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SOCAM Development Announces 2023 Annual Results

(Hong Kong, 27 March 2024) SOCAM Development Limited (“SOCAM” or the “Group”, stock code: 983) announced its results for the year ended 31 December 2023.

The Group recorded a turnover of HK\$8.3 billion for 2023, an upsurge of 32.2% from HK\$6.3 billion for 2022. The Group posted a loss attributable to shareholders of HK\$155 million for 2023, which was largely due to the substantial increase in net finance costs to HK\$212 million over the year on tightening financial market conditions, and reduction of fair value of our investment properties of HK\$133 million. In face of the challenging market environment, the Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

The Group’s construction business recorded a turnover of HK\$8.1 billion. A profit of HK\$413 million was recorded, a decrease from HK\$541 million for 2022. The property business recorded a loss of HK\$141 million for 2023, mainly attributable to valuation loss of the Group’s property portfolio. Nevertheless, our retail malls in the Mainland delivered improved leasing income.

Construction – Vast Market Opportunities Lying Ahead

- The business recorded a turnover of HK\$8.1 billion for 2023 (2022: HK\$6.0 billion).
- The business reported a profit of HK\$413 million for 2023 (2022: HK\$541 million).
- Pre-tax profit margin was 5.1% in 2023 (2022: 9.0%).

In this highly competitive market, SOCAM expanded its order book. The Group was awarded new construction, maintenance, fit-out and renovation contracts in Hong Kong and Macau worth a total of HK\$6.6 billion during the year, and a further HK\$8.9 billion in the first three months of 2024. As at 31 December 2023, the gross value of contracts on hand was HK\$26.7 billion and the value of outstanding contracts to be completed was HK\$15.7 billion, in comparison to HK\$24.4 billion and HK\$16.2 billion respectively as at 31 December 2022.

Benefited from the continuous flow of building maintenance works in the public sector, SOCAM’s building maintenance arm recorded HK\$2.8 billion turnover in 2023. On the

strength of a strong clientele, our interior fitting-out and renovation subsidiary recorded a turnover of HK\$1.3 billion during the year. Both provided recurring valuable contributions to our financial performance, given the higher margin and shorter project cycle.

Property – Improving Results from Refining Business Approaches

- The Group's property business recorded a loss of HK\$141 million for 2023 (2022: HK\$130 million), mainly attributable to valuation and impairment losses, net of deferred tax provision, of its property portfolio of HK\$133 million (2022: HK\$105 million).
- Total turnover for 2023 amounted to HK\$264 million (2022: HK\$275 million), comprising leasing income of HK\$102 million, sales revenue of HK\$12 million, and Hong Kong property management services income of HK\$150 million.
- Total leasing income amounted to HK\$102 million for 2023 (2022: HK\$99 million).

Despite noticeable increase in customer footfall in our four shopping malls, the general consumption sentiment remained weak. Yet, our efforts on repositioning our retail premises reaped benefits and have enabled us to achieve better leasing income and occupancy rate for the year.

Outlook

The Group remains confident with our core business model and development opportunities in Hong Kong. The expanding public housing construction market, coupled with the on-going hospital development plans and the major upcoming infrastructure projects, will offer tremendous business opportunities, albeit in a severely competitive environment, to SOCAM in the years ahead. Increasing benefits would be generated from our continued efforts in innovative technologies. In the meantime, we regard safety as top priority in our business operations, and shall firmly commit to embracing this shared value.

As consumer behaviours change in the post-COVID pandemic era, the Group's shopping malls will forge ahead with our ongoing asset enhancement initiatives and step up efforts to offer consumers greater experiential retail experience and immersive excitement, boost customer footfall and improve occupancies and leasing performance. We strive to bring in suitable smart facilities and green elements, and exploit cost saving opportunities in all respects, thus enabling our assets to achieve sustainable growth in

value.

Summary of Financial Results for the year ended 31 December

	2023 HK\$ million	2022 HK\$ million
Construction	413	541
Property		
Loss from property sales	(3)	(9)
Net rental income	27	10
Fair value changes on investment properties, net of deferred tax provision	(133)	(100)
Impairment loss on property inventories	-	(5)
Hong Kong property management	5	18
Net operating expenses	(37)	(44)
	(141)	(130)
Net finance costs		
- Senior notes	-	(5)
- Bank and other borrowings	(212)	(133)
Corporate overheads and others	(54)	(64)
Release of exchange gains	29	4
Net foreign exchange losses	(33)	(232)
Taxation	(77)	(103)
Non-controlling interests	(80)	(110)
Total	(155)	(232)

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



About SOCAM Development Limited (SOCAM)

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

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