



瑞安建業
SOCAM DEVELOPMENT

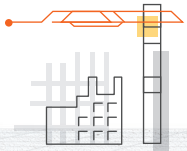
Stock Code 股份代號：983

SMART

FUTURE 智建未來

INTERIM REPORT 中期報告 2024

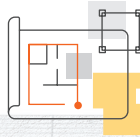
OUR BUSINESS



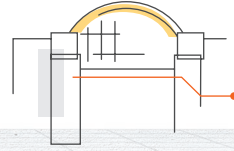
**Building
Construction**



Maintenance



**Interior
Fitting-out**



Property



**Property
Management**

ABOUT SOCAM

Listed on the Hong Kong Stock Exchange in 1997, SOCAM Development Limited is principally engaged in construction and property businesses, with operations spanning Mainland China, Hong Kong and Macau.

BETTER TOMORROW 2030

The “Better Tomorrow 2030” blueprint, setting the sustainability vision and target, is an important step for the Company as it moves to create a positive impact on the economy, environment and the community, and putting sustainability as part of SOCAM’s long-term outlook.

OUR VALUES

SOCAM’s corporate culture is based on the Shui On Group’s adherence to a comprehensive set of corporate governance principles, and our commitment to integrity, quality, innovation and excellence.

INTEGRITY • QUALITY • INNOVATION • EXCELLENCE



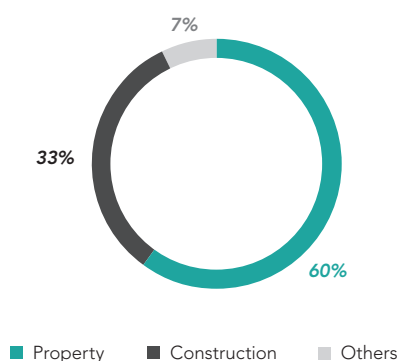
2	Financial Highlights 財務摘要	26	Condensed Consolidated Statement of Financial Position 簡明綜合財務狀況表
4	Management Discussion and Analysis 管理層討論及分析	28	Condensed Consolidated Statement of Changes in Equity 簡明綜合股本權益變動表
5	Business Review 業務回顧	30	Condensed Consolidated Statement of Cash Flows 簡明綜合現金流量表
19	Financial Review 財務回顧	31	Notes to the Unaudited Condensed Consolidated Financial Statements 未經審核簡明綜合財務報表附註
23	Report on Review of Condensed Consolidated Financial Statements 簡明綜合財務報表審閱報告	45	Disclosure under Rules 13.20 and 13.21 of the Listing Rules 根據上市規則第13.20及13.21條所作出的披露
24	Condensed Consolidated Statement of Profit or Loss 簡明綜合損益表	46	General Information 一般資料
25	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income 簡明綜合損益及其他全面收益表	52	Corporate Information 公司資料

FINANCIAL HIGHLIGHTS

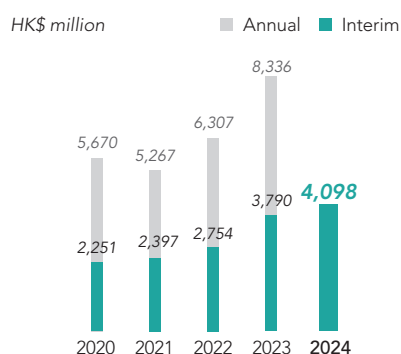
Six months ended 30 June

HK\$ million	2024	2023	2022	2021	2020
Turnover	4,098	3,790	2,754	2,397	2,251
Profit (loss) attributable to shareholders	(88)	(79)	(60)	20	(130)
Basic earnings (loss) per share	(HK\$0.24)	(HK\$0.21)	(HK\$0.16)	HK\$0.05	(HK\$0.35)
	At 30 June	At 31 December			
Total assets (HK\$ billion)	9.4	9.2	9.1	9.6	9.8
Equity attributable to owners of the Company (HK\$ billion)	2.3	2.4	2.6	3.3	3.1
Net asset value per share (HK\$)	6.05	6.35	7.04	8.72	8.37
Net gearing	101.3%	88.9%	60.9%	46.9%	50.8%

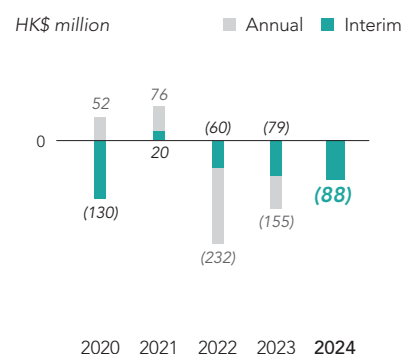
Assets Employed
At 30 June 2024



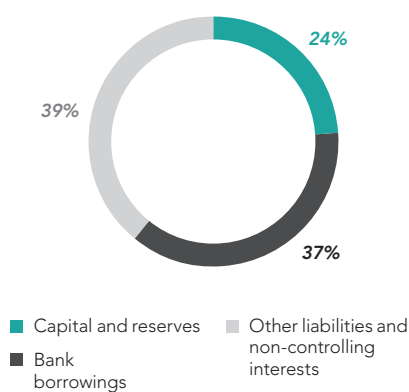
Turnover



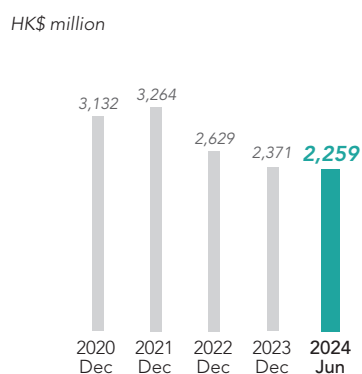
Profit (Loss) Attributable to Owners of the Company



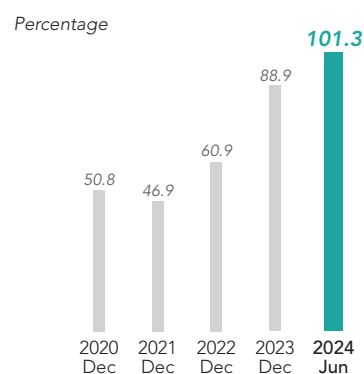
Capital and Liabilities
At 30 June 2024



Equity Attributable to Owners of the Company



Net Gearing





① Western Police Married Quarters

② The Revitalisation of Central Market

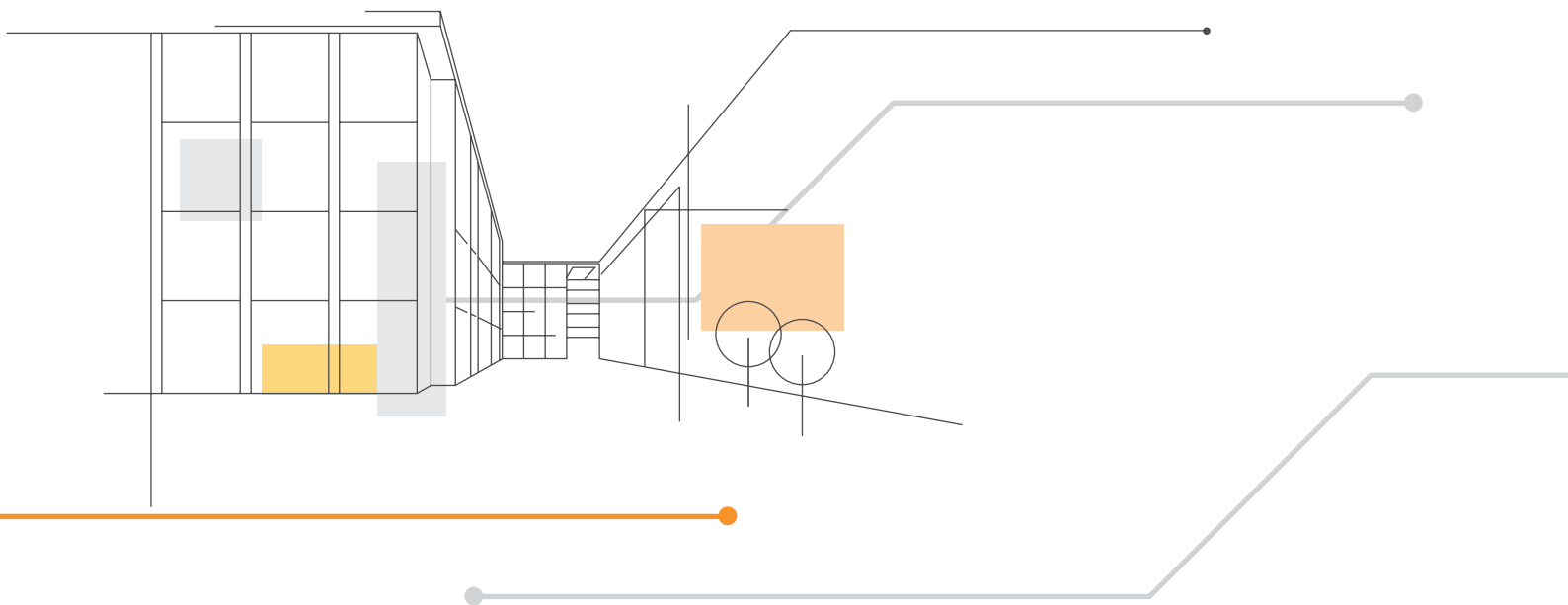
MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

- **Kong Wan Fire Station**
A Design and Build project scheduled to complete in 2026

" As SOCAM continues to strengthen and expand its core business to capture stable income, the construction business achieved continued profit on increased turnover, and further strengthened its already robust order book."



BUSINESS REVIEW

As SOCAM continues to strengthen and expand its core business to capture stable income, the construction business achieved continued profit on increased turnover, and further strengthened its already robust order book. In the Mainland, the property business recorded steady leasing income and improved occupancies in its rental properties.

The Group's turnover for the first six months of 2024 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 for the first six months of 2024, 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.

MARKET ENVIRONMENT

The Group's principal markets saw continued economic growth. China's GDP achieved 5.0% year-on-year (YoY) growth in the first half of 2024, slightly lower than the 5.5% expansion for the same period in 2023, and was in line with the Central Government's 2024 target of around 5%. The GDP in Hong Kong increased by 2.8% and 3.3% YoY in real terms in the first and second quarters of 2024 respectively, after the 3.2% YoY growth in real terms in 2023. In Macau, the GDP recorded 15.7% YoY growth in real terms in the first six months of 2024, following an astounding post-COVID rebound in 2023.

China's economy was generally stable with slow but steady progress. In this first half year, industrial production and exports and imports of goods grew fast, and retail sales went up slightly, while employment and prices remained stable and household income continued to rise. However, domestic demand remained insufficient, and investment in real estate



• **Kwu Tung North Multi-welfare Services Complex**
A Design and Build project completed in 2023

development declined markedly. Amidst the complex external environment, the foundation for sustained economic growth needs to be strengthened.

The Hong Kong economy recorded moderate growth in this first half year, largely driven by the strong exports of goods. Private consumption turned to a modest decline in recent months, after a mild uptick in the first quarter, despite the HKSAR Government's initiatives to boost consumer sentiment. Unemployment rate stayed low, alongside the ongoing economic growth.

The HKSAR Government reaffirms its commitment to the increase in supply of public housing and improvement of the public health infrastructure to address these pressing issues of the community. It also takes forward various infrastructure projects for the long-term development of the city. Total annual construction expenditure in Hong Kong is projected to reach HK\$300 billion, presenting promising works opportunities going forward.

In Macau, the return of tourists and recovery in the hospitality and gaming sectors continued, underpinning the robust economic growth in this interim period.

CONSTRUCTION

MARKET REVIEW

Alongside the gradual economic expansion in Hong Kong, construction activities of both the public and private sectors recorded an increase in the first half of 2024. In the wake of an expected dip in private sector construction activity in the short term, public works contracts are set to face more intense competition.

The housing and healthcare issues in Hong Kong are among the greatest concerns of the community. The HKSAR Government is determined to meet the supply target of 308,000 public housing units over the next ten years under its long-term housing strategy, and complete the two ten-year hospital development plans to address these critical community issues.

The construction industry is a key pillar of the Hong Kong economy. The development of the Northern Metropolis into an international innovation and technology city will, among others, accommodate a population of about 2.5 million and provide 500,000 jobs, upon completion. As a new engine for Hong Kong's future growth, this development strategy will give a strong boost to the construction industry in the long run.

The public sector has already embarked on the construction boom. The Group's construction business continues to capitalise on the enormous market opportunities ahead to drive further growth.

"Over recent years, we have advanced the modernisation of our information technology infrastructure and digital capabilities, and intensified the integration of cutting-edge technologies into our construction projects, aiming to uplift operational performance and elevate competitive edge."



Nevertheless, the persistent shortage of skilled workers, ageing workforce, soaring building costs and fluctuating materials prices continue to undermine the development of the construction industry. The HKSAR Government has, as part of its multi-pronged approach, launched the labour importation scheme for the construction sector, in a bid to fill in the temporary manpower gap. SOCAM imported around 450 workers, and all of them have, in batches, joined our workforce since January 2024.

INTEGRATING CONSTRUCTION TECHNOLOGY

Technology continues to be at the forefront of the construction industry's agenda. Over recent years, we have advanced the modernisation of our information technology infrastructure and digital capabilities,

and intensified the integration of cutting-edge technologies into our construction projects, aiming to uplift operational performance and elevate competitive edge. We have also increased investment in nurturing our Building Information Modelling team and expanding the Modular Integrated Construction (MiC) capacity, as well as the adoption of artificial intelligence (AI), Multi-trade Integrated Mechanical, Electrical and Plumbing and robotics in the construction processes.

Following the Kwu Tung North project and Kam Tin Transitional Housing completed last year, SOCAM demonstrates its capabilities again in the public housing development at Anderson Road Quarry Site R2-7 and Site R2-6, which is the pioneering project of the Hong Kong Housing Authority (HKHA) that fully adopts MiC, offering a total of 1,410 public housing units by mid-2025. In the construction process, we make use of advanced technologies, including Smart

- In line with the vision of smart city development, the Yen Chow Street Public Vehicle Park will integrate an automated parking system



Site Safety System (4S) and digital management platform, to enhance quality and site safety, and cut down construction time and labour-intensive processes.

With the aim of providing greener, smarter, and sustainable construction solutions, SOCAM has launched a joint research and development project (R&D Project) with The Hong Kong University of Science and Technology that integrates Building-integrated Photovoltaics (BIPV) and MiC in public housing construction projects. BIPV is to install specific claddings onto prefabricated building façade to absorb solar energy and turn the absorbed energy into electricity supply to the building. This R&D Project is the first successful attempt at integrating these new technologies in the construction of public housing projects, to enable the public housing estates, after completion, to gain access to solar energy.

OPERATING PERFORMANCE

The Group's construction business reported increased turnover and continued profitability for the first six months of 2024, and saw significant expansion of its order book during this interim period amid a hyper-competitive tendering environment.

The business recorded a turnover of HK\$3.9 billion for the first half of 2024, a 7.2% increase from HK\$3.7 billion for the same period in 2023. Profit was HK\$191 million for the first six months of 2024, representing a 25.1% decline against the profit of HK\$255 million for the corresponding period in 2023. 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 eased to 4.9% in this interim period, from 5.1% in 2023.

In the first half of this year, the Group was successfully awarded a total of HK\$10.2 billion new contracts in Hong Kong and Macau, lifting our workload to a record level in recent years, and substantially higher than the HK\$2.9 billion secured in the same period of last year.

As at 30 June 2024, the gross value of contracts on hand was HK\$35.2 billion and the value of outstanding contracts to be completed was HK\$23.2 billion, increased by 31.8% and 47.8% respectively in comparison to HK\$26.7 billion and HK\$15.7 billion as at 31 December 2023. The strong order book will help ensure healthy growth in turnover, profit and cash flow in the coming few years.

SOCAM prioritises site safety in our daily operations, and has adopted 4S and advanced technologies at construction sites. Over the years, we consistently recorded accident rate substantially below the industry average in Hong Kong, and met our stiff target to reduce accident rates by 25% that was set in 2019.

We continue to review the incident that occurred at Shui On Joint Venture's construction site of the Kwai Chung Hospital (Phase 2) Redevelopment project in March 2024, where a subcontractor's worker was pronounced dead. Subsequently, Shui On Construction Company Limited (SOC) and Shui On Building Contractors Limited (SOBC) were temporarily suspended from tendering for new works contracts. Following a reappraisal of our site safety conditions, an independent safety audit and submission of improvement action plan, 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 collaborate with the government departments, and based on further information provided by the subcontractor, to clarify the truth.

SOCAM has a comprehensive construction value chain, with subsidiaries specialising in respective areas of construction works throughout the building cycle. The Group continues to identify attractive business opportunities to further extend our market coverage. Currently, SOBC and Pacific Extend Limited (PEL) are applying to the Development Bureau for upgrade to Group II under the “Turn-key Interior Design and Fitting-out Works” category in the approved specialist contractors list, and admission to Group B under the “Buildings” category in the approved list of public works contractors, respectively.

Shui On Building Contractors Limited and Pacific Extend Limited

SOBC ranks the upper quartile on the Building Performance Assessment Scoring System (PASS) of the HKHA, which accredits SOBC’s reliability and capability to deliver quality, timely and safe construction services consistently in the HKHA’s public housing programme.

SOBC and PEL secured new construction and maintenance contracts in a total amount of HK\$2.9 billion during the first six months of 2024, which included:

- two design and construction of minor building/civil engineering works for CLP Power Hong Kong Limited (CLP) at its premises, both for a term of three years, plus two years (optional) (HK\$900 million in aggregate);
- a 3-year term contract for minor works on buildings and lands and other properties in Hong Kong for which the Architectural Services Department (ASD) is responsible (HK\$982 million);
- a 3-year district term contract for maintenance, improvement and vacant flat refurbishment works for public housing estates in Kwai Chung, awarded by the HKHA (HK\$672 million); and
- a term contract for architectural and building works for MTR Corporation Limited (MTRC) at its railways and premises in Hong Kong for a term of two years, plus two years (optional) (HK\$168 million per year).

During the period, apart from the new contracts, SOBC and PEL made progress on their existing contracts, including:

- the construction of public housing developments at Anderson Road Quarry Sites RS-1, R2-6 and R2-7 for the HKHA;
- the construction of public housing developments at Sheung Shui Areas 4 and 30 Site 1 Phase 1 and Site 2 Phase 2 for the HKHA;
- the term contract for minor works for New Territories East Cluster for the Hospital Authority;
- the term contract for alterations, additions, maintenance and repair of aided schools, buildings and lands, and other properties in various districts for the Education Bureau;
- the term contracts for maintenance, improvement and vacant flat refurbishment works for public housing estates in various districts for the HKHA;
- the term contract for the design and construction of fitting-out works to buildings and lands and other properties in Kowloon and New Territories for which the ASD is responsible;
- the term contract for the design and construction of minor works to government and subvented properties on Hong Kong Island, Lantau Island and Outlying Islands (South) for which the ASD is responsible;
- the term contracts for design and construction of minor building and civil engineering works, building structure refurbishment works as well as cable trenching and laying works for CLP; and
- the term contract for maintenance, improvement and refurbishment works for buildings at the Hong Kong International Airport for the Airport Authority.

In this first half year, SOBC and PEL completed the following major contracts:

- a 3-year term contract for minor works on buildings and lands and other properties for which the ASD is responsible for the whole territory of Hong Kong; and
- a 4-year term contract for architectural and building works for MTRC.

The Group's efforts to leverage our core competencies to expand business scope yield fruitful results. SOBC secured the first design and build contract for the security access management system for the new extension projects of MTRC up to 2030 (HK\$151 million) subsequent to the period end.

Shui On Construction Company Limited and Shui On Joint Venture

SOC secured new contracts in a total amount of HK\$6.9 billion during the first six months of 2024, which included:

- the contract for the design and construction of Lai Chi Kok Reception Centre for the ASD (HK\$3,908 million); and
- the main contract for the construction of Teaching-Research Complex for The Chinese University of Hong Kong (HK\$2,938 million).

Apart from the new contracts, SOC saw good progress on its existing contracts during the period, including:

- the design and construction of Western Police Married Quarters for the ASD;
- the design and construction of an integrated development with an open space garden and a public vehicle park in Sham Shui Po for the ASD; and
- the design and construction of a new divisional fire station cum ambulance depot in Wanchai for the ASD.

During this interim period, Shui On Joint Venture made progress on the design and construction contracts, comprising the redevelopment of Kwai Chung Hospital (Phase 2) for the Hospital Authority, and provision of the Drainage Services Department Building at the Cheung Sha Wan Sewage Pumping Station for the ASD. In addition, the Joint Venture also granted to Pat Davie Limited (PDL) and PEL contracts for demountable partition works and smart building elements works, respectively, for the Drainage Services Department Building at the Cheung Sha Wan Sewage Pumping Station project, in a strategy to leverage relevant in-house construction expertise and experience of the Group for greater cost effectiveness.

Pat Davie Limited

In the first half of 2024, PDL secured new fit-out and refurbishment contracts with an aggregate value of HK\$469 million primarily in the commercial sector in Hong Kong and the hospitality and gaming industry in Macau, and continued to contribute profits and steady cash flow to the Group.

The major contracts secured by PDL during the period included:

- interior fitting-out works at Hong Kong Cyberport;
- renovation works on common corridors, lift lobbies and toilets of office buildings in Taikoo Place;
- enhancement works for communal facilities in the Advanced Manufacturing Centre at Tseung Kwan O Innopark;
- refurbishment works on Covent Garden in The Londoner, Macau; and
- modification and refurbishment works on the gaming area on ground level of Galaxy Macau.

- A PDL fit-out project for Galaxy Macau



PDL managed to deliver projects on schedule and within budget. Contracts worth a total of HK\$400 million were completed during the first six months of 2024. Notable ones included metal cladding and ceiling panels works for a proposed office development in Central, enhancement works on the Advanced Manufacturing Centre at Tseung Kwan O Innopark, and addition and alteration, and fitting-out works at Shui On Centre in Hong Kong; and fitting-out works on lobby and café in Iconic Hotel at Studio City Phase 2 in Macau.

After the interim period, PDL was awarded new contracts totalling HK\$171 million, including the revitalisation works at the Airport Authority Building in Hong Kong International Airport and renovation works on various office buildings in Taikoo Place.

Smart Facilities Management (SFM) Services

In the Mainland, we continued to carry out smart facility enhancement works on the Group's shopping malls in Chengdu, Chongqing and Shenyang, and various property projects of the Shui On Land Group, yielding marked improvement in operational efficiency and energy saving.

Currently, we are working on the business opportunities for energy optimisation solutions, powered by AI video analytics and retro-commissioning, and have expanded our client base in the institutional and commercial sectors. Our SFM business is building its track record for capturing the upcoming market opportunities in this new growth area.

PROPERTY

• Dynamic Promotion at Tianjin Veneto



“ Yet, the Group’s efforts on adding vitality to our retail properties over the past few years bore fruits, as we reported stable leasing income and higher occupancy rates in this interim period.”

MARKET REVIEW

In Mainland China, retail sales of consumer goods in the first six months of 2024 climbed a lukewarm 3.7% YoY to RMB23.6 trillion. Online retail sales, accounting for around 25% of the retail sales of consumer goods, continued to grow rapidly at 9.8% YoY, but the momentum has moderated.

The economic data released for this first half year points to slower growth on the consumer side. Domestic demand remains relatively weak, highlighting the deficiency of household consumption capacity and confidence. As Mainland consumers become more cautious and scale back on spending, the emerging “consumption downgrade” phenomenon poses a growing threat to the economy.

The advent of new technologies and dramatic shifts in consumer behaviour have also impacted the consumption patterns and lifestyle. The emerging consumer model, integrating livestreaming e-commerce and instant delivery services, currently drives the robust growth of online retail sales of goods. As digital transformation accelerates, the proliferation of big data, AI and other innovative technologies will further enhance the efficiency and appeal of online shopping.

In the midst of a nationwide lukewarm consumer spending, the Group continued to roll out targeted marketing strategies, optimise the operations, revisit tenant mix and refine our offering to the market, with due regard to the specific circumstances of each of our retail premises. The repositioning of our malls to “Green and Fun Community Mall” is expected to remain conducive to the development of the business going forward.

OPERATING PERFORMANCE

Despite noticeable increase in customer footfall in all our shopping malls in recent months, the general consumption sentiment stayed relatively weak. In addition, the “Double Reduction” policy remained a drag on the leasing performance of our rental properties.

Yet, the Group’s efforts on adding vitality to our retail properties over the past few years bore fruits, as we reported stable leasing income and higher occupancy rates in this interim period.

The Group's property business recorded a loss of HK\$21 million for the first six months of 2024, significantly lower than the loss of HK\$61 million for the corresponding period in 2023, mainly attributable to less valuation losses of its property portfolio on stable leasing performance. Total turnover for the first half of 2024 amounted to HK\$172 million, comprising leasing income of HK\$51 million, sales revenue of HK\$23 million, and Hong Kong property management services income of HK\$98 million, significantly higher than the HK\$126 million turnover for the same period in 2023.

PROPERTY PORTFOLIO

As of 30 June 2024, the Group owned six projects in the Mainland, comprising a total gross floor area (GFA) of 394,500 square metres, of which 377,600 square metres GFA were completed properties, and 16,900 square metres GFA of the Nanjing Scenic Villa project are currently under development.

Location	Project	Retail (sq. m.)	Office/ SOHO (sq. m.)	Villa (sq. m.)	Carparks & Others (sq. m.)	Total GFA* (sq. m.)
Chengdu	Centropolitan	43,000	33,300	–	82,900	159,200
Chongqing	Creative Concepts Center	21,000	–	–	9,900	30,900
Guangzhou	Parc Oasis	–	–	–	4,300	4,300
Nanjing	Scenic Villa	–	–	10,900	7,400	18,300
Shenyang	Shenyang Project Phase I	62,200	1,600	–	25,400	89,200
Tianjin	Veneto Phase 1	63,600	–	–	–	63,600
	Veneto Phase 2	27,700	1,300	–	–	29,000
Total		217,500	36,200	10,900	129,900	394,500

* The GFA shown excludes sold and delivered areas.

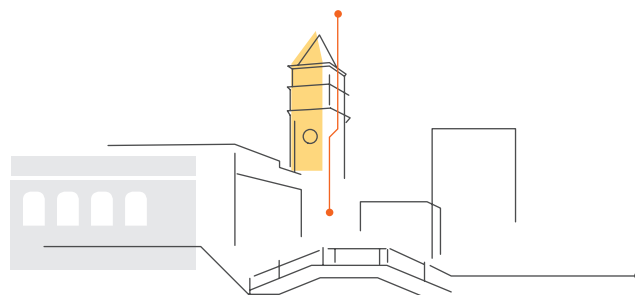
LEASING PERFORMANCE

The Group owns and operates four shopping malls and an office building in the Mainland, with a combined GFA of 223,100 square metres. Total leasing income remained stable at HK\$51 million for both the interim periods in 2024 and 2023.

Occupancy Rates of Retail and Office Properties in Mainland China:

		Occupancy Rate	
Project	Total GFA (sq.m.)	30 June 2024	31 December 2023
Chengdu Centropolitan			
Retail	43,000	89%	87%
Office	33,300	88%	82%
Chongqing Creative Concepts Center			
Retail	21,000	90%	95%
Shenyang Tiandi			
Retail	62,200	94%	92%
Tianjin Veneto Phase 1			
Retail	63,600	72%	72%

We achieved steady increases in occupancy rate in our retail and office premises in Chengdu and Shenyang, while our mall in Chongqing held up at 90% occupancy. Challenges however persist for our outlet mall in Tianjin due to intensified competition among shopping centres in the Wuqing region, on increased supply.



ASSET ENHANCEMENT

The Group consistently re-energised the retail, dining and entertainment ambience of our shopping malls, and enhanced the environmentally friendly mall experience to meet the ever-evolving consumer expectation and trends. We also upgraded the smart facilities for added convenience to customers, while raising energy efficiency and reducing operating cost.

We launched and organised dynamic promotional events revolving around “green and fun” in all of our community malls. Interactive dramas, experience platforms, fun games, family concert, charity run, new amusement facilities for children, among others, have helped to engage customers and lift business turnover of our tenants.

PROPERTY SALES

The Group held a small property inventory for sale, which mainly consisted of retail shops and SOHO units in Phase 2 of Tianjin Veneto, properties under development in Nanjing Scenic Villa and a number of car parking spaces in various projects.

The Group recognised revenue of HK\$23 million and a trivial loss from property sales for the first six months of 2024, compared with HK\$7 million revenue at break-even for the same period in 2023.

Exacerbated by the prolonged downturn in the Mainland’s real estate market, the investment sentiment for commercial properties remained weak. The gradual increase in retail sales and foot traffic in Tianjin Veneto will help improve the sales of the inventory of this project.

PROPERTY MANAGEMENT

During this interim period, Pacific Extend Properties Management Limited (PEPM) executed well on its various property and facilities management contracts

for the HKHA, Urban Renewal Authority, various government departments and other clients in Hong Kong, and secured new contracts with an aggregate value of HK\$73 million, which are listed below. After the interim period end, PEPM was awarded a 3-year term contract by the HKHA for the provision of property management services to five public housing estates, worth HK\$355 million, and adding 16,000 public rental housing units to its business portfolio.

- a 3-year term contract for the provision of property management services to certain residential buildings under the Nga Tsin Wai Road/Carpenter Road Development Scheme for the Urban Renewal Authority;
- a 2-year term contract for the provision of property management services and security and guarding services to Tsuen King Garden Phase 1 in Tsuen Wan;
- a 3-year term contract for the provision of property management agency services to Lung Cheung Office Block and Housing Department offices in Wong Tai Sin; and
- two 2-year term contracts for the provision of property management agency services to the transitional housing projects in Choi Hung and Tsuen Wan, respectively, for The Lok Sin Tong Benevolent Society.

Leveraging its expertise and experience in property and facilities management and working in collaboration with other business operations of the Group, PEPM recorded HK\$98 million turnover for the first six months of 2024 and contributed stable income and cash flow to the Group.

PEPM has joined forces with selected non-government organisations and is well equipped to tender for the operation and management contracts of appropriate completed light public housing projects to capture the business opportunities arising from this market.

OUTLOOK

" SOCAM continues to raise construction productivity and enhance project delivery, and will further expand our construction workforce, attract young talents, and strengthen talent development to cope with our business growth. "

In 2024, the global economy has shown resilience, with a modest growth. However, risks remain tilted to the downside. Escalating geopolitical tensions, persistently high interest rates, and climate-related events continue to weigh on global growth. The economic outlook remains subdued. With inflation in the US recently easing, the prospect for long-awaited interest rate cuts remains high, potentially providing a strong stimulus to our low-growth world.

Hong Kong economy is expected to grow moderately in the short term, supported by inbound tourism and government efforts to boost market sentiment. Challenges like domestic cost pressures, weak business and consumption sentiment, and talent shortage will hinder a strong recovery. However, aligning with national development strategies and enhancing infrastructure connectivity within the Greater Bay Area will present a positive medium to long-term outlook.

High building costs are unfavourable to the development of the construction industry and also detrimental to Hong Kong's competitiveness. In the wake of the growing complexity of the macro environment, financial prudence and effective project management become increasingly vital. Building contractors are in urgent need to enhance operational efficiency, and manage risks and price fluctuations in order to improve profitability. While we continue to expand our market reach and drive business development through strategic partnerships, we are also exploiting cost-saving opportunities in all aspects to ensure our business will stay competitive.

Amidst the highly-competitive market, construction technology emerges as a pivotal force for advancement. SOCAM, being at the forefront of adopting smart construction technologies, is poised to potentially spearhead the wider application of technology solutions and digitalisation to enhance productivity, quality, safety and sustainability of our construction projects. The launch of our self-developed 4S system is a significant step towards leveraging technology to improve workers' safety and identify potential hazards at construction sites. We envisage our vigorous efforts in innovative technologies will not only give us a competitive edge in tendering for and execution of construction works, but also significantly mitigate risks and safeguard the wellbeing of our workers.

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.

The Group's shopping malls will capitalise on our ongoing asset enhancement initiatives to offer consumers greater experiential retail experience and excitement, in order to drive tenant sales, and uplift our leasing performance. We also strive to bring in more smart facilities and green elements, to enable our assets to achieve sustainable growth in value.

FINANCIAL REVIEW



- The “tree of wisdom” at The Kwu Tung North Multi-welfare Services Complex

INTERIM RESULTS

The Group recorded a loss of HK\$88 million on a turnover of HK\$4,098 million for the six months ended 30 June 2024, compared with the loss of HK\$79 million and turnover of HK\$3,790 million for the corresponding period last year.

An analysis of the total turnover is as follows:

	Six months ended 30 June 2024 HK\$ million	Six months ended 30 June 2023 HK\$ million
Turnover		
Construction and maintenance	3,926	3,664
Mainland property	74	58
Hong Kong property management	98	68
Total	4,098	3,790

Construction and maintenance works reported a 7% increase in turnover for the first half of this year, where the building and construction business contributed a significant 60% of the segment's revenue. All the design and construction projects as well as the four public housing construction projects progressed well with increased turnover recognised in the current interim period, which more than offset the reduction in revenue from the maintenance business. Revenue from the interior fitting-out businesses recorded a steady revenue of more than HK\$700 million in both current and prior interim periods.

An analysis of the results attributable to shareholders is set out below:

	Six months ended 30 June 2024 HK\$ million	Six months ended 30 June 2023 HK\$ million
Construction	191	255
Property		
Loss on property sales	(1)	–
Net rental income	17	14
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

Average net profit before tax margin was 4.9% of turnover, which was similar to the margin for the year 2023 of 5.1%. Almost all of our building and construction contracts are public sector projects of the HKSAR Government, which are subject to a mechanism of contract price fluctuation. In recent years, due to the downturn of the economy worldwide causing such adjustments to turn negative, hence causing contracts suffering a deduction of payments and profit. Moreover, the intensified market competition also limited the margin of the public sector construction business.

Property

Operating performance of the four shopping malls and the office tower of Chengdu Centropolitan was gradually improving. While rental income was maintained at a stable level, net rental results were enhanced over the last interim period on slight increase in occupancies, as well as tightened control over leasing expenses.

At 30 June 2024, the Group's investment properties were valued at HK\$3,947 million. Excluding the effect on the depreciation of the Renminbi against the Hong Kong dollar in the current interim period, there was a 0.7% gross depreciation of fair value on a portfolio basis.

Net finance costs

The Group's borrowings were predominantly Hong Kong Interbank Offered Rate ("HIBOR") based Hong Kong dollar bank borrowings. Increase in net finance costs for the 2024 interim period was mainly caused by the increase in HIBOR, for which the average 1-month HIBOR was increased by around 1% in the first half of 2024, comparing to the prior interim period.

Foreign exchange losses

During the current interim period, the Renminbi registered a 0.7% depreciation against the Hong Kong dollar. This resulted in net foreign exchange losses totalling HK\$38 million recorded for the current interim period, of which HK\$16 million and HK\$22 million were recognised in the condensed consolidated statement of profit or loss and directly in equity respectively, comparing with the foreign exchange losses of HK\$76 million and HK\$103 million respectively for the last interim period, on a 3.2% depreciation.

The depreciation of the Renminbi in the 2023 interim period had effectively reduced the Hong Kong dollar payable amount, which was offset by a corresponding Renminbi receivable when they were net settled. Such difference was recognised as a gain in the profit or loss of the prior interim period.

ASSETS BASE

The total assets and net assets of the Group are summarised as follows:

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Total assets	9,361	9,166
Equity attributable to owners of the Company	2,259	2,371
	HK\$	HK\$
Net asset value per share	6.1	6.4

Total assets of the Group increased to HK\$9.4 billion at 30 June 2024, from HK\$9.2 billion at 31 December 2023. The decrease in both equity attributable to owners of the Company and net asset value per share was due to the HK\$88 million loss for this interim period and the depreciation of the Renminbi against the Hong Kong dollar.

An analysis of the total assets by business segments is set out below:

	30 June 2024 HK\$ million	%	31 December 2023 HK\$ million	%
Construction	3,099	33	2,876	32
Property	5,645	60	5,705	62
Corporate and others	617	7	585	6
Total	9,361	100	9,166	100

The proportion of total assets of each business segment remained stable at 30 June 2024, when compared with that at 31 December 2023.

EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company was HK\$2.3 billion on 30 June 2024, comparing with HK\$2.4 billion on 31 December 2023.

Net bank borrowings of the Group, which represented the total bank borrowings, net of bank balances, deposits and cash, amounted to HK\$2,289 million on 30 June 2024, as compared with HK\$2,108 million on 31 December 2023.

The maturity profile of the Group's bank borrowings is set out below:

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Bank borrowings repayable:		
Within one year	3,015	1,618
After one year but within two years	60	1,425
After two years but within five years	375	65
Total bank borrowings	3,450	3,108
Bank balances, deposits and cash	(1,161)	(1,000)
Net bank borrowings	2,289	2,108

The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, increased to 101.3% on 30 June 2024, from 88.9% on 31 December 2023, which was caused by (a) reduction in equity on the loss for the period and the depreciation of the Renminbi against the Hong Kong dollar as mentioned above; (b) increased debt servicing on increased HIBOR and (c) increased working capital usage as reflected in the increased trade debtors balance by HK\$100 million and decreased trade creditors balance by HK\$280 million when comparing with the balances at 31 December 2023.

TREASURY POLICIES

The Group's financing and treasury activities are centrally managed and controlled at the corporate level.

The Group's bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating-rate basis. Investments in Mainland China are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is primarily at project level where the sources of repayment are also Renminbi denominated. Given that income from operations in Mainland China is denominated in Renminbi and property assets in Mainland China are normally priced in Renminbi on disposal, the Group expects that the fluctuations of Renminbi in the short-term will affect the Group's business performance and financial status. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES

At 30 June 2024, the number of employees in the Group was approximately 2,749 (31 December 2023: 2,321) in Hong Kong and Macau, and 263 (31 December 2023: 279) in subsidiaries and joint ventures in Mainland China. Remuneration packages are maintained at competitive levels and employees are rewarded on a performance-related basis. Other staff benefits, including provident fund schemes and medical insurance, remained at appropriate levels. The Group continued to retain and develop talents through various initiatives such as Trainee and Apprentice Development Programmes for fresh graduates from various disciplines, Growth Accelerator Programme for middle managers, Leadership Development Programme for project managers as well as Talent Development Programme for selected high potential management staff. Likewise, in Mainland China, staff benefits are commensurate with market levels, with emphasis on building the corporate culture and professional training and development opportunities are provided for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre and competent staff.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF SOCAM DEVELOPMENT LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of SOCAM Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 44, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

Six months ended 30 June			
	Notes	2024 HK\$ million (unaudited)	2023 HK\$ million (unaudited)
Turnover		4,098	3,790
Other income, other gains and losses	4	3	(28)
Cost of properties sold		(21)	(4)
Raw materials and consumables used		(595)	(406)
Staff costs		(478)	(458)
Depreciation and amortisation		(30)	(30)
Subcontracting, external labour costs and other expenses		(2,835)	(2,675)
Fair value changes on investment properties		(26)	(61)
Finance costs	5	(131)	(107)
Share of profit (loss) of joint ventures and an associate		1	(1)
(Loss) profit before taxation		(14)	20
Taxation	6	(38)	(47)
Loss for the period	7	(52)	(27)
Attributable to:			
Owners of the Company		(88)	(79)
Non-controlling interests		36	52
		(52)	(27)
Basic loss per share	9	HK\$(0.24)	HK\$(0.21)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$ million (unaudited)	HK\$ million (unaudited)
Loss for the period	(52)	(27)
Other comprehensive expense		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	(22)	(104)
Item that will not be reclassified to profit or loss:		
Fair value changes of an equity investment at fair value through other comprehensive income	(2)	(3)
Other comprehensive expense for the period	(24)	(107)
Total comprehensive expense for the period	(76)	(134)
Total comprehensive (expense) income attributable to:		
Owners of the Company	(112)	(185)
Non-controlling interests	36	51
	(76)	(134)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	Notes	HK\$ million (unaudited)	HK\$ million (audited)
Non-current Assets			
Investment properties		3,947	3,996
Goodwill		18	18
Other intangible assets		12	16
Right-of-use assets		56	48
Property, plant and equipment		25	29
Interests in joint ventures		86	85
Interest in an associate		23	23
Financial asset at fair value through other comprehensive income		20	22
Financial assets at fair value through profit or loss		14	12
Club memberships		1	1
Restricted bank deposits		1	–
		4,203	4,250
Current Assets			
Properties held for sale		639	664
Properties under development for sale		166	167
Debtors, deposits and prepayments	10	1,784	1,613
Contract assets		1,285	1,334
Amounts due from joint ventures		81	75
Amounts due from related companies		24	42
Financial asset at amortised cost		7	7
Tax recoverable		12	14
Restricted bank deposits		325	347
Bank balances, deposits and cash		835	653
		5,158	4,916
Current Liabilities			
Creditors and accrued charges	11	2,595	2,661
Contract liabilities		56	43
Lease liabilities		34	28
Amounts due to joint ventures		115	114
Amounts due to related companies		45	44
Taxation payable		178	167
Bank borrowings due within one year	12	3,015	1,618
		6,038	4,675
Net Current (Liabilities) Assets		(880)	241

		30 June 2024	31 December 2023
	Notes	HK\$ million (unaudited)	HK\$ million (audited)
Total Assets Less Current Liabilities		3,323	4,491
Capital and Reserves			
Share capital	13	373	373
Reserves		1,886	1,998
Equity attributable to owners of the Company		2,259	2,371
Non-controlling interests		288	268
		2,547	2,639
Non-current Liabilities			
Bank borrowings	12	435	1,490
Lease liabilities		24	22
Defined benefit liabilities		67	87
Deferred tax liabilities		250	253
		776	1,852
		3,323	4,491

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company									Non-controlling interests	Total Equity
	Share capital	Translation reserve	Contributed surplus	Goodwill	Accumulated losses	Actuarial gain and loss	Investment revaluation reserve	Other reserve	Total		
	(Note a)					(Note b)					
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million		
At 1 January 2024	373	56	2,037	(3)	(260)	(87)	(28)	283	2,371	268	2,639
Fair value changes of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Exchange differences arising on translation of financial statements of foreign operations	-	(22)	-	-	-	-	-	-	(22)	-	(22)
(Loss) profit for the period	-	-	-	-	(88)	-	-	-	(88)	36	(52)
Total comprehensive (expense) income for the period	-	(22)	-	-	(88)	-	(2)	-	(112)	36	(76)
Partial acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	-	(16)	(16)
At 30 June 2024 (unaudited)	373	34	2,037	(3)	(348)	(87)	(30)	283	2,259	288	2,547

	Attributable to owners of the Company									Non-controlling interests	Total Equity
	Share capital	Translation reserve	Contributed surplus	Goodwill	Accumulated losses	Actuarial gain and loss	Investment revaluation reserve	Other reserve	Total		
			(Note a)					(Note b)			
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million		
At 1 January 2023	373	105	2,037	(3)	(105)	(41)	(20)	283	2,629	304	2,933
Fair value changes of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Exchange differences arising on translation of financial statements of foreign operations	-	(103)	-	-	-	-	-	-	(103)	(1)	(104)
(Loss) profit for the period	-	-	-	-	(79)	-	-	-	(79)	52	(27)
Total comprehensive (expense) income for the period	-	(103)	-	-	(79)	-	(3)	-	(185)	51	(134)
Partial acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	-	(16)	(16)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(50)	(50)
At 30 June 2023 (unaudited)	373	2	2,037	(3)	(184)	(41)	(23)	283	2,444	289	2,733

Notes:

- (a) The contributed surplus of the Group represents (i) the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1997; (ii) share premium reduction in June 2022; and net of (iii) offset against the accumulated losses of the Company at 1 January 2022 and (iv) distribution to shareholders. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus under certain circumstances.
- (b) Other reserve of the Group mainly include (i) an amount of HK\$231 million (2023: HK\$231 million) recognised in prior years, which arose when the Group entered into agreements with Shui On Company Limited ("SOCL"), the Company's ultimate holding company, to co-invest in Shui On Land Limited during the year ended 31 March 2005; (ii) an amount of HK\$16 million (2023: HK\$16 million), which represents the Group's share of revaluation reserve of a then associate, China Central Properties Limited ("CCP"), arising from an acquisition achieved in stages by CCP during the year ended 31 December 2009, net of the amount released as a result of subsequent disposal of property inventories; and (iii) an amount of HK\$22 million (2023: HK\$22 million), which represents the revaluation surplus of the Group's 42.88% previously held interest in CCP, recognised upon the acquisition of the remaining 57.12% interest in CCP during the year ended 31 December 2009, net of the amount released as a result of subsequent disposal of property inventories.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$ million (unaudited)	HK\$ million (unaudited)
Net cash used in operating activities		
Operating cash flows before movements in working capital	162	209
Decrease in properties held for sale	20	5
Decrease (increase) in contract assets	50	(93)
Increase in debtors, deposits and prepayments	(175)	(203)
Increase in contract liabilities	13	16
Decrease in creditors and accrued charges	(48)	(17)
Movements in other working capital	(13)	(61)
Tax paid	(26)	(42)
	(17)	(186)
Net cash from (used in) investing activities		
Investment in an associate	–	(24)
Restricted bank deposits released	21	27
Restricted bank deposits placed	(2)	(7)
Other investing cash flows	4	(11)
	23	(15)
Net cash from (used in) financing activities		
Drawdown of bank borrowings	575	471
Repayment of bank borrowings	(228)	(506)
Interest paid	(125)	(101)
Other financing cash flows	(45)	(76)
	177	(212)
Net increase (decrease) in cash and cash equivalents	183	(413)
Cash and cash equivalents at the beginning of the period	653	1,086
Effect of foreign exchange rate changes	(1)	(4)
Cash and cash equivalents at the end of the period	835	669
Analysis of the balances of cash and cash equivalents		
Bank balances, deposits and cash	835	669

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. Basis of Preparation

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

At 30 June 2024, the Group reported net current liabilities of HK\$880 million, which included HK\$1,053 million revolving bank loans with no fixed term of repayment. The Directors of the Company, at the time of approving these condensed consolidated financial statements, believe that such revolving bank loans will continue to be made available to the Group and will not be withdrawn unexpectedly within the next twelve months from the end of the reporting period. In addition, the Directors of the Company are negotiating with banks to obtain new banking facilities and contemplating renewing existing bank borrowings. Taking into account the internal financial resources of the Group, coupled with the Group's operating cash flows as well as the currently available banking facilities and the expectation of securing new/refinancing facilities based on the Group's existing relationships with banks and its Hong Kong construction businesses, the Group will have the ability to meet its financial obligations as they become due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for adoption of certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are mandatorily effective for the Group's financial period beginning on 1 January 2024.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) and amendments to HKAS1 *Non-current Liabilities with Covenants* (the "2022 Amendments")*

The Group has applied the amendments retrospectively and the application of these amendments in the current period has the following impacts on bank borrowings, which are subject to meeting certain covenants within 12 months after the reporting period.

The Group's right to defer settlement for bank borrowings of HK\$1,400 million and HK\$306 million as at 1 January and 30 June 2024, respectively are subject to compliance with certain financial covenants only after the reporting period. Upon the application of the 2022 Amendments, such bank borrowings are still classified as non-current liabilities as the covenants, which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

The application of these amendments has no material impact on the classification of the Group's other liabilities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

2. Principal Accounting Policies (Continued)

Except as described above, the application of other amendments to HKFRSs has had no material effect on the amounts and disclosures set out in the condensed consolidated financial statements for the current interim period.

Joint ventures and an associate of the Group adopt uniform accounting policies for like transactions and events in similar circumstances as those of the Group.

The Group has not early applied other amendments to HKFRSs that have been issued but are not yet effective.

3. Segment Information

For management reporting purposes, the Group is currently organised into three operating divisions based on business nature. These divisions are the basis on which the Group reports information to its chief operating decision makers, who are the Executive Directors of the Company, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

1. Construction and maintenance – construction, interior fit-out, renovation, maintenance works and provision of building information modelling services mainly in Hong Kong and provision of smart facilities management services in Hong Kong and Mainland China
2. Property – property development for sale and property investment in Mainland China and provision of property management services in Hong Kong and Mainland China
3. Other businesses – venture capital investment and others

3. Segment Information (Continued)

(a) Reportable segment revenue and profit or loss

An analysis of the Group's reportable segment revenue and segment results by reportable and operating segment is as follows:

For the six months ended 30 June 2024

	Construction and maintenance HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Revenue				
Revenue from construction contracts	3,924	–	–	3,924
Revenue from property sales	–	23	–	23
Revenue from rendering of services in Hong Kong	2	98	–	100
Revenue from rendering of services in Mainland China	–	12	–	12
Revenue from contracts with customers	3,926	133	–	4,059
Revenue from property leasing	–	39	–	39
Total segment revenue from external customers	3,926	172	–	4,098
Timing of revenue recognition				
At a point in time	–	23	–	23
Over time	3,926	110	–	4,036
Revenue from contracts with customers	3,926	133	–	4,059
Reportable segment results	199	(75)	(1)	123
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(20)	(3)	–	(23)
Interest income	8	4	–	12
Fair value changes on investment properties (note)	–	(26)	–	(26)
Dividend income from an equity investment	–	–	2	2
Finance costs	–	(6)	–	(6)
Share of (loss) profit of joint ventures and an associate	–	(1)	2	1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. Segment Information (Continued)

(a) Reportable segment revenue and profit or loss (Continued)

For the six months ended 30 June 2023

	Construction and maintenance HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Revenue				
Revenue from construction contracts	3,661	–	–	3,661
Revenue from property sales	–	7	–	7
Revenue from rendering of services in Hong Kong	1	68	–	69
Revenue from rendering of services in Mainland China	2	12	–	14
Revenue from contracts with customers	3,664	87	–	3,751
Revenue from property leasing	–	39	–	39
Total segment revenue from external customers	3,664	126	–	3,790
Timing of revenue recognition				
At a point in time	–	7	–	7
Over time	3,664	80	–	3,744
Revenue from contracts with customers	3,664	87	–	3,751
Reportable segment results	262	(130)	(13)	119
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(19)	(3)	–	(22)
Interest income	7	4	–	11
Fair value changes on investment properties (note)	–	(61)	–	(61)
Dividend income from an equity investment	–	–	2	2
Finance costs	–	(6)	–	(6)
Share of (loss) profit of joint ventures	–	(3)	2	(1)

Note:

The fair value of the Group's investment properties has been arrived at on the basis of valuations carried out by independent qualified professional valuers.

3. Segment Information (Continued)

(b) Reportable segment assets and liabilities

An analysis of the Group's reportable segment assets and liabilities by reportable and operating segment is as follows:

At 30 June 2024

	Construction and maintenance HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Reportable segment assets	3,378	5,661	755	9,794
Reportable segment liabilities	2,537	558	408	3,503

At 31 December 2023

	Construction and maintenance HK\$ million	Property HK\$ million	Other businesses HK\$ million	Total HK\$ million
Reportable segment assets	3,146	5,719	725	9,590
Reportable segment liabilities	2,586	536	392	3,514

(c) Reconciliation of reportable segment profit or loss, assets and liabilities

Six months ended 30 June

	2024 HK\$ million	2023 HK\$ million
(Loss) profit before taxation		
Reportable segment results	123	119
Unallocated other income and other gains	1	24
Unallocated finance costs	(125)	(101)
Other unallocated corporate expenses	(13)	(22)
Consolidated (loss) profit before taxation	(14)	20

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. Segment Information (Continued)

(c) Reconciliation of reportable segment profit or loss, assets and liabilities (Continued)

	30 June 2024	31 December 2023
	HK\$ million	HK\$ million
Assets		
Reportable segment assets	9,794	9,590
Elimination of inter-segment receivables	(445)	(438)
Other unallocated assets	12	14
Consolidated total assets	9,361	9,166
	30 June 2024	31 December 2023
	HK\$ million	HK\$ million
Liabilities		
Reportable segment liabilities	3,503	3,514
Elimination of inter-segment payables	(445)	(438)
Unallocated liabilities		
– Bank borrowings	3,261	2,944
– Taxation and others	495	507
Consolidated total liabilities	6,814	6,527

4. Other Income, Other Gains and Losses

Six months ended 30 June		
	2024	2023
	HK\$ million	HK\$ million
Included in other income, other gains and losses are:		
Other income		
Interest income on financial asset at amortised cost	1	1
Other interest income	12	11
Government subsidies (note)	–	1
Dividend income from an equity investment	2	2
Other gains and losses		
Expected credit losses reversed on other receivables	–	1
Exchange loss	(16)	(50)

Note:

The government subsidies represented the wage subsidy provided in connection with the support from the Anti-epidemic Fund of the HKSAR Government under the job creation scheme, which were recognised as income at the time the Group fulfilled the relevant granting criteria.

5. Finance Costs

Six months ended 30 June		
	2024	2023
	HK\$ million	HK\$ million
Interest on bank and other loans	123	99
Interest on lease liabilities	1	1
Other borrowing costs	7	7
	131	107

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. Taxation

Six months ended 30 June		
	2024	2023
	HK\$ million	HK\$ million
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	39	50
Macau Complementary Tax	1	–
PRC Land Appreciation Tax	–	1
Deferred taxation	40 (2)	51 (4)
	38	47

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the period.

Macau Complementary Tax is calculated at 12.0% (2023: 12.0%) on the estimated assessable profits for the period.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including land costs, borrowing costs and all property development expenditure.

7. Loss for the Period

Six months ended 30 June		
	2024	2023
	HK\$ million	HK\$ million
Loss for the period has been arrived at after charging:		
Depreciation and amortisation		
Depreciation of property, plant and equipment	7	8
Depreciation of right-of-use assets	19	18
Amortisation of other intangible assets	4	4
	30	30

8. Dividends

The Board does not recommend the payment of an interim dividend (2023: nil) for the six months ended 30 June 2024.

9. Basic Loss Per Share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 HK\$ million	2023 HK\$ million
Loss for the period attributable to owners of the Company:		
Loss for the purpose of basic loss per share	(88)	(79)
Number of shares:	Million	Million
Weighted average number of ordinary shares for the purpose of basic loss per share	373	373

No diluted loss per share for both periods were presented as the Company has no dilutive potential ordinary shares outstanding during both periods.

10. Debtors, Deposits and Prepayments

The Group maintains a defined credit policy. The general credit term ranges from 30 to 90 days.

Included in debtors, deposits and prepayments are debtors, net of allowance for credit losses, with an aged analysis (based on the repayment terms set out in sale and purchase agreements or invoice date, as appropriate) at the end of the reporting period as follows:

	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Trade debtors aged analysis (note a):		
Not yet due or within 90 days	707	604
91 days to 180 days	4	6
181 days to 360 days	–	2
Over 360 days	1	–
Prepayments and deposits	712	612
Other receivables (note b)	354	279
Less: allowance for credit losses	723	727
	(5)	(5)
	1,784	1,613

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

10. Debtors, Deposits and Prepayments (Continued)

Notes:

- (a) Included in the trade debtors are receivables of HK\$1 million (31 December 2023: HK\$2 million), which are aged over 180 days, based on the date on which revenue was recognised.
- (b) Included in other receivables at 30 June 2024 are receivables of HK\$516 million (31 December 2023: HK\$542 million) due from CCP's former subsidiaries (the "Debtor"), which hold a property interest in the PRC and were disposed of in 2008. The amounts are repayable on demand and out of the total outstanding balance, an amount of HK\$131 million (31 December 2023: HK\$132 million) carries interest at prevailing market rates. A court in the PRC issued notices to attach the aforesaid property interest to cause the Debtor to settle part of the onshore outstanding receivable in the amount of approximately RMB318 million (approximately HK\$348 million) (31 December 2023: RMB318 million (approximately HK\$351 million)) and its related interest. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 15(a)). Given that there have been positive outcomes in the legal disputes in relation to the property interest and recovery of the outstanding receivables, including the successful registration of title deed of the property under the name of the Debtor in May 2015, the Directors of the Company reasonably believe that these receivables will be fully settled and the guarantee provided by the Company will be fully released either through public auction of the aforesaid property interest or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

11. Creditors and Accrued Charges

The aged analysis of creditors (based on invoice date) of HK\$492 million (31 December 2023: HK\$772 million), which are included in the Group's creditors and accrued charges, is as follows:

	30 June 2024	31 December 2023
	HK\$ million	HK\$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	407	692
31 days to 90 days	62	57
91 days to 180 days	12	12
Over 180 days	11	11
	492	772
Retention payable	408	372
Provision for contract work/construction cost	1,544	1,290
Other accruals and payables	151	227
	2,595	2,661

12. Bank Borrowings

During the period, the Group raised bank borrowings totalling HK\$575 million (2023: HK\$471 million), repaid bank borrowings totalling HK\$228 million (2023: HK\$506 million), and obtained new and renewed/extended existing credit facilities totalling HK\$1,673 million (2023: HK\$1,355 million). New and renewed/extended bank loan facilities of the Group carry interest at variable rates of approximately 4.30% to 7.86% (2023: 5.68% to 8.18%) per annum.

13. Share Capital

	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Number of shares	Number of shares	HK\$ million	HK\$ million
Ordinary shares of HK\$1 each:				
Authorised				
At the beginning and the end of the period/year	1,000,000,000	1,000,000,000	1,000	1,000
Issued and fully paid				
At the beginning of the period/year	373,352,164	373,606,164	373	373
Shares repurchased and cancelled	–	(100,000)	–	–
Shares cancelled (note)	(6,000)	(154,000)	–	–
At the end of the period/year	373,346,164	373,352,164	373	373

Note:

During the year ended 31 December 2023, the Company had repurchased 106,000 of its own shares on The Stock Exchange of Hong Kong Limited, of which 6,000 of such shares were subsequently cancelled in January 2024.

14. Capital and Other Commitments

At 30 June 2024, the Group had uncalled capital commitments relating to the venture capital fund amounting to approximately US\$1.2 million (approximately HK\$9 million) (31 December 2023: approximately US\$1.5 million (approximately HK\$12 million)).

15. Contingent Liabilities

At 30 June 2024, the Group had the following contingent liabilities, which have not been provided for in the condensed consolidated financial statements:

- (a) In 2007, the Company issued a guarantee (the "Guarantee") in favour of a bank for a loan granted to an entity which was a wholly-owned subsidiary of CCP at that time (the "Former Subsidiary"). Subsequently, the Former Subsidiary was sold by CCP in 2008, but the Company remained as the guarantor for the bank loan following the disposal (see note 10(b) for details of receivables due from the Former Subsidiary arising from such disposal). In October 2011, the Company received a notice from the aforesaid bank that it had entered into an agreement to sell all its rights and interests, including the Guarantee, to a new lender (the "New Lender"). At the same time, the Company entered into a restructuring deed with the New Lender, which was subsequently supplemented by supplemental restructuring deeds, whereby the New Lender agreed not to demand fulfilment of the Company's obligations under the Guarantee to October 2024, subject to extension after further discussions. The management reasonably believes that further extension will be granted in due time. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK\$594 million) at 30 June 2024 (31 December 2023: RMB542 million (HK\$598 million)) and the related interest amounting to RMB848 million (HK\$929 million) (31 December 2023: RMB814 million (HK\$898 million)) are secured by a property interest in the PRC held by the Former Subsidiary. Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and agreed unconditionally to undertake and indemnify the Group for all losses as a result of the Guarantee.

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and at the end of the reporting period after taking into consideration the possibility of demanding fulfilment of the Company's obligations under the Guarantee by the New Lender and the collateral of the loan. Accordingly, no value has been recognised in the condensed consolidated statement of financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. Contingent Liabilities (Continued)

- (b) The Group is in discussion with the local government authority in the PRC with respect to the delay in construction completion of a development project in Tianjin, by the date as stipulated in the relevant land grant contracts. The relevant local government authority has accepted certain of the reasons identified by the Group in supporting the application for extending the completion date of the project. Based on the respective supplemental land grant contracts, a penalty of 0.02% of the land grant premium per day would be imposed from 29 June 2018 until the completion of the construction. Taking into account the aforesaid extension as accepted by the government authority and the fact that phase 1 of the project has been completed in 2015 and is in operation; and phase 2 of the project has been launched for sale since January 2019 and titles had been transferred to individual buyers for the sold units, the estimated penalty as at 30 June 2024, if any, will not be more than RMB14 million (31 December 2023: RMB14 million). Following the ease of epidemic in the PRC in early 2023, the management of the Company has resumed the communication with the relevant government authority and are of the view that the exposure should be further reduced or fully exempted.

16. Material Related Party Transactions

- (a) During the period, the Group had the following transactions with SOCL and its subsidiaries other than those of the Group.

Nature of transactions	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
SOCL and its subsidiaries		
Dividend income	2	2
Revenue from property management services	6	3
Disbursements on cost basis for costs and expenses incurred in the course of performing the property management services	5	5
Revenue from maintenance/renovation works	52	50
Revenue from smart facilities management services	–	1
Rental expenses	1	1

- (b) During the period, the Group had the following transactions with joint ventures.

Nature of transactions	Six months ended 30 June	
	2024	2023
	HK\$ million	HK\$ million
Interest expenses	4	5

16. Material Related Party Transactions (Continued)

- (c) The Group is licensed by Shui On Holdings Limited, a wholly-owned subsidiary of SOCL, to use the trademark, trade name of "Shui On", "瑞安" and/or the Seagull devices on a non-exclusive, royalty-free basis for an unlimited period of time.
- (d) During the period, the Group obtained unsecured interest bearing short-term loan of HK\$20 million from a wholly-owned subsidiary of SOCL, which was repaid in the same period.
- (e) Disclosures of the remuneration of Directors and other members of key management during the period under HKAS 24 "Related Party Disclosures", were as follows:

Six months ended 30 June		
	2024	2023
	HK\$ million	HK\$ million
Fees	1	1
Salaries and other benefits	10	11
Bonuses	–	11
Retirement benefit scheme contributions	1	–
	12	23

Note:

The remuneration of Executive Directors is determined by the Remuneration Committee having regard to the performance of each individual. The Remuneration Committee also determines the guiding principles applicable to the remuneration of key executives who are not Directors. In both cases, the Remuneration Committee has regard to market trends.

- (f) The emoluments paid or payable to each of the seven (2023: seven) Directors which were included in note (e) above are set out as follows:

For the six months ended 30 June 2024

Name of Director		Fees	Salaries and other benefits	Bonus*	Retirement benefit scheme contributions	Total
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Lo Hong Sui, Vincent		5	–	–	–	5
Mr. Lee Chun Kong, Freddy		5	2,923	–	133	3,061
Ms. Lo Bo Yue, Stephanie	(i)	158	–	–	–	158
Mr. Chan Wai Kan, George	(i)&(v)	158	–	–	–	158
Mr. Chan Kay Cheung	(ii)	297	–	–	–	297
Mr. Lau Ping Cheung, Kaizer	(ii)&(iii)	275	–	–	–	275
Mr. Wong Hak Wood, Louis	(ii)&(vii)	260	–	–	–	260
		1,158	2,923	–	133	4,214

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. Material Related Party Transactions (Continued)

(f) (Continued)

For the six months ended 30 June 2023

Name of Director		Fees	Salaries and other benefits	Bonus*	Retirement benefit scheme contributions	Total
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Lo Hong Sui, Vincent		5	–	–	–	5
Mr. Lee Chun Kong, Freddy		5	2,923	–	133	3,061
Ms. Lo Bo Yue, Stephanie	(i)	158	–	–	–	158
Mr. Chan Kay Cheung	(ii)	297	–	–	–	297
Mr. Lau Ping Cheung, Kaizer	(ii)&(iii)	43	–	–	–	43
Ms. Li Hoi Lun, Helen	(ii)&(iv)	275	–	–	–	275
Mr. William Timothy Addison	(ii)&(vi)	260	–	–	–	260
		1,043	2,923	–	133	4,099

* The bonus is discretionary and is determined by reference to the Group's and the Director's personal performances.

Notes:

- (i) Non-executive Director.
- (ii) Independent Non-executive Directors.
- (iii) Mr. Lau Ping Cheung, Kaizer was appointed as an Independent Non-executive Director with effect from 1 June 2023.
- (iv) Ms. Li Hoi Lun, Helen did not stand for re-appointment as an Independent Non-executive Director upon expiration of the term of her service contract on 27 August 2023.
- (v) Mr. Chan Wai Kan, George was appointed as a Non-executive Director with effect from 1 September 2023.
- (vi) Mr. William Timothy Addison resigned as an Independent Non-executive Director with effect from 25 September 2023.
- (vii) Mr. Wong Hak Wood, Louis was appointed as an Independent Non-executive Director with effect from 25 September 2023.

17. Fair Value Measurements of Financial Instruments

At 30 June 2024, certain financial assets of the Group were measured at fair value. The fair value of the financial asset at fair value through other comprehensive income was classified as level 1 fair value measurement and was derived from unadjusted quoted prices available on The Stock Exchange of Hong Kong Limited (active market). The Group's financial assets at fair value through profit or loss represent its investments in (i) unlisted equity securities and its fair value was classified as level 2 fair value measurement and was determined with reference to recent transactions of the investee's shares; and (ii) venture capital fund and its fair value was classified as level 3 fair value measurement and was determined based on the net asset value of the fund. The higher the net asset value, the higher the fair value. There were no material fair value changes in level 3 items for the six months ended 30 June 2024.

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

DISCLOSURE UNDER RULES 13.20 AND 13.21 OF THE LISTING RULES

Disclosure Under Rule 13.20 of the Listing Rules

Financial assistance and guarantees provided by the Group in favour of New Pi (Hong Kong) Investment Co., Ltd. ("New Pi") and certain of its subsidiaries were HK\$2,039 million at 30 June 2024, which comprises:

	HK\$ million
Receivables	516
Guarantees	1,523
	2,039

The receivables are unsecured, repayable on demand and out of the total outstanding balance, an amount of HK\$131 million carries interest at prevailing market rates. The above balances are in relation to the disposal of a former subsidiary group in prior years to New Pi. Further details of the receivables and guarantees are set out in notes 10(b) and 15(a) to the condensed consolidated financial statements.

Disclosure Under Rule 13.21 of the Listing Rules

On 15 October 2021, the Company entered into a loan agreement (the "Loan Agreement") with a licensed bank established in Hong Kong (the "Bank") whereby the Bank agreed to make available to the Company a term loan facility up to a principal amount of HK\$1,300 million (the "Loan Facility") for a term of three years. Pursuant to the Loan Agreement, there is a condition requiring the Company to procure (i) Shui On Company Limited to remain the single largest shareholder of the Company; and (ii) Mr. Lo Hong Sui, Vincent to remain the Chairman of the Board of Directors. Please refer to the announcement of the Company dated 15 October 2021 for the related details.

Any breach of the above obligations will constitute an event of default under the Loan Facility and may trigger cross defaults in other outstanding debts of the Group, in the aggregate amount of approximately HK\$2,916 million at 30 June 2024.

GENERAL INFORMATION

Interests of Directors and Chief Executive in Securities

At 30 June 2024, the interests of the Directors and chief executive of the Company in the shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in the shares of the Company

Name of Director	Number of shares			Total	Approximate percentage of issued shares (Note 1)
	Personal interests	Family interests	Other interests		
Mr. Lo Hong Sui, Vincent ("Mr. Lo")	–	312,000 (Note 2)	236,309,000 (Note 3)	236,621,000	63.37
Mr. Lee Chun Kong, Freddy ("Mr. Lee")	20,000	–	–	20,000	0.00
Ms. Lo Bo Yue, Stephanie ("Ms. Lo")	–	–	236,309,000 (Note 3)	236,309,000	63.29

Notes:

- Based on 373,346,164 shares of the Company in issue at 30 June 2024.
- These shares were beneficially owned by Ms. Loletta Chu ("Mrs. Lo"), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such shares under the SFO.
- These shares were beneficially owned by Shui On Company Limited ("SOCL"), which 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. Accordingly, Mr. Lo and Ms. Lo were deemed to be interested in such shares under the SFO.

(b) Long positions in the shares of an associated corporation of the Company

Name of Director	Name of associated corporation	Number of shares			Total	Approximate percentage of issued shares (Note 1)
		Personal interests	Family interests	Other interests		
Mr. Lo	Shui On Land Limited ("SOL")	–	1,849,521 (Note 2)	4,511,756,251 (Note 3)	4,513,605,772	56.22
Mr. Lee	SOL	81,333	–	–	81,333	0.00
Ms. Lo	SOL	–	–	4,511,756,251 (Note 3)	4,511,756,251	56.20

Notes:

1. Based on 8,027,265,324 shares of SOL in issue at 30 June 2024.
2. These shares were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such shares under the SFO.
3. These shares were held by SOCL through its controlled corporations, comprising 2,756,414,318 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 SOP was a wholly-owned subsidiary of SOI which in turn was an indirect wholly-owned subsidiary of SOCL. NRI was a wholly-owned subsidiary of the Company which in turn was a 63.29%-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. Accordingly, Mr. Lo and Ms. Lo were deemed to be interested in such shares under the SFO.

(c) Interests in the debentures of an associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interests	Class of debentures (Note 1)	Amount of debentures held
Mr. Lo	Shui On Development (Holding) Limited ("SODH")	Trust interests	6.15% senior notes due 2024	US\$12,400,000 (Note 2)
		Trust interests	5.50% senior notes due 2025	US\$2,400,000 (Note 3)
		Family interests	5.50% senior notes due 2025	US\$1,400,000 (Note 4)
Ms. Lo	SODH	Trust interests	6.15% senior notes due 2024	US\$12,400,000 (Note 2)
		Trust interests	5.50% senior notes due 2025	US\$2,400,000 (Note 3)

Notes:

1. All the debentures represent the senior notes issued by SODH, which were not convertible into shares of any corporation.
2. These debentures were held by SOI, an indirect wholly-owned subsidiary of SOCL, as to US\$11,400,000 and by the Company, a 63.29%-owned subsidiary of SOCL, as to US\$1,000,000. 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. Accordingly, Mr. Lo and Ms. Lo were deemed to be interested in such debentures under the SFO.
3. All these debentures were held by SOI. Mr. Lo and Ms. Lo were deemed to be interested in such debentures as mentioned in Note 2 above.
4. These debentures were held by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in such debentures under the SFO.

Save as disclosed above, at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

GENERAL INFORMATION

Interests of Substantial Shareholders and Other Persons

At 30 June 2024, the interests of substantial shareholders (not being a Director of the Company) and other persons in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of shares	Approximate percentage of issued shares (Note 1)
Mrs. Lo	Family and personal interests	236,165,000 (Notes 2, 4 & 6)	63.25
SOCL	Beneficial owner	235,873,000 (Notes 3, 4 & 6)	63.17
Bosrich Holdings (PTC) Inc. ("Bosrich")	Trustee	235,873,000 (Notes 3, 4 & 6)	63.17
HSBC International Trustee Limited ("HSBC Trustee")	Trustee	235,873,000 (Notes 3, 4 & 6)	63.17
Mr. Sun Yinhuan ("Mr. Sun")	Founder of a discretionary trust	19,185,950 (Notes 5 & 6)	5.13
Right Ying Holdings Limited ("Right Ying")	Interest of controlled corporation	19,185,950 (Notes 5 & 6)	5.13
TMF (Cayman) Ltd. ("TMF")	Trustee	19,185,950 (Notes 5 & 6)	5.13

Notes:

- Based on 373,346,164 shares of the Company in issue at 30 June 2024.
- The number of shares disclosed above was based on the notice filed by Mrs. Lo on 2 July 2021 under Part XV of the SFO. It comprised 312,000 shares beneficially owned by Mrs. Lo and 235,853,000 shares in which she had a deemed interest under the SFO as mentioned in Note 3 below.
- The number of shares disclosed above was based on the notices filed by SOCL and Bosrich both on 7 July 2021 and the notice filed by HSBC Trustee on 8 July 2021 under Part XV of the SFO. Such shares were beneficially owned by SOCL, which 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, the spouse of Mrs. Lo, was the founder and one of the discretionary beneficiaries and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under the SFO.
- According to the disclosure made by Mr. Lo, at 30 June 2024, SOCL beneficially owned 236,309,000 shares representing approximately 63.29% of the issued shares of the Company, while Mrs. Lo (the spouse of Mr. Lo), Bosrich and HSBC Trustee (being trustees of the trusts as mentioned in Note 3 above) were deemed to be interested in such shares under the SFO.
- These shares were held by Everhigh Investments Limited, an indirect wholly-owned subsidiary of Right Ying. Right Ying was held under a discretionary trust, of which Mr. Sun was the founder and TMF was the trustee.
- All the interests stated above represent long positions.

Save as disclosed above, at 30 June 2024, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register which is required to be kept under section 336 of the SFO.

Share Scheme

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had any share scheme under Chapter 17 of the Listing Rules.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices.

The Board and its Committees

At the date of publication of this report, the Board comprises seven members, including two Executive Directors and five Non-executive Directors, three of whom are Independent Non-executive Directors. Six standing Board Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Finance Committee, the Investment Committee and the Executive Committee, have been set up to oversee particular aspects of the Group's affairs. The current member lists of the Board and its various Committees are set out in the Corporate Information section of this report.

Audit Committee

The principal responsibilities of the Audit Committee include the review of both the Group's consolidated financial statements and the effectiveness of its risk management and internal control systems. The Audit Committee also oversees the engagement of the external auditor and reviews its independence as well as the effectiveness of the audit process.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024, including the accounting principles and practices adopted by the Group. It has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. It is also given the tasks to determine the remuneration package of individual Executive Director, and review and approve performance-based remuneration of Executive Directors with reference to the corporate goals and objectives.

GENERAL INFORMATION

Nomination Committee

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board composition to meet the needs of the Company. Its duties also include making recommendations to the Board on the appointment or re-appointment of Directors and membership of the Board Committees, regularly reviewing the time commitment required from a Director to perform his/her responsibilities and assessing the independence of the Independent Non-executive Directors.

Finance Committee

The Finance Committee is responsible for reviewing the Group's financial strategies, compliance of the finance policy and the bank loan covenants, as well as monitoring the overall banking relationship and the cash flow position of the Group.

Investment Committee

The Investment Committee is responsible for assessing investment and disposal recommendations on property projects of the Group and reviewing its overall investment/divestment strategy.

Executive Committee

The Executive Committee reviews, on a monthly basis, the operating performance and financial position of the Group and its strategic business units as well as the execution of the strategies and business plans approved by the Board.

Compliance with the Corporate Governance Code

Throughout the six months ended 30 June 2024, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules, except for the deviations explained below.

Code provision E.1.2 of the CG Code provides that the terms of reference of the Remuneration Committee should include, among others, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of individual Executive Director and senior management; (ii) review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and (iii) review and approve the remuneration proposals for management with reference to the Board's corporate goals and objectives. The Remuneration Committee has reviewed its functions and considered that these responsibilities in relation to the remuneration and compensation of management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the management in the daily business operations of the Group. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of individual Executive Director. After due consideration, the Board adopted the revised terms of reference of the Remuneration Committee with the said responsibilities in relation to the remuneration and compensation of management excluded from its scope of duties, which deviates from code provision E.1.2. Notwithstanding such deviation, the Remuneration Committee is still responsible for reviewing, approving and making recommendations to the Board on the guiding principles applicable to the determination of the remuneration packages of senior management.

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice has been formally adopted, and the Board approved the amendment to the terms of reference of the Remuneration Committee in this respect, which also deviates from the stipulation in code provision E.1.2 that the Remuneration Committee should make recommendations to the Board on the remuneration of Non-executive Directors. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

Compliance with the Model Code

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the six months ended 30 June 2024.

Changes in Information of Directors under Rule 13.51B(1) of the Listing Rules

Since the publication of the Company's 2023 Annual Report, the changes in the information of Directors that are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out as follows:

- Mr. Lee stepped down as the Chairman of the Finance Committee of the Company with effect from 29 August 2024.
- Ms. Lo was appointed as the Vice Chairman of SOL with effect from 28 May 2024.
- Mr. Chan Wai Kan, George was appointed as the Chairman of the Finance Committee of the Company with effect from 29 August 2024. His annual fee for serving on the Committee was increased to HK\$95,000.

Details about the emoluments of the Directors of the Company for the six months ended 30 June 2024 are set out in note 16 to the condensed consolidated financial statements.

CORPORATE INFORMATION

Board

Executive Directors

Mr. Lo Hong Sui, Vincent (*Chairman*)
Mr. Lee Chun Kong, Freddy (*Chief Executive Officer*)

Non-executive Directors

Ms. Lo Bo Yue, Stephanie
Mr. Chan Wai Kan, George

Independent Non-executive Directors

Mr. Chan Kay Cheung
Mr. Lau Ping Cheung, Kaizer
Mr. Wong Hak Wood, Louis

Audit Committee

Mr. Chan Kay Cheung (*Chairman*)
Mr. Lau Ping Cheung, Kaizer
Mr. Wong Hak Wood, Louis

Remuneration Committee

Mr. Lau Ping Cheung, Kaizer (*Chairman*)
Mr. Lo Hong Sui, Vincent
Ms. Lo Bo Yue, Stephanie
Mr. Chan Kay Cheung
Mr. Wong Hak Wood, Louis

Nomination Committee

Mr. Lo Hong Sui, Vincent (*Chairman*)
Ms. Lo Bo Yue, Stephanie
Mr. Chan Kay Cheung
Mr. Lau Ping Cheung, Kaizer
Mr. Wong Hak Wood, Louis

Finance Committee

Mr. Chan Wai Kan, George (*Chairman*) *
Mr. Lee Chun Kong, Freddy
Mr. Chan Kay Cheung
Mr. Lau Ping Cheung, Kaizer
Mr. Wong Hak Wood, Louis

Investment Committee

Mr. Lee Chun Kong, Freddy (*Chairman*)
Mr. Chan Kay Cheung
Mr. Lau Ping Cheung, Kaizer
Mr. Wong Hak Wood, Louis

Executive Committee

Mr. Lee Chun Kong, Freddy (*Chairman*)
Mr. Lo Hong Sui, Vincent
Other key executives

Company Secretary

Ms. Chan Yeuk Ho, Karen

Auditor

Deloitte Touche Tohmatsu
(*Registered Public Interest Entity Auditor*)

Registered Office

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

34th Floor, Shui On Centre
6-8 Harbour Road, Hong Kong

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Branch Share Registrar and Transfer Office

Tricor Standard Limited
17th Floor, Far East Finance Centre
16 Harcourt Road, Hong Kong

Principal Bankers

China CITIC Bank International Limited
China Minsheng Banking Corp., Ltd.
Hang Seng Bank, Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Stock Code

983

Website

www.socam.com

* Change in the Committee chairmanship from Mr. Lee Chun Kong, Freddy to Mr. Chan Wai Kan, George with effect from 29 August 2024



SOCAM DEVELOPMENT LIMITED
瑞安建業有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立的有限公司)



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