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SOCAM Development Announces 2024 Annual Results

(Hong Kong, 27 March 2025) SOCAM Development Limited ("SOCAM" or the "Group", stock code: 983) announced its results for the year ended 31 December 2024.

The Group's turnover for 2024 increased by 11.3% to HK$9.3 billion, from HK$8.3 billion for 2023. However, it reported net loss attributable to shareholders of HK$364 million for 2024, compared with the HK$155 million loss for 2023. The significant increase in net loss for 2024 was largely attributable to the lower profit contribution from the construction business, higher disposal loss of non-core property assets, and increases in net finance costs on tightened financial market conditions and net foreign exchange loss as a result of the further depreciation of the Renminbi against the Hong Kong dollar during the year.

Faced with the challenging market environment, the Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

Construction – Substantial Increase in New Contracts Secured amid Considerable Market Opportunities

- Turnover totalled HK$8.9 billion for 2024 (2023: HK$8.1 billion).
- Profit amounted to HK$201 million for 2024 (2023: HK$413 million).
- Pre-tax profit margin was 2.3% for 2024 (2023: 5.1%).
- New construction contracts secured in 2024 totalled HK$11.5 billion (2023: HK$6.6 billion).

For 2024, SOCAM's construction business achieved a 10% increase in turnover, but reported a 51.3% decrease in profit, against those for 2023. The decrease in profit was largely attributable to:

(a) lower overall gross profit being recognised in 2024, primarily related to certain public housing build-only development projects awarded in 2021 and 2022, which carried limited tender margins amid the then prevailing severe market competition;
(b) shortfall in the anticipated contract price fluctuation compensation for these public housing projects scheduled for completion in 2025; and
(c) profits from certain construction projects with higher margins completed in prior years were taken up in 2023.

Amidst the hyper-competitive tendering environment, SOCAM expanded its order book significantly. The Group was awarded new construction, maintenance, fit-out and renovation contracts in Hong Kong and Macau worth a total of HK$11.5 billion in 2024, lifting our workload to a record level in recent years and also ensuring a healthy growth in turnover, profit and cash flow in the coming years. As at 31 December 2024, the gross value of contracts on hand was HK36.9 billion and the value of outstanding contracts to be completed was HK$20.5 billion, in comparison to HK$26.7 billion and HK$15.7 billion respectively as at 31 December 2023.

SOCAM has advanced the modernisation of our information technology infrastructure and digital capabilities, and intensified the integration of cutting-edge technologies into our construction projects, enhancing our competence and competitiveness. Our capabilities were demonstrated 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 that fully adopts Modular Integrated Construction method, offering a total of 1,410 public housing units in the first half of 2025.

With respect to the incident that occurred at Shui On Joint Venture's construction site of the Kwai Chung Hospital (Phase 2) Redevelopment project in March 2024, Shui On Construction Company Limited (SOC) and Shui On Building Contractors Limited (SOBC) were temporarily suspended from tendering for new works contracts till early July. Upon further review, in October, the Labour Department informed us that, based on the evidence, the case had been excluded from its record of industrial fatality on construction sites. Consequently, the Development Bureau also removed the suspension orders imposed on SOC and SOBC from its records. However, the affected Group companies had suffered significant loss of potential job opportunities arising from the several months of unwarranted suspensions.

Property – Stable Leasing Performance

- Turnover totalled HK$388 million for 2024 (2023: HK$264 million).
- Loss was HK$119 million for 2024 (2023: HK$141 million).

SOCAM's property business recorded significant increase in turnover and marked reduction in loss for 2024, compared to 2023. Leasing income from its shopping malls in the Mainland increased, with stable occupancies, and property management services income in Hong Kong upsurged substantially on a more balanced portfolio. Nevertheless, it continued to record a loss for 2024, mainly attributable to the valuation and disposal losses of property assets.

The Group's efforts on adding vitality to our retail properties over the past few years bore fruits. We saw noticeable increase in customer footfall during the year. However, the general consumption sentiment stayed relatively weak. The repositioning of our malls to "Green and Fun Community Mall" remains conducive to the development of the business going forward. To drive further improvement in occupancy and profitability, we continue to enhance the customer experience and meet the constantly changing trends.

Outlook

Globally, the economic outlook for 2025 will remain subdued amid heightened uncertainties. As we navigate this challenging environment, we remain confident about the sustainable development of our construction business in Hong Kong. Subject to the government budget constraint, the expanding public housing construction works, the ongoing hospital development plans, upcoming public infrastructure projects and continued fit-out and enhancement works for institutional clients will still offer considerable business opportunities to SOCAM in the years ahead. By focusing on innovation, efficiency and adaptability, SOCAM is well-positioned to achieve long-term success.

Consumer preferences and technologies are reshaping the shopping experience. The Group's shopping malls will embrace a multi-faceted approach to offer consumers greater experiential retail experience and excitement, so as to drive tenant sales, and uplift our leasing performance. We strive to make our malls vibrant, while adding more green and leisure elements, to enable our assets to achieve sustainable asset-value growth in the longer run.

Summary of Financial Results for the year ended 31 December

	2024 **HK$ million**	2023 HK$ million
Construction	**201**	413
Property		
Loss from property sales	**(38)**	(3)
Net rental income	**33**	27
Fair value changes on investment properties, net of deferred tax provision	**(76)**	(133)
Impairment loss on property inventories	**(15)**	-
Hong Kong property management	**10**	5
Net operating expenses	**(33)**	(37)
	(119)	(141)
Net finance costs	**(237)**	(212)
Corporate overheads and others	**(77)**	(54)
Release of exchange gains	**3**	29
Net foreign exchange losses	**(50)**	(33)
Taxation	**(34)**	(77)
Non-controlling interests	**(51)**	(80)
Total	**(364)**	(155)

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

About SOCAM Development Limited (SOCAM)

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