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瑞安建業有限公司*
SOCAM Development Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 983 and Debt Stock Code: 40137)

PROFIT WARNING

This announcement is made by SOCAM Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 37.47B(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) concerning disclosure of inside information.

The Board of Directors of the Company (the “**Board**”) wishes to inform the holders of securities of the Company (the “**Securities Holders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group and other information currently available to the Company for the six months ending 30 June 2020 (the “**2020 Interim Period**”), the Group expects to record a net loss for the 2020 Interim Period as compared with a net profit of approximately HK\$11 million for the corresponding period in 2019 (the “**2019 Interim Period**”).

The expected net loss for the 2020 Interim Period is mainly attributable to the following reasons:

- (i) The adverse impact on the market conditions arises from the outbreak of the novel coronavirus pandemic (COVID-19), leading to:
 - (a) a delay in the sale and handover of the Group’s principal property inventory, namely the retail shops and SOHO units in Phase 2 of the Tianjin Veneto project, from the 2020 Interim Period as per the original schedule to the second half of 2020;
 - (b) possible downward adjustment in fair value of the Group’s investment properties in Mainland China, resulting in possible fair value losses on such investment properties as compared to a net after-tax fair value gain of approximately HK\$4 million attributable to investment properties in Mainland China in the 2019 Interim Period; and
 - (c) lower leasing income from the Group’s investment properties in Mainland China mainly due to, among others, the Group’s waiver of rental and property management fees to its tenants owing to the disruption of normal business during the COVID-19 outbreak.

- (ii) If depreciation of Renminbi against Hong Kong dollars persists at the rate of 2.7% as for the five months ended 31 May 2020, an estimated foreign exchange loss of approximately HK\$60 million would be recorded on the Group's property projects in the 2020 Interim Period, as compared to the foreign exchange loss of approximately HK\$10 million recognised for a 0.4% depreciation in the 2019 Interim Period.

Without taking into account the foreign exchange loss caused by depreciation of Renminbi against Hong Kong dollars and the possible fair value losses on the Group's investment properties (if any) as mentioned above, the Group expects to record a net loss of not less than HK\$80 million for the 2020 Interim Period. Despite the expected loss in the 2020 Interim Period, the Board remains cautiously optimistic about the Group's operating results for the year ending 31 December 2020 given the resumption of sale and handover of the property inventory in Tianjin Veneto Phase 2 in the second half of 2020 and the gradual relaxation of various COVID-19 related government measures affecting our businesses while the Board remains positive about the outlook of our construction business in Hong Kong, which is now the core profitable business of the Group.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and other information currently available to the Company for the 2020 Interim Period, which has not been reviewed or audited by the independent auditors of the Company. The actual operating and financial conditions of the Group for the 2020 Interim Period are to be quantified. Securities Holders and potential investors are advised to read carefully the interim results announcement of the Company for the 2020 Interim Period, which is expected to be published towards the end of August 2020.

Securities Holders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
SOCAM Development Limited
Lee Chun Kong, Freddy
Executive Director and Chief Executive Officer

Hong Kong, 10 June 2020

At the date of this announcement, the Executive Directors of the Company are Mr. Lo Hong Sui, Vincent and Mr. Lee Chun Kong, Freddy; the Non-executive Director of the Company is Ms. Lo Bo Yue, Stephanie; and the Independent Non-executive Directors of the Company are Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. William Timothy Addison.

* *For identification purpose only*

Website: www.socam.com