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SOCAM Development Announces 2024 Interim Results

(Hong Kong, 28 August 2024) SOCAM Development Limited ("SOCAM" or the "Group", stock code: 983) announced its 2024 interim results today. For the six months ended 30 June 2024, the Group's turnover increased by 8.1% to HK$4.1 billion, from HK$3.8 billion for the same period in 2023. However, it reported net loss attributable to shareholders of HK$88 million, compared with the HK$79 million loss for the corresponding period in 2023. The slight increase in loss for this interim period was largely due to the lower profit contribution from the construction business, and considerable increase in net finance costs on tightening financial market conditions to HK$118 million, from HK$95 million in the prior interim period.

In the face of the challenging market environment, the Board of Directors does not recommend the payment of an interim dividend for this period (1H 2023: Nil).

Summary of Financial Results for the six months ended 30 June

	2024	2023
	HK$ million	HK$ million
Construction	**191**	255
Property		
Net rental income	**17**	14
Loss on property sales	**(1)**	-
Fair value changes on investment properties, net of deferred tax provision	**(24)**	(58)
Hong Kong property management	**5**	3
Net operating expenses and others	**(18)**	(20)
	(21)	(61)
Net finance costs	**(118)**	(95)
Net foreign exchange losses	**(16)**	(76)
Release of exchange gains	**-**	23
Corporate overheads and others	**(48)**	(23)
Taxation	**(40)**	(50)
Non-controlling interests	**(36)**	(52)
Total	**(88)**	(79)

Construction – Substantial Increase in New Contracts

SOCAM's construction business achieved a slight increase in turnover to HK$3.9 billion and reported a profit of HK$191 million for the first six months of 2024 (1H 2023: HK$3.7 billion turnover and HK$255 million profit). The decrease in profit was largely attributable to the substantial shortfall in the contract price fluctuation adjustments receivable from the clients during the current interim period. Pre-tax profit margin for the period eased to 4.9%, from 5.1% in 2023.

During the period, new construction contracts totalling HK$10.2 billion were secured, substantially higher than the HK$2.9 billion secured in the same period of last year, lifting our workload to a record level in recent years and also ensuring a healthy growth in turnover, profit and cash flow in the coming years. SOCAM stepped up the application of ConTech, including Modular Integrated Construction and Building Information Modelling, that enables us to enhance our project capability and competitiveness.

Following the incident occurred at Shui On Joint Venture's construction site of the Kwai Chung Hospital (Phase 2) Redevelopment project in March 2024, Shui On Construction Company Limited and Shui On Building Contractors Limited were temporarily suspended from tendering for new works contracts. The suspension was lifted in early July. In August, we received new evidence which revealed findings that are of critical importance to clarify the cause of the incident. We will strive to work closely with the government departments, and based on further information provided by the subcontractor, to establish the truth.

Property – Stable Leasing Performance

Our property business recorded significant increase in turnover to HK$172 million and reduction in loss to HK$21 million for the first six months of 2024 (1H 2023: HK$126 million turnover and HK$61 million loss). Property management services income in Hong Kong went up, while leasing income in the Mainland remained stable and occupancy rates improved, in comparison to the previous interim period.

Amidst the nationwide lukewarm consumer spending, our property business was getting back on its feet. It proved that our targeted marketing strategies and mall repositioning were on the right track, and shall remain conducive to adding vitality to our retail properties.

Outlook

The global economy has shown resilience, with a modest growth. As we move forward in this challenging environment, we remain confident about the sustainable development of our construction business, which is poised to have great potential. The expanding public housing construction market, the ongoing hospital development plans and upcoming infrastructure projects in Hong Kong, and the prospective non-gaming projects in Macau will offer enormous business opportunities to SOCAM for solid growth and development down the road. Moreover, aligning with national development strategies and enhancing infrastructure connectivity within the Greater Bay Area will present a positive medium to long-term outlook. Capitalising on our continuous adoption of cutting-edge construction technology and innovative sustainability solutions in our projects, SOCAM is well prepared to capture any opportunities and cope with any challenges that the future might bring.

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 Hong Kong, Macau and Mainland China.

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