HK\$910 million
Basic earnings per share	HK\$1.73	HK\$1.86
Total dividends per share	HK\$0.50	HK\$0.65
	At 31 December	
	2012	2011
Total assets	HK\$23.7 billion	HK\$22.2 billion
Net assets	HK\$10.6 billion	HK\$10.0 billion
Net asset value per share	HK\$21.51	HK\$20.43
Net gearing	45.5%	50.5%

Mr. Vincent H. S. Lo, Chairman remarked, “As a company with a major part of our business in the Chinese Mainland, the operating environment in 2012 has not been easy, given the continuing austerity measures in force which adversely affected our property and cement businesses. On the whole, the growth in the Mainland was still encouraging with a GDP increase of 7.8%, amid the turbulence in the debt stricken European communities and the uncertain American economic recovery. Despite the challenging conditions, we have been moving steadily forward with our strategy of unlocking asset value for shareholders.”

BUSINESS REVIEW BY MR. PHILIP K.T. WONG, MANAGING DIRECTOR AND CEO

Property Business

With stalling property sector demand in the first half of the year, and fewer properties being completed and delivered according to our project development and delivery cycle, SOCAM recorded a loss during the interim period. The second half of the year, as expected, saw improved sentiment, allowing us to capitalise on sales campaigns and unlock asset value.

At 31 December 2012, SOCAM owned a diversified portfolio with a total developable gross floor area (GFA) of approximately 2.73 million square metres and an attributable GFA of approximately 2.16 million square metres, spanning Beijing, Chengdu, Chongqing, Guangzhou, Guizhou, Shanghai, Shenyang and Tianjin. The unlocking of the values of our portfolio of special situation projects, with a significant portion being completed development, remains a high priority.

In the second half of the year, we brought to the market four major developments including Beijing Centrium Residence, the Four Seasons Place branded residences in Shanghai, Guangzhou Parc Oasis and Shenyang Project Phase I which have met with satisfactory market response and resulted in contracted sales in excess of RMB3.5 billion.

The opening of the Four Seasons Hotel, Pudong Shanghai in November was well received by customers and the public. SOCAM acquired the 26th to 49th floors of 21st Century Tower in the heart of the financial district in Lujiazui, Pudong in December 2010, in a joint-venture where the Group has a 70% interest, and took a lead role in the development of a deluxe hotel and the branded residences above. Managed by the international renowned Four Seasons Hotels and Resorts Group, Four Seasons Place is the first branded residence project of SOCAM, offering 73 luxurious serviced apartments commanding spectacular views of the Pudong area. The hotel was completed in the second half of 2012 with the first tranche of branded residences launched for sale in August. As of December, 22% of saleable area of the branded residences was sold.

We continued to unlock asset value efficiently and during the year, we realized the en-bloc sale of an office tower of Shenyang Project Phase I to the reputable Ping An Insurance Group, with a total saleable area of approximately 43,000 square metres. In March 2013, the Group disposed its entire interest in the Guangzhou Panyu project which has yielded a HK\$37 million profit. Both of these disposals will generate desirable returns and cash flows for the Group.

The Group continued to adopt a prudent approach in making selected acquisitions during the year. In October 2012, SOCAM entered into a joint-venture agreement with a partner for the acquisition of a residential development project with a total GFA of approximately 158,000 square metres in

Wuqing, Tianjin. The development stands on an adjacent site to a primarily retail and residential development project acquired by the Group in January 2012, and is poised to strengthen the Group's portfolio as the two projects are expected to create synergy in mixed-use development.

In our Knowledge Community Project, Dalian Tiandi, construction works progressed satisfactorily. At 31 December 2012, a total GFA of 350,000 square metres has been completed. Sales of townhouses and apartments in the Huang Ni Chuan area are progressing and are being handed over to buyers in phases. The retail complex in IT Tiandi in the Huang Ni Chuan zone was completed and a number of tenants have moved in. With the growing number of tenants, retail occupancy and sales are quickly gaining momentum. At the year end, the occupancy rate of leasing properties maintained at 75%.

Construction business

The Group's construction business performed in line with expanding market opportunities offered by the increasing expenditure on infrastructure projects and accelerated programmes on public housing development of the HKSAR Government. Major new contracts awarded included the design and construction of West Kowloon Law Courts Building at Sham Shui Po, the public rental housing development at So Uk Estate, the construction of a sports centre, community hall and district library complex in Sha Tin and a 3-year maintenance and refurbishment term contract, resulting in a record amount of contracts totalling HK\$8,826 million for the year (2011: HK\$3,537 million).

Total turnover was HK\$5,358 million (2011: HK\$4,742 million) during the year. The construction division recorded a profit of HK\$256 million, which includes a gain of HK\$89 million due to resumption of a workshop site in Fanling by the HKSAR Government.

At 31 December 2012, the gross value of contracts on hand was approximately HK\$17.4 billion and the value of outstanding contracts to be completed was approximately HK\$10.0 billion, compared with HK\$13.7 billion and HK\$6.0 billion respectively at 31 December 2011.

Cement Business

Cement prices in all the operating areas of Lafarge Shui On Cement (LSOC) came under tremendous pressure due to intensified competition from new capacities and sluggish market demand. LSOC's results were below target. With total annual production capacity stood at around 31 million tonnes at the end of 2012, total sales volume for the year was approximately 27 million tonnes, which was slightly higher than that of the previous year. The average selling price for the

year decreased by approximately 8%, while variable costs decreased by approximately 3%, due mainly to lower fuel costs. SOCAM no longer took up its share of results of LSOC, and recorded a HK\$8 million advisory fee income from LSOC for the year.

SOCAM has been actively working on various options to secure an exit for the Group's investment in LSOC. In December, Lafarge and SOCAM reached an agreement on a road map to enable our exit from the joint venture. This represents encouraging progress in our divestment plan.

OUTLOOK

While we see some uncertainty and short term weakness in market momentum, we maintain a positive outlook in the longer term in the property sector and the Chinese economy as a whole.

Looking ahead, it is expected that policy makers in the Mainland will still be cautiously striking a delicate balance between keeping house prices stable and ensuring sustainable economic growth. Various government regulatory measures are likely to be maintained, if not further reinforced. However, a healthy real estate market is important to the social and economic development of China. It is therefore imperative that sufficient and affordable units are built for the low-income population across the country. Meanwhile, the solid underlying demand for housing and the mega trend of urbanisation in China will undoubtedly continue.

In line with the overall strategy of the Group to create maximum value for our shareholders, the Company will, subject to appropriate market conditions, carry out more active steps, which include working more closely with the much larger Shui On Group, to bring about monetisation of potentially a significant portion of our property assets. In the event of satisfactory completion of this monetisation plan, we would consider the possibility of declaring a special dividend to shareholders. Meanwhile, we will continue to capture the opportunities in construction works arising from the Government of the Hong Kong SAR's policy to expand the building programme for public housing and infrastructure.

SUMMARY OF FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

<i>In HK\$ million</i>	Year ended 31 December	
	2012	2011
Property		
Project fee income	84	118
Profit from property sales and net rental income	134	226
Gain on disposal of subsidiaries	492	337
Fair value gain on investment properties, net of deferred tax provision	185	446
Share of results of jointly controlled entities and associates	300	152
Net operating expenses	(233)	(233)
	962	1,046
Construction		
Operating profit	163	118
Land resumption compensation	89	-
	252	118
Cement operations		
LSOC	8	(41)
Guizhou cement	(4)	5
Impairment losses – reversal / (provision)	21	(16)
Gain on disposal of cement plants	-	56
	25	4
Investment in SOL		
Dividend income	17	10
Net gain on disposal of shares	134	-
	151	10
Venture capital investments	(73)	53
Net finance costs	(262)	(165)
Corporate overheads and others	(96)	(107)
Taxation	(85)	(24)
Non-controlling interests	(26)	(25)
Total	848	910



About SOCAM Development Limited (SOCAM)

SOCAM (HKSE Stock Code: 983) is principally engaged in property development in the Chinese Mainland with a focus on special situation projects and knowledge communities. The Company is specialised in developing quality high-end projects with visionary plans and precise moves leveraged on its strong expertise and solid background in construction operations.

Listed on the Hong Kong Stock Exchange in February 1997, SOCAM is a member of the Shui On Group.

This press release is also available at www.socam.com.

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