瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

Announcement of results for the year ended 31 December 2024

FINANCIAL HIGHLIGHTS

		Year ended 31 December	
		2024	2023
Turnover	*HK$ million*	**9,280**	8,336
Loss attributable to shareholders	*HK$ million*	**(364)**	(155)
Basic loss per share	*HK$*	**(0.98)**	(0.41)

		At 31 December	
		2024	2023
Total assets	*HK$ billion*	**9.5**	9.2
Equity attributable to owners of the Company	*HK$ billion*	**2.0**	2.4
Net asset value per share	*HK$*	**5.3**	6.4
Net gearing	*%*	**107.1**	88.9

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2024 exhibited a mixed picture. The world economy demonstrated remarkable resilience amid challenges, growing by an estimated 3.2% according to the International Monetary Fund. Inflation eased, but interest rates remained elevated and geo-political tensions increased. The Chinese Mainland economy, meanwhile, is undergoing structural transformation after decades of rapid expansion, placing more focus on future-oriented industries. Although the Central Government's 5% GDP growth target has been met, weak consumer sentiment and a prolonged property market downturn continue to pose significant concerns.

Hong Kong continued its recovery, posting a moderate 2.5% GDP growth, with the construction sector expanding at a similar rate. Despite a large fiscal deficit for the third consecutive year, the HKSAR Government has committed to major investments in transportation and other public infrastructure, as well as increasing the housing supply. Among them is the creation of the "Northern Metropolis" designed to foster the city's long-term development. These significant public works will give a boost to the construction industry in areas where our proven competencies and experience give us an edge.

Benefiting from government capital works projects, the Group made progress in strengthening its well-established income streams, and recorded a healthy increase in Group turnover during the year. Our construction business expanded its already strong order book, and added HK$11.5 billion of new contracts in Hong Kong and Macau, a record level in recent years.

Profitability, however, was challenged in 2024, principally attributable to the low tender margins for some public housing construction projects secured by the Group during the COVID years amid intensified market competition, as well as higher finance costs due to tightened credit conditions.

OPPORTUNITIES FOR GROWTH

More recently, a consolidation of the industry emerges as debt-ridden companies exit, and while the market remains highly competitive, tenders are now being approached with more caution and positive margins for most of the recent contracts. At the same time, major new public construction projects are being taken forward. In 2025-2026, government spending in Hong Kong on infrastructure will continue to rise, and over the next five years, total public housing supply will reach 190,000 units. Looking further ahead, the Northern Metropolis strategy involves 1,700 hectares of land for development into an innovation and technology city over the next 10 years.

We see a sustained flow of construction works from the public sector in Hong Kong, where the Group has an acknowledged track record. In particular, we expect our fitting-out, renovation and building maintenance business to attain solid growth in the government, institutional and commercial sectors, as ageing buildings and facilities will stimulate demand. To stand us in good stead to seize the significant upcoming opportunities, the Group continues to extend its market reach, and progressively seek admission to approved contractors lists in selected areas of government works.

INNOVATION IN CONSTRUCTION PRACTICES

Crucial to maintaining SOCAM's competitiveness and long-term growth are technology innovation and adoption. Over the past years, SOCAM has been investing in our information technology infrastructure and innovative construction methods, an integral part of our business strategy to create value for our stakeholders.

Digitalisation is one way we aim to stay ahead of the curve. BIM – Building Information Modelling – is now driving our command of the entire building cycle in a smart and efficient way, from design, construction to project delivery. Since 2019, we have confidently added further layers to construction efficiency through using the Modular Integrated Construction (MiC) method at scale. We have brought such capabilities to bear in full on the public housing development at Anderson Road Quarry Site R2-7 and Site R2-6, which upon completion in early 2025 will mark the Hong Kong Housing Authority's first full adoption of MiC in public housing. Witnessing the success of our MiC projects paves the way for SOCAM to further enhance our competence in an area that is critical to sustainable construction in the future.

New technology is also improving site safety, a cultural trait that has been a long-established characteristic of SOCAM with the wellbeing of our people one of our top concerns. From an already industry-low accident rate of 5.3 cases per thousand workers in 2019, the Group has recorded a further drop to 3.3 cases in 2024, a record low in recent years. The Group has also introduced artificial intelligence and the Smart Site Safety System (4S) for real-time monitoring of site activities to help identify safety hazards. We are now gradually expanding the use of 4S to all our projects, in an effort to lower accidents even further.

FOSTERING PEOPLE AND PARTNERSHIPS

A long-time challenge the construction industry faces is the shortage of skilled labour. The economic recovery and the ageing workforce have kept the labour market tight. During 2024, SOCAM took the advantage of the labour importation scheme launched by the HKSAR Government to alleviate the manpower shortage. Our strategy, however, remains twofold. Firstly, we are investing in technology that will allow increased automation and efficiency of the construction process. Secondly, we place great emphasis on attracting and developing local sources of skilled and unskilled labour, as well as nurturing local talents. Our mission to provide an environment in which our people can excel, develop and grow remains firm.

We also recognise the increasing demands of the industry and the community regarding safety, as well as the need for ever greater productivity and concern over environmental issues. Only by building a comprehensive construction value chain that is both efficient and robust, and integrating sustainability into all our business operations, will we be able to meet the needs of tomorrow's construction industry. To this aim, we have been forging partnerships with diverse expertise to help expand our capabilities, especially as regards construction-related technology, to provide smart solutions covering the whole building life cycle.

SEEKING DIVESTMENT FOR PROPERTY ASSETS

In Mainland China, consumer sentiment continues to be sluggish. The "Double Reduction" policy, aimed at curbing after school tutoring, along with the trend of consumption downgrade, has affected leasing performance. Operating in a fast-changing environment, the Group's efforts to enhance its retail assets and consumer experience nonetheless enabled it to achieve stable leasing income and occupancy rates in 2024.

That said, our property portfolio, taking up about 56% of the Group's total assets, remains a drag on our balance sheet. Amidst the weak investment sentiment towards commercial properties, it would be overly optimistic to expect a rapid recovery in the near term. The Board and I share an instinct for caution as we view our options for divestment. Market situation is ever-evolving and the Group will remain alert and responsive to divestment opportunities in order to further strengthen our financial position, and enhance shareholder value.

OUTLOOK

The global economy is facing heightened uncertainties in 2025. Downside risks predominate given the potential impact of the Trump administration. Geopolitical tensions, trade protectionism and regional conflicts are poised to intensify. Tariff increases, and countermeasures in response, will cause serious disruption to global trade and investment flows, while a slowdown in the pace of interest rate cuts due to persistent inflationary pressures will dampen the growth prospects.

Despite the many challenges, SOCAM is well-resourced to tap into the tremendous business opportunities for sustained growth. Our construction order book has grown faster than expected in recent years and highlights our credentials. The considerable number of maintenance and interior fit-out contracts being awarded by the public and institutional sectors will also provide steady income flows in the coming years. With a robust pipeline of potential projects and our strong execution capabilities, we anticipate securing new contracts worth a total of HK$6-8 billion in 2025. This will position us to actively contribute to the future development of the HKSAR, ensuring stable turnover, profit and cash flow in the years ahead.

Among our top priorities for 2025 are ensuring financial stability, which we see as vital for achieving our identified goals and strategic objectives. SOCAM will exercise prudence in financial management, and optimise our operational structure to revitalise profitability. We will also seek to review and address the risks facing our business, including talent development and recruitment, to ensure the Group remains well managed and open to growth prospects.

NOTE OF THANKS

Finally, my sincere thanks go to my fellow Directors for their contribution and guidance during the past year. I am pleased to welcome our new Executive Director and Deputy Chief Executive Officer, Mr. Adrian Lo, who brings new dynamism and fresh perspectives to the Board, having served with the Group for six years.

On behalf of the Board, I extend my gratitude to all staff for their dedication to the Group during difficult times. The significant market opportunities in our areas of operation provide a solid basis for optimism regarding the longer term prospects for the Group. We look forward to contributing further to the development of Hong Kong, as we continue to invest in shaping the future landscape of the construction industry.

Vincent H.S. Lo
Chairman

Hong Kong, 27 March 2025

BUSINESS REVIEW

Our strategy remains anchored on leveraging our core strengths to expand our core business and secure stable income amidst industry challenges. Creating greater value for clients, shareholders, business partners and employees is our overarching aim.

In 2024, capitalising on the market opportunities in Hong Kong's public sector construction works, the construction business posted an increase in turnover and further strengthened its already robust order book, but recorded a reduced profit due to intense market competition and fluctuating materials prices. In the Mainland, the property business achieved higher leasing income and stable occupancies in its rental properties.

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 due 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.

MARKET ENVIRONMENT

Amidst the complex and severe global environment, the Group's principal markets saw sustained economic growth. China's economy in 2024 was generally stable with steady progress. Industrial production continued to increase and exports of goods grew rapidly, while employment and consumer prices stayed stable. However, domestic demand remained insufficient, retail sales expanded slowly, and investment in real estate development kept declining markedly, notwithstanding the string of economic stimulus measures launched by the Central Government aimed at revitalising key sectors.

The Hong Kong economy expanded at a moderated pace in 2024, largely driven by the exports and imports of goods and services. Private consumption turned to a slight decline amid the change in residents' consumption patterns, despite the SAR Government's initiatives to boost consumer sentiment. The labour market remained tight, with low unemployment rate, alongside the continued economic growth.

In 2024, the increase in visitor arrivals sustained further recovery in Macau's hospitality and gaming sectors. The upsurge in gaming services exports, private consumption and investment underpinned the economic growth for the year.

CONSTRUCTION

Market Review

Construction activities in Hong Kong saw moderate growth in 2024, which was predominantly driven by the public sector as the HKSAR Government continued to invest in public housing and infrastructure. While private sector construction activities declined amid a slackened property market and weak business sentiment, public works contracts were set to face more intense competition.

The enormous fiscal deficit calls for more prudent management of public finances. The HKSAR Government moves forward with public works projects according to priority and urgency, thus putting a constraint on public works spending in the coming years.

However, the supply of public housing and improvement of the public health infrastructure in Hong Kong are among the issues of great community concern. The HKSAR Government is determined to meet the supply target of 308,000 public housing units over the next ten years, from 2024/25 to 2033/34, under its long-term housing strategy, and complete the two ten-year hospital development plans (2017-2035) to tackle these pressing community issues. It also takes forward the development of the Northern Metropolis into an international innovation and technology city, spanning across 20 years, as a new engine for Hong Kong's future economic growth. These will give an impetus to the construction industry in the long run. The Group's construction business is poised to capitalise on the promising market opportunities ahead to drive further growth.

The labour market remained tight, as continued economic growth drove sustained demand for manpower. As a key pillar of the Hong Kong economy, the construction industry, with about 10% of the local labour force in its employ, faces persistent shortage of skilled workers. Under the labour importation scheme for the construction sector launched by the HKSAR Government in 2023 in a bid to fill in the temporary manpower gap, SOCAM imported around 450 contracted workers, and they joined our workforce, in batches, since January 2024.

Apart from manpower shortage, the ageing labour force, soaring building costs and fluctuating materials prices continue to undermine the development of the construction industry. The private sector construction activities in 2024 entered a period of contraction, as elevated interest rates and subdued investor confidence weighed on private investment. This has helped to ease the manpower shortage situation.

Over the year, the construction industry has faced significant financial stress due to intense competition and persistently high interest rates. Contractors are generally struggling to access bank credits amid the tightening financial market conditions. The long-standing delay payment problem has intensified, leading to project delays and disruptions, and a series of wage arrears incidents. Consequently, some major players were forced out of the market. In December 2024, the HKSAR Government introduced a legislation, which will come into operation in August 2025, to improve payment practices in the industry, among others. This will help enhance the cash flow of various tiers of contractors and suppliers in the supply chain of the industry, reduce project procurement costs and improve project delivery.

The fit-out and renovation market in Hong Kong was generally stable in 2024, but experienced a slowdown in the second half year, particularly for the commercial sector. In contrast, hotel/casino operators in Macau have increased their spending on fit-out and refurbishment works across various areas of their premises and facilities, as the tourism industry gains momentum. Riding on this trend, our fit-out business in Macau saw significant growth in 2024, and will continue to grow in the years ahead.

Integrating Construction Technology

Innovation and technology are key to the sustainable development of the construction industry. The Group's success also relies on its ability to deliver services and products that exceed its clients' expectations, while keeping pace with the technological and societal changes that affect the markets in which it operates.

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, enhance site safety, elevate competitive edge and reduce waste. We have also strengthened our Building Information Modelling team, expanded the Modular Integrated Construction (MiC) capacity, and stepped up wider 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 in 2023, 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 in the first half of 2025. In the construction process, we utilised advanced technologies, including the Smart Site Safety System (4S) and digital management platform to enhance quality and site safety, reduce construction time and minimise labour-intensive processes. We are gradually extending the use of the 4S to all our capital projects and some of our maintenance projects.

The HKHA promotes wider application of advanced technology, including MiC 3.0, and construction robotics in public housing construction. We have increased investment in enhancing our competence and competitiveness to get well-prepared for meeting the new procurement trend and contract requirements of the government projects.

In the longer-term, our goal is to deliver greener, smarter, safer 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, gain access to solar energy.

Operating Performance

The Group's construction business reported increased turnover, yet reduced profit, for 2024, and achieved significant expansion of its order book during the year amid a hyper-competitive tendering environment.

The business recorded a turnover of HK$8.9 billion for 2024, a 10% increase from HK$8.1 billion for 2023. Profit was HK$201 million for 2024, a 51.3% decline against the profit of HK$413 million 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. Pre-tax profit margin dropped significantly to 2.3% in 2024, from 5.1% in 2023.

In 2024, the Group has succeeded in securing a total of HK$11.5 billion new construction, maintenance, fit-out and renovation contracts in Hong Kong and Macau, lifting our workload to a record level in recent years, and substantially higher than the HK$6.6 billion awarded in 2023. As at 31 December 2024, the gross value of contracts on hand was HK$36.9 billion and the value of outstanding contracts to be completed was HK$20.5 billion, increased by 38.2% and 30.6% 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.

Site Safety

SOCAM prioritises site safety in our daily operations, while technology plays a crucial role in enhancing site safety. We have widely adopted 4S and advanced technologies at construction sites in monitoring safety hazards, and complemented these with virtual reality safety training for the site workers. Over the years, we consistently recorded accident rate substantially below the industry average in Hong Kong, and met our stiff target to reduce accident rate by 25% that was set in 2019.

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, where a subcontractor's worker was pronounced dead, 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 confirmed that the suspension orders imposed on SOC and SOBC were removed from its records. However, the affected Group companies had suffered significant loss of potential job opportunities arising from the several months of unwarranted suspensions.

SOCAM's long-term profit growth relies on strong customer value creation. 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. In January 2025, Pacific Extend Limited (PEL) succeeded in gaining admission to Group B under the "Buildings" category in the approved list of public works contractors of the Development Bureau. In addition, SOBC is currently 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.

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 were awarded new construction and maintenance contracts in a total amount of HK$3.7 billion in 2024, which included:

- two term contracts for 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);

- 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);

- a 5-year term contract for maintenance, improvement and refurbishment works for buildings and hydraulic systems at Terminal 2 of the Hong Kong International Airport for the Airport Authority (HK$156 million); and

- 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).

During the year, 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, and building structure refurbishment 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.

SOBC and PEL completed the following major contracts during the year:

- 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;

- a 4-year term contract for architectural and building works for MTRC; and

- two 3-year term contracts for distribution and transmission cables trenching and laying works for CLP.

Shui On Construction Company Limited and Shui On Joint Venture

SOC secured new contracts in a total amount of HK$6.9 billion in 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 was on schedule for its existing contracts during the year, 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 the year, 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

PDL remains a high-performing interior fit-out and refurbishment contractor that delivers quality workmanship and innovative design solutions tailored to client needs, enabling it to thrive in the highly-competitive markets of both Hong Kong and Macau. In 2024, it secured new contracts with an aggregate value of HK$964 million, primarily in the commercial and institutional sectors in Hong Kong and the hospitality and gaming industry in Macau, and contributed higher profit on increased turnover and steady cash flow to the Group.

The major contracts secured by PDL during the year included:

- interior fit-out works at Hong Kong Cyberport;

- renovation works on common corridors, lift lobbies and toilets of various office buildings in Taikoo Place;

- revitalisation works at Airport Authority Building in Hong Kong International Airport;

- upgrading of office facilities and meeting rooms in HKIA Tower at Hong Kong International Airport;

- fit-out works on Chairman's Club in Galaxy Macau;

- fit-out works on International Gourmet Pavilion in Wynn Palace; and

- fit-out works on All Day Dining Restaurant and lobby lounges in Celebrity Tower and Star Tower at Studio City Phase 1 in Macau.

The interior fit-out markets in Hong Kong and Macau are characterised by a high demand for modern, flexible, and aesthetically pleasing spaces, particularly in the commercial, hospitality and retail sectors. PDL continued to execute well on the projects it secured, and managed delivery timelines and budgets efficiently. Contracts worth a total of HK$1.4 billion were completed during the year. Notable ones included revamp works for Departure Kerb of Hong Kong International Airport Terminal 1, fit-out works on the Main Stadium in Kai Tak Sports Park, fit-out works on functional rooms, common areas and acoustic sensitive areas in the Hostel and Academic Building Complex for Hong Kong Baptist University, and addition and alteration, and fit-out works at Shui On Centre in Hong Kong; and refurbishment works on mass gaming floor and Covent Garden in The Londoner, Macau and modification and refurbishment works on the gaming area on ground level of Galaxy Macau.

After the year-end, PDL was awarded new contracts totalling HK$238 million, including the asset enhancement works at Yat Tung Shopping Centre for Link REIT, interior fit-out works for the residential development at 8-10 Lomond Road, refurbishment works on the hotels in Galaxy Entertainment Group, and fit-out works on the NBA flagship store in The Londoner, Macau.

PROPERTY

Market Review

Despite the steady expansion of the national economy in 2024, slow growth on the consumer side continues to prevail. Domestic demand remains relatively weak, highlighting the deficiency of household consumption capacity and confidence. The prolonged property downturn has severely suppressed investment and consumption sentiment. The negative wealth effect from falling property and stock prices along with concerns over job prospects contributes to the faltering consumption. 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 evolving consumer behaviour have also reshaped the consumption patterns and lifestyle. The emerging consumer model, which integrates livestreaming e-commerce and instant delivery services, currently drives the rapid growth of online retail sales. As digital transformation accelerates, the proliferation of big data, AI and other innovative technologies will further enhance the efficiency and appeal of online shopping, profoundly impacting the retail and commercial leasing sector.

The Group continued to revitalise our dining and entertainment offerings in our shopping malls, and revisit tenant fix. The repositioning of our malls to "Green and Fun Community Mall" remains conducive to the development of the business going forward.

Operating Performance

All our shopping malls logged noticeable increase in customer footfall during the year. However, the general consumption sentiment stayed relatively weak. In addition, the "Double Reduction" policy remained a drag on the leasing performance of our rental properties.

The Group's efforts on adding vitality to our retail properties over the past few years bore fruits, as we reported higher leasing income and stable occupancies in 2024.

The Group's property business recorded a loss of HK$119 million for 2024, considerably lower than the loss of HK$141 million for 2023, mainly attributable to less valuation losses of its property portfolio. Total turnover increased significantly from HK$264 million for 2023, to HK$388 million for 2024 which comprised leasing income of HK$105 million, sales revenue of HK$51 million and Hong Kong property management services income of HK$232 million.

Property Portfolio

As of 31 December 2024, the Group owned six projects in the Mainland, comprising a total gross floor area (GFA) of 386,000 square metres, of which 369,100 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	–	81,800	158,100
Chongqing	Creative Concepts Center	21,000	–	–	9,900	30,900
Guangzhou	Parc Oasis	–	–	–	4,200	4,200
Nanjing	Scenic Villa	–	–	10,900	7,200	18,100
Shenyang	Shenyang Project Phase I	62,200	1,600	–	18,300	82,100
Tianjin	Veneto Phase 1	63,600	–	–	–	63,600
	Veneto Phase 2	27,700	1,300	–	–	29,000
Total		217,500	36,200	10,900	121,400	386,000

* The GFA shown excludes sold and delivered areas.

The property portfolio of the Group at 31 December 2024 is mainly composed of the following:

(a) a shopping mall, an office tower and car parking spaces in Chengdu Centropolitan, which is a large-scale mixed-use development situated in Chengdu's CBD;

(b) a shopping mall and car parking spaces in Chongqing Creative Concepts Center, which is a composite building close to the busy Jiefangbei Square in the heart of Chongqing;

(c) a shopping mall and car parking spaces in Shenyang Project Phase I, which is a large-scale mixed-use complex located on the "Golden Corridor" in Shenyang;

(d) a European-style outlet shopping centre in Tianjin Veneto Phase 1 located near Tianjin's Wuqing Station on the Beijing-Tianjin intercity railway line; and

(e) retail shops and SOHO units in Tianjin Veneto Phase 2, adjacent to Tianjin Veneto Phase 1.

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. For 2024, total leasing income increased steadily to HK$105 million, from HK$102 million for 2023.

Occupancy Rates of Retail and Office Properties in Mainland China:

Project	**Total GFA (sq.m.)**	**Occupancy Rate**	
		As at 31 December 2024	**As at 31 December 2023**
Chengdu Centropolitan			
Retail	43,000	89%	87%
Office	33,300	88%	82%
Chongqing Creative Concepts Center			
Retail	21,000	91%	95%
Shenyang Tiandi			
Retail	62,200	92%	92%
Tianjin Veneto Phase 1			
Retail	63,600	72%	72%

We attained stable performance in occupancy rate in our retail and office premises in Chengdu. Challenges persist for our outlet mall in Tianjin due to intensified competition among shopping centres in the Wuqing region, on increased supply. As Chongqing has become one of the hottest tourism destinations in China, we are in the course of adjusting the positioning of our shopping mall in response to the change of customer demographics, while offering more tourism-related outlets. This has temporarily dragged down the mall occupancy to 91% towards the year-end.

Asset Enhancement

Refurbishment works on our outlet mall in Tianjin Veneto Phase 1 were substantially completed in late 2024. The new look has brought about significant upsurge in foot traffic and tenant sales. We noted upcoming upgrade of some major shops in our mall on the drawing board, and are close to entering into new leases for several high-quality brands.

To drive further improvement in occupancy and profitability, we continue to meet the constantly changing trends and consumer expectations. Chief among these expectations is a more sustainable lifestyle and many of the enhancements we make reflect this, such as improvements to energy efficiency and the provision of more green spaces and play equipment to enhance the customer experience and drive turnover. All our community malls regularly organise exciting promotional events, such as interactive dramas, experience platforms, games, family concerts and entertainment for children.

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 realised gross consideration of HK$61 million from sales of property inventory and investment properties, and recorded loss of HK$38 million for 2024, compared with HK$12 million revenue and HK$3 million loss for 2023. The property sales for 2024 were mainly derived from sales of the retail shops in Phase 2 of Tianjin Veneto and car parking spaces in Shenyang Project Phase I.

Exacerbated by the prolonged downturn in the Mainland's real estate market, the investment sentiment for commercial properties remained weak. The notable increase in retail sales and foot traffic in the newly-refurbished Tianjin Veneto Phase 1 has helped improve the sales of the inventory in Phase 2 of this project.

Property Management

Pacific Extend Properties Management Limited (PEPM) consistently excels in carrying out property and facilities management contracts for its clients, including the HKHA, Urban Renewal Authority and various government departments in Hong Kong.

In 2024, PEPM continued to execute its strategic plan to diversify from managing residential estates towards facilities management of residential and commercial premises, carparks and shopping centres. This approach yielded encouraging result and produced a more balanced portfolio. In 2024, it secured new contracts with an aggregate value of HK$589 million, including:

- 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;

- a 3-year term contract for the provision of property management agency services to the shopping centre, non-domestic premises and carparks in Yung Ming Court in Tseung Kwan O for the HKHA;

- a 3-year term contract for the provision of property management services to Ping Tin Estate, Kai Tin Estate, On Tin Estate, Wan Hon Estate and Tsui Ping (South) Estate in Kwun Tong, comprising 16,000 public rental housing units in total, for the HKHA;

- a 3-year term contract for the provision of management and supporting services to Dr Sun Yat-sen Museum and Fireboat Alexander Grantham Exhibition Gallery for the Leisure and Cultural Services Department; and

- a 3-year term contract for the provision of management and maintenance services to Shui On Centre in Wanchai.

Utilising its extensive expertise and experience in property and facilities management, and collaborating closely with other business operations within the Group, PEPM posted a record turnover of HK$232 million for 2024, compared with HK$150 million for 2023, and contributed higher income and cash flow to the Group.

OUTLOOK

Globally, the economic outlook for 2025 will remain subdued amid heightened uncertainties. Escalating geopolitical tensions, regional conflicts, elevated interest rates and extreme weather-related events continue to weigh on world economic growth. Tariffs hikes and other restrictions, coupled with intensifying protectionism, will disrupt global trade, and lead to renewed inflationary pressure and slower pace of interest rate cut, dampening the growth prospects.

China has embarked on a trajectory towards sustainable growth, given its solid economic fundamentals and technological advancements. However, it continues to face significant domestic challenges and a harsh external environment in the near term future. The economic expansion in recent years past, led by industrial output and exports, was unbalanced. Inadequate domestic demand remains a key feature of the economy, as it grapples with deep property distress, falling home prices, constrained household debt capability and high youth unemployment. The Central Government is expected to ramp up more fiscal stimulus and monetary easing to foster market confidence and spur continued high-quality economic development.

Hong Kong economy looks set to expand moderately in the near term, supported by inbound tourism and the SAR Government's wide range of initiatives to boost market sentiment. The Financial Secretary forecast a 2-3% growth in real terms for 2025. Challenges remain prominent. External risks on exports are mounting, investment and consumer confidence stay low, domestic cost pressures are on the rise, and the city's fiscal position comes under stress. Nevertheless, proactively aligning with the country's development strategies and enhancing infrastructure connectivity and commercial linkages within the Greater Bay Area will present a positive medium to long-term economic outlook.

Labour shortage, ageing workforce and high construction costs continue to impede the development of the construction industry, undermining Hong Kong's competitiveness. In this difficult environment characterised by growing complexity, financial prudence and effective project management become increasingly crucial. Building contractors must step up efforts to enhance operational efficiency and liquidity, strengthen cost control and supply-chain management, and manage risks and price fluctuations to improve profitability.

While the Group continues to expand our market reach and drive business development, we are equally committed to implementing cost-saving initiatives across all areas of our operations, to ensure our business remains competitive and sustainable.

Construction innovation and technology are a pivotal force for industry advancement. SOCAM, being at the forefront of adopting smart construction technologies, is ready to potentially spearhead the wider application of technology solutions and digitalisation in the construction processes to enhance productivity, quality, safety and sustainability. The launch of our self-developed 4S system is a significant step towards leveraging technology to identify potential hazards and improve workers' safety 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 employees and workers.

As we navigate this challenging environment, we remain confident about the sustainable development of our construction business. By focusing on innovation, efficiency, and adaptability, we are well-positioned to overcome obstacles and achieve long-term success. The market segments in Hong Kong, in which SOCAM operates, are poised for further growth. 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.

The thriving tourism and gaming sectors in Macau call for continued refurbishment and upgrading of the casino-hotels. Additionally, as part of the SAR's economic diversification strategy to promote the long-term development of the city, significant private investments in non-gaming facilities will take place in the coming years. Our fitting-out and refurbishment business stands to benefit from the vast job opportunities that arise.

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 and exciting places to visit, while adding more green and leisure elements, to enable our assets to achieve sustainable asset-value growth in the longer run.

RESULTS

The Board of Directors (the "Board") of SOCAM Development Limited (the "Company" or "SOCAM") presents the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2024** **HK$ million**	2023 HK$ million
Turnover	2	**9,280**	8,336
Other income, other gains and losses	3	**(31)**	35
Cost of properties sold		**(68)**	(8)
Raw materials and consumables used		**(946)**	(901)
Staff costs		**(1,049)**	(931)
Depreciation and amortisation		**(58)**	(62)
Subcontracting, external labour costs and other expenses		**(7,069)**	(6,099)
Fair value changes on investment properties		**(87)**	(148)
Finance costs		**(262)**	(237)
Share of profit of joint ventures and an associate		**1**	2
Loss before taxation		**(289)**	(13)
Taxation	4	**(24)**	(62)
Loss for the year		**(313)**	(75)
Attributable to:			
Owners of the Company		**(364)**	(155)
Non-controlling interests		**51**	80
		(313)	(75)
Basic loss per share	6	**HK$(0.98)**	HK$(0.41)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2024 HK$ million	2023 HK$ million
Loss for the year	**(313)**	(75)
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**(64)**	(49)
Reclassification adjustments for exchange differences transferred to profit or loss upon deregistration of a joint venture	**(3)**	–
Items that will not be reclassified to profit or loss:		
Fair value changes of an equity investment at fair value through other comprehensive income	**(2)**	(8)
Remeasurement of defined benefit scheme	**48**	(46)
Other comprehensive expense for the year	**(21)**	(103)
Total comprehensive expense for the year	**(334)**	(178)
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(385)**	(258)
Non-controlling interests	**51**	80
	(334)	(178)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2024 HK$ million**	31 December 2023 HK$ million
Non-current Assets			
Investment properties		**3,818**	3,996
Goodwill		**18**	18
Other intangible assets		**9**	16
Right-of-use assets		**41**	48
Property, plant and equipment		**23**	29
Interests in joint ventures		**87**	85
Interest in an associate		**22**	23
Financial asset at fair value through other comprehensive income		**20**	22
Financial assets at fair value through profit or loss		**49**	12
Deferred tax assets		**18**	–
Defined benefit assets		**1**	–
Club memberships		**1**	1
Restricted bank deposits		**8**	–
		4,115	4,250
Current Assets			
Properties held for sale		**570**	664
Properties under development for sale		**160**	167
Debtors, deposits and prepayments	7	**1,863**	1,613
Contract assets		**1,292**	1,334
Amounts due from joint ventures		**78**	75
Amounts due from related companies		**10**	42
Financial asset at amortised cost		–	7
Tax recoverable		**8**	14
Restricted bank deposits		**338**	347
Bank balances, deposits and cash		**1,026**	653
		5,345	4,916
Current Liabilities			
Creditors and accrued charges	8	**3,062**	2,661
Contract liabilities		**54**	43
Lease liabilities		**31**	28
Amounts due to joint ventures		**116**	114
Amounts due to related companies		**47**	44
Taxation payable		**147**	167
Bank borrowings due within one year		**2,636**	1,618
		6,093	4,675
Net Current (Liabilities) Assets		**(748)**	241
Total Assets Less Current Liabilities		**3,367**	4,491
Capital and Reserves			
Share capital		**373**	373
Reserves		**1,613**	1,998
Equity attributable to owners of the Company		**1,986**	2,371
Non-controlling interests		**268**	268
		2,254	2,639
Non-current Liabilities			
Bank borrowings		**863**	1,490
Lease liabilities		**13**	22
Defined benefit liabilities		**–**	87
Deferred tax liabilities		**237**	253
		1,113	1,852
		3,367	4,491

Notes:

1. Basis of preparation of consolidated financial statements

At 31 December 2024, the Group reported net current liabilities of HK$748 million, which included a term loan of HK$1,100 million due in January 2025 and revolving bank loans of HK$1,043 million with no fixed term of repayment. The HK$1,100 million term loan was subsequently refinanced by a new 5-year term loan of HK$700 million upon its maturity in January 2025 and the remaining portion was repaid with the Group's other financial resources. With respect to the revolving bank loans, the Directors of the Company, at the time of approving these consolidated financial statements, believe that they will continue be made available to the Group and will not be withdrawn unexpectedly within the next twelve months from the end of the reporting period. 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 consolidated financial statements have been prepared on a going concern basis.

In the current year, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's financial period beginning on 1 January 2024 for the preparation of the consolidated financial statements.

HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements

Except as described below, the application of the above amendments to HKFRSs in the current year has had no material effect on the amounts reported and disclosures set out in the consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)* and amendments to *HKAS 1 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$750 million as at 1 January and 31 December 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 Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments[2]
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKAS 21 (Amendments)	Lack of Exchangeability[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs – Volume 11[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

1. Basis of preparation of consolidated financial statements (continued)

Except as described below, the Directors of the Company do not expect a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements of these new and amendments to HKFRSs.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements* ("HKFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

2. 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

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

2. Segment information (continued)

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

For the year ended 31 December 2024

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
REVENUE				
Revenue from construction contracts	**8,889**	**–**	**–**	**8,889**
Revenue from property sales	**–**	**51**	**–**	**51**
Revenue from rendering of services in Hong Kong	**3**	**232**	**–**	**235**
Revenue from rendering of services in Mainland China	**–**	**26**	**–**	**26**
Revenue from contracts with customers	**8,892**	**309**	**–**	**9,201**
Revenue from property leasing	**–**	**79**	**–**	**79**
Total segment revenue from external customers	**8,892**	**388**	**–**	**9,280**
Timing of revenue recognition				
At a point of time	**–**	**51**	**–**	**51**
Over time	**8,892**	**258**	**–**	**9,150**
Revenue from contracts with customers	**8,892**	**309**	**–**	**9,201**
Reportable segment results	**217**	**(220)**	**(4)**	**(7)**
Unallocated items:				
Other income				**2**
Finance costs				**(251)**
Other corporate expenses				**(33)**
Consolidated loss before taxation				**(289)**
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	**–**	**(68)**	**–**	**(68)**
Depreciation and amortisation	**(39)**	**(5)**	**–**	**(44)**
Interest income	**16**	**8**	**–**	**24**
Fair value changes on investment properties	**–**	**(87)**	**–**	**(87)**
Impairment loss recognised on property inventories	**–**	**(15)**	**–**	**(15)**
Dividend income from an equity investment	**–**	**–**	**2**	**2**
Finance costs	**–**	**(11)**	**–**	**(11)**
Share of (loss) profit of joint ventures and an associate	**(2)**	**(1)**	**4**	**1**

2. Segment information (continued)

For the year ended 31 December 2023

	Construction and maintenance HK$ million	Property HK$ million	Other businesses HK$ million	Total HK$ million
REVENUE				
Revenue from construction contracts	8,070	–	–	8,070
Revenue from property sales	–	12	–	12
Revenue from rendering of services in Hong Kong	2	150	–	152
Revenue from rendering of services in Mainland China	–	24	–	24
Revenue from contracts with customers	8,072	186	–	8,258
Revenue from property leasing	–	78	–	78
Total segment revenue from external customers	8,072	264	–	8,336
Timing of revenue recognition				
At a point of time	–	12	–	12
Over time	8,072	174	–	8,246
Revenue from contracts with customers	8,072	186	–	8,258
Reportable segment results	427	(167)	(5)	255
Unallocated items:				
Other income				3
Finance costs				(226)
Other corporate expenses				(45)
Consolidated loss before taxation				(13)
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	–	(8)	–	(8)
Depreciation and amortisation	(40)	(6)	–	(46)
Interest income	14	8	–	22
Fair value changes on investment properties	–	(148)	–	(148)
Dividend income from an equity investment	–	–	3	3
Finance costs	–	(11)	–	(11)
Share of (loss) profit of joint ventures and an associate	(1)	(2)	5	2

3. Other income, other gains and losses

	2024 **HK$ million**	2023 HK$ million
Included in the other income, other gains and losses are:		
Other income		
Interest income on financial asset at amortised cost	**1**	3
Other interest income	**24**	22
Government subsidies (note a)	**–**	1
Dividend income from an equity investment	**2**	3
Other gains and losses		
Exchange loss	**(48)**	(3)
Fair value gain on financial assets at fair value through profit or loss	**1**	–
Impairment loss recognised on property inventories (note b)	**(15)**	–
Gain on disposal of property, plant and equipment	**1**	1
Expected credit losses reversed (recognised) on trade debtors, contract assets and other receivables	**2**	(4)

Notes:

(a) The government subsidies represented the wage subsidies 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.

(b) Impairment loss recognised on properties inventories represented a decrease in net realisable value of certain properties held for sale and properties under development for sale as a result of a decrease in estimated market prices of these properties. The management engaged an external professional valuer to perform independent valuations for these properties.

4. Taxation

	2024 **HK$ million**	2023 HK$ million
The tax charge comprises:		
Current taxation		
Hong Kong Profits Tax	**50**	73
Macau Complementary Tax	**3**	1
The People's Republic of China ("PRC") Land Appreciation Tax	**1**	1
	54	75
Deferred taxation	**(30)**	(13)
	24	62

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

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

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.

5. Dividend

The Board does not recommend the payment of a final dividend (2023: nil) for the year ended 31 December 2024.

6. 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:

	2024	2023
	HK$ million	HK$ million
Loss for the year attributable to owners of the Company:		
Loss for the purpose of basic loss per share	**(364)**	(155)
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 years were presented as the Company has no dilutive potential ordinary shares outstanding during both years.

7. 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 the sale and purchase agreements or invoice date, as appropriate) at the end of the reporting period as follows:

	31 December 2024	31 December 2023
	HK$ million	HK$ million
Trade debtors aged analysis (note a):		
Not yet due or within 90 days	**780**	604
91 days to 180 days	**1**	6
181 days to 360 days	**1**	2
	782	612
Prepayments and deposits	**370**	279
Other receivables (note b)	**713**	727
Less: Allowance for credit losses	**(2)**	(5)
	1,863	1,613

Notes:

(a) Included in the trade debtors are receivables of HK$1 million (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 31 December 2024 are receivables of HK$514 million (2023: HK$542 million) due from China Central Properties Limited'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$130 million (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 outstanding receivable in the amount of approximately RMB338 million (approximately HK$365 million) (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 9(a)). Given that there have been continued 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 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 12 months from the end of the reporting period.

8. Creditors and accrued charges

The aged analysis of creditors (based on invoice date) of HK$1,188 million (2023: HK$772 million), which are included in the Group's creditors and accrued charges, is as follows:

	31 December 2024 HK$ million	31 December 2023 HK$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	**1,088**	692
31 days to 90 days	**70**	57
91 days to 180 days	**11**	12
Over 180 days	**19**	11
	1,188	772
Retention payable	**467**	372
Provision for contract work/construction cost	**1,154**	1,290
Other accruals and payables	**253**	227
	3,062	2,661

9. Contingent liabilities

At 31 December 2024, the Group had the following contingent liabilities, which have not been provided for in the 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 China Central Properties Limited ("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 7(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 2025, 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$585 million) at 31 December 2024 (2023: RMB542 million (HK$598 million)) and the related interest amounting to RMB881 million (HK$951 million) (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 consolidated statement of financial position.

(b) In 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 reasons identified by the Group in supporting the application for extending the completion date of the project. Taking into account the aforesaid extension as accepted by the government authority, the estimated penalty as at 31 December 2024, if any, will not be more than RMB14 million (2023: RMB14 million). The management of the Company views that the exposure should be further reduced or fully exempted.

FINANCIAL REVIEW

FINANCIAL RESULTS

The Group's results for the year ended 31 December 2024 recorded a loss attributable to shareholders of HK$364 million on a turnover of HK$9,280 million, comparing with the loss of HK$155 million and turnover of HK$8,336 million for 2023.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

An analysis of the total turnover is as follows:

	Year ended 31 December 2024 HK$ million	Year ended 31 December 2023 HK$ million
Turnover		
Construction and maintenance	**8,892**	8,072
Mainland property	**156**	114
Hong Kong property management	**232**	150
Total	**9,280**	8,336

Turnover from the construction and maintenance works reported a 10% overall increase for the year ended 31 December 2024, 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 year, which more than offset the reduction in revenue from the maintenance business. Revenue from the interior fitting-out business recorded a steady increase in revenue of 8% to approximately HK$1,600 million for 2024.

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

	Year ended 31 December 2024 HK$ million	Year ended 31 December 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)

Construction

Average net profit before tax margin was reduced to 2.3% of turnover in 2024, comparing to the 5.1% in the previous year. The decrease in margin was primarily related to certain public housing build-only development projects having relatively lower margins, which were awarded during the COVID years amid intensified market competition. Moreover, there were shortfalls in anticipated contract price fluctuation compensation for these projects scheduled for completion in 2025. If these public housing build-only projects were excluded, the adjusted average net profit before tax to turnover margin would be revised to 5.4% for 2024. On the other hand, profit in the prior year was lifted by the increased contributions from completed projects with relatively lower turnover recognised.

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 year on stable occupancies, as well as tightened control over leasing expenses.

In the last quarter of 2024, the Group commenced the disposal of various car parking spaces in certain of our Mainland property projects. Loss on disposal of our property assets in Mainland China was increased from HK$3 million in 2023, to HK$38 million in 2024 for an aggregate consideration of approximately HK$61 million.

At 31 December 2024, the Group's investment properties were valued at HK$3,818 million. Excluding the effect on the depreciation of the Renminbi against the Hong Kong dollar in the current year, there was a 2.2% 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. Whilst the Group's net bank borrowings were maintained at a relatively stable level, the persistently high HIBOR coupled with the increased average bank borrowings balance in 2024 has caused the increase in net finance costs for the current year to HK$237 million.

Net foreign exchange losses

During 2024, the Renminbi registered a 2.2% depreciation against the Hong Kong dollar. This resulted in net foreign exchange losses totalling HK$114 million recorded for the current year, of which HK$50 million and HK$64 million were recognised in the consolidated statement of profit or loss and the consolidated statement of changes in equity respectively, comparing with the foreign exchange losses of HK$33 million and HK$49 million respectively for the previous year, on a 1.5% depreciation.

The depreciation of the Renminbi had effectively reduced the Hong Kong dollar payable amount, which was offset by a corresponding Renminbi receivable when they were net settled during 2023. Such difference of approximately HK$23 million was recognised as a gain in the profit or loss in 2023.

ASSETS BASE

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

	31 December 2024 HK$ million	31 December 2023 HK$ million
Total assets	**9,460**	9,166
Net assets	**1,986**	2,371
	HK$	HK$
Net asset value per share	**5.3**	6.4

Total assets of the Group was HK$9.5 billion at 31 December 2024, comparing to HK$9.2 billion at 31 December 2023. The decrease in both net assets of the Group and net asset value per share was principally attributable to the HK$364 million loss for the year and the 2.2% depreciation of Renminbi against the Hong Kong dollar during the current year, which caused a HK$64 million direct reduction in equity.

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

	31 December 2024 HK$ million	**%**	31 December 2023 HK$ million	%
Construction	**3,402**	**36**	2,876	32
Property	**5,437**	**57**	5,705	62
Corporate and others	**621**	**7**	585	6
Total	**9,460**	**100**	9,166	100

Increase in total assets of the construction division at 31 December 2024 was a reflection of the increased business activities during the year. Decrease in property assets was mainly due to the fair value adjustment of our investment property portfolio in Mainland China and the exchange retranslation adjustment on depreciation of Renminbi.

EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company decreased to HK$1,986 million on 31 December 2024, from HK$2,371 million on 31 December 2023, for the reasons mentioned above.

Net bank borrowings of the Group, which represented the total bank borrowings, net of bank balances, deposits and cash, amounted to HK$2,127 million on 31 December 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:

	31 December 2024 HK$ million	31 December 2023 HK$ million
Bank borrowings repayable:		
Within one year	**2,636**	1,618
After one year but within two years	**310**	1,425
After two years but within five years	**553**	65
Total bank borrowings	**3,499**	3,108
Bank balances, deposits and cash	**(1,372)**	(1,000)
Net bank borrowings	**2,127**	2,108

The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, increased to 107% on 31 December 2024, from 89% on 31 December 2023, which was mainly caused by the loss for the year and depreciation of Renminbi against the Hong Kong dollar as mentioned above, while the net bank borrowings remained stable.

Included in the amount repayable within one year at 31 December 2024 of HK$2,636 million, there was a term loan of HK$1,100 million due in January 2025, for which refinancing was completed upon its maturity by a new 5-year term loan of HK$700 million together with a repayment of HK$400 million.

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 the 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 31 December 2024, the number of employees in the Group was approximately 3,362 (31 December 2023: 2,321) in Hong Kong and Macau, and 256 (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, Managerial Development Program for middle managers, Leadership Development Program for project managers as well as Talent Development Program 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.

Further details could be found in the Environmental, Social and Governance Report.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's external auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout 2024, the Company complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange, 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, amongst 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.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "AGM") of the Company will be held on Thursday, 29 May 2025 at 4:00 p.m. A circular containing the notice of the AGM, as well as the Company's 2024 Annual Report, will be published on the Company's website (www.socam.com) and the Stock Exchange's website (www.hkexnews.hk) on or around Friday, 25 April 2025.

For ascertaining the shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 23 May 2025.

By Order of the Board
SOCAM Development Limited
Lo Hong Sui, Vincent
Chairman

Hong Kong, 27 March 2025

At the date of this announcement, the Executive Directors of the Company are Mr. Lo Hong Sui, Vincent (Chairman), Mr. Lee Chun Kong, Freddy (Chief Executive Officer) and Mr. Lo Adrian Jonathan Chun Sing (Deputy Chief Executive Officer); the Non-executive Directors of the Company are Ms. Lo Bo Yue, Stephanie and Mr. Chan Wai Kan, George; and the Independent Non-executive Directors of the Company are Mr. Chan Kay Cheung, Mr. Lau Ping Cheung, Kaizer and Mr. Wong Hak Wood, Louis.

** For identification purpose only*

Website: www.socam.com