



FOR IMMEDIATE RELEASE

SOCAM Development Announces 2022 Annual Results

(Hong Kong, 24 March 2023) SOCAM Development Limited (“SOCAM” or the “Group”, stock code: 983) today announced its results for the year ended 31 December 2022.

The Group’s turnover for 2022 increased considerably by 19.7% to HK\$6.3 billion (2021: HK\$5.3 billion). Notwithstanding that the Group reported net loss attributable to shareholders of HK\$232 million for 2022 (2021: HK\$76 million profit). The loss for 2022 was primarily due to the net foreign exchange loss of HK\$232 million as a result of the 9.3% depreciation of the Renminbi against the Hong Kong dollar during the year, while net foreign exchange gain of HK\$73 million was recognised in 2021. In face of the challenging market environment, the Board of Directors does not recommend the payment of a final dividend (2021: HK\$0.07/share).

SOCAM’s construction business achieved further increase in turnover and reported a profit of HK\$541 million in 2022. For property business, we recorded a loss of HK\$130 million in 2022, as the retail leasing market was hard-hit by the most severe COVID-19 waves in three years.

Construction – Optimising Business Opportunities

- The business reported a profit of HK\$541 million for 2022, a 5.9% increase over the profit of HK\$511 million for 2021.
- Turnover for 2022 soared 22% to HK\$6.0 billion, from HK\$4.9 billion for 2021.
- Pre-tax profit margin eased to 9.0% in 2022, from 10.4% in 2021, as new contracts made relatively less profit contribution during their initial stage of construction works.
- New construction contracts totalling HK\$7.9 billion were secured (2021: HK\$3.8 billion). As at 31 December 2022, the gross value of contracts on hand was HK\$24.4 billion and the value of outstanding contracts to be completed was HK\$16.2 billion.

During the year, we ramped up efforts to develop stronger capabilities and enhance productivity through creating greater synergies among our construction teams. To seize the ample business opportunity in relation to the application of the latest technologies, particularly Building Information Modelling in construction works and tender submission, a new subsidiary named Janus Services Limited (Janus) was established in the fourth quarter of 2021. Janus will be



operated in full swing to serve the anticipated speedy growth of construction business.

In July we expanded our business scope and secured the first design and build of transitional housing construction project at Kam Tin, Yuen Long. Expected to complete in 13 months, the project will adopt full application of steel MiC, in support of non-government organisations in expediting the building of transitional housing to address Hong Kong's long-term housing issue. With MiC construction gaining wider application in the government and institutional contracts, to improve quality, safety, and reduce cost, in March 2023 SOCAM formed a strategic partnership with Guanzhou Wan You, a well-established manufacturer in Guangzhou, for the supply of MiC units to our construction projects.

Property – Driving a Sustainable Business

- The Property business posted a loss of HK\$130 million for 2022, compared with the loss of HK\$126 million for 2021; the results included the valuation and impairment losses of the property portfolio, net of deferred tax provision, of HK\$105 million and HK\$114 million for 2022 and 2021.
- Total turnover for 2022 amounted to HK\$275 million, comprising sales revenue of HK\$34 million and leasing income of HK\$99 million from Mainland China and HK property management services income of HK\$142 million. (2021: HK\$331 million)
- The leasing market faced considerable challenges in 2022. Total leasing income dropped by 13% from HK\$114 million for 2021.

Despite the unfavourable market conditions, we continued to re-energise our malls' retail, dining and entertainment ambience, and enhance the component attractions of the modern, environmentally friendly mall experience in an attempt to meet evolving consumer expectation and trends. We have also installed smart facilities and applied anti-virus technology in our shopping malls with a view to improving the health and wellbeing of our tenants and customers, while raising energy efficiency and reducing operating cost.

Outlook

As one of the major construction companies in Hong Kong, SOCAM is determined to constructing sustainable projects designed to lessen impact on the environment. The HKSAR Government, as stated in 2022 Policy Address, is fully committed to resolving the pressing housing issue of the community, having plans in hand to increase the supply of public housing and expedite the public housing construction works with wider adoption of MiC and other technologies. The expanding



public housing construction market and roll-out of the new scheme on private sector participation in subsidised housing development, coupled with the on-going hospital development plans and the Northern Metropolis Development Strategy, will offer tremendous business opportunities to SOCAM in the coming years

The digitalisation journey and the technologies we have introduced in our operations are now well-established and are reaping benefits, particularly in bolstering our tendering credentials and increasing expedited construction quality within a condensed time-frame. Construction technology plays a paramount role in today's highly-competitive market environment, particularly as an interface with government and institutional clients. SOCAM will continue to adopt advanced construction technology to improve profitability, and to pursue growth as a company and sustainable development for the society as a whole. While we equip ourselves to embrace farsighted approaches to provide excellent services in the entire construction lifecycle, we work together with our stakeholders to create more impactful outcomes for the environment and community.



Summary of Financial Results for the Year Ended 31 December

	2022 (HK\$ million)	2021 (HK\$ million)
Construction	541	511
Property		
(Loss) profit from property sales	(9)	5
Net rental income	10	26
Fair value changes on investment properties, net of deferred tax provision	(100)	(110)
Impairment loss on property inventories	(5)	(4)
Hong Kong property management	18	17
Net operating expenses	(44)	(60)
	(130)	(126)
Net finance costs		
Senior notes	(5)	(87)
Bank and other borrowings	(133)	(54)
Corporate overheads and others	(64)	(60)
Release of cumulative exchange gains upon deregistration of foreign subsidiaries	4	21
Net foreign exchange (losses) gains	(232)	73
Taxation	(103)	(103)
Non-controlling interests	(110)	(99)
Total	(232)	76

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.