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 2013

FINANCIAL HIGHLIGHTS

		Year ended 31 December	
		2013	2012
			(restated)
Turnover			
Company and subsidiaries	*HK$ million*	**7,952**	6,443
Share of joint ventures and associates	*HK$ million*	**4,460**	4,892
Total	*HK$ million*	**12,412**	11,335
(Loss) profit attributable to shareholders	*HK$ million*	**(889)**	459
Basic (loss) earnings per share	*HK$*	**(1.81)**	0.93
Final dividend per share	*HK$*	**—**	0.50

		At 31 December	
		2013	2012
			(restated)
Total assets	*HK$ billion*	**23.1**	23.3
Net assets	*HK$ billion*	**9.3**	10.2
Net asset value per share	*HK$*	**19.26**	20.76
Net gearing	*%*	**48.3**	47.1

CHAIRMAN'S STATEMENT

Dear Shareholders,

Global economies gradually recovered in the second half of 2013 and showed signs of stability while financial markets continued to be dominated by speculation on when the U.S. Federal Reserve would begin to taper its stimulus efforts. In the Chinese Mainland, exports rebound was the main driver underpinning improved activities, in addition to domestic consumptions registering a satisfactory growth.

Nevertheless, for SOCAM, it became evident towards the latter part of 2013 that the operating environment has turned much more challenging, particularly with regard to our property and cement businesses in the Chinese Mainland. In January 2014, SOCAM issued a profit warning announcement to shareholders and the investment community.

A number of factors significantly impaired our performance. Our property business, in particular, the sales of the Four Seasons Place branded residence, which we previously had high expectations on profit contributions, was adversely affected by the sluggish luxury property sector in the Chinese Mainland following a series of restrictive government measures. In addition, acquisitions of major property projects were curtailed in the past two years, owing to SOCAM's monetisation plan, which had a significant negative effect on your Group's income from this sector in 2013.

Despite an increase in turnover by 23% to HK$7.9 billion (2012: HK$6.4 billion), your Group reported an attributable loss of HK$889 million for the year ended 31 December 2013. This compares with the restated profit of HK$459 million in 2012. Loss per share was HK$1.81 (2012: restated earnings per share of HK$0.93). The gearing level remained steady at approximately 48%.

Our monetisation strategy, announced in March 2013, to divest our property assets in an orderly manner is, however, gaining momentum, and we have seen some solid results in unlocking the asset values in our property portfolio. We remained vigilant in choosing the most appropriate modes of disposals, balancing among cash flow which might be generated, costs of the properties concerned and the advantages of en-bloc sales. The disposals of our Guangzhou Panyu project and an office tower in Shenyang Project Phase I in March and June 2013 respectively, together with the successful conclusion of the sale of Shenyang Project Phase II, have generated net cash proceeds of approximately HK$2 billion in the overall plan, which will help reduce the Group's net borrowings, hence financing costs in 2014. The continuation of monetisation is expected to significantly reduce the net borrowings of the Group further, and allow the distribution of surplus cash to our shareholders at an appropriate time.

The Group's portfolio comprises mainly completed properties at the high-end market segment. Towards the end of the year, units of the luxury apartments in Shanghai Lakeville Regency Tower 18 were put up for sale. The property is located in a sought-after location in the Xintiandi area of Shanghai. The branded residences of Four Seasons Place, occupying the top floors of Shanghai 21st Century Tower in Pudong, are positioned to appeal to the highest percentile of wealthy buyers. At 31 December 2013, while prices achieved so far were below our expectations, a meaningful number of these unique serviced apartments in the heart of the Pudong district have been sold.

Meanwhile, the Four Seasons Hotel Pudong, Shanghai, which also services the branded residences, has recently been awarded a status of Five Stars by Forbes Travel Guide, an honour only bestowed upon the top end hotels in the whole of the Chinese Mainland.

Over 90% of the residential units at Beijing Centrium Residence and Guangzhou Parc Oasis have now been sold, indicating that quality finishing and prime location are important to discerning buyers. SOCAM launched pre-sales for the residential units of Chengdu Centropolitan towards the end of the year and received a satisfactory reception.

In Hong Kong, our construction business continues to be profitable which is mainly attributable to our track records of timely and quality construction completion and experience in tendering for a broad spectrum of projects across public housing and institutional buildings servicing education and public health needs.

Overcapacity problems across the cement industry in the Chinese Mainland, particularly in the southwest region where Lafarge Shui On Cement (LSOC) operates, continue to negatively impact on profit margins.

Amid the most difficult business environment and very disappointing operating performance, our plan to dispose of the Group's interests in the cement joint venture with Lafarge remains our top priority. We have certain principal disagreements with our partner, but we are having ongoing discussions with potential buyers. However, the very stringent criteria of the relevant financial reporting requirements in Hong Kong do not allow the continued classification of our investment in LSOC at the year end as asset held for disposal, and re-classification of this investment under "interests in joint ventures" is required, contributing to the material loss during the year and the restated earnings for 2012.

OUTLOOK

The construction industry in Hong Kong will continue to experience a very busy period in the next few years due to the large number of infrastructural projects in progress. Your Company has been capturing equally abundant opportunities in the building sector, on design and build projects as well as on the traditional government housing segment, and has consistently secured contracts of significant amounts. Our order book and outstanding workload are both among the highest in the Company's history. However, the escalation in labour and material costs looks likely to continue.

In the process of monetisation of our property portfolio, we are mindful of the benefits that early realisation can bring to the Company, on cash flow, on the reduction of interest costs and on the saving of related project and staff costs. Advantages of en-bloc disposals as opposed to strata-title sales are also part of the consideration process. We are also aware of the significant discount of SOCAM share prices compared to the underlying values of assets. We would like to assure shareholders that this whole process is most carefully monitored with your interest in mind.

Concurrently, we are constantly exploring the most effective way to realise the significant capital locked up in our cement investment, which, as repeatedly mentioned in the past, has been made marred by the very poor operating performance of the joint venture, and is not consistent with results of other reputable cement players in the market.

I expect that the restructuring exercise of our Company will eventually bear fruit and sincerely hope that our shareholders would understand the currently not-so-encouraging phase of adjustment, which, in our view, should be short lived.

I would like to extend my heartfelt thanks to our Board of Directors for their guidance in the past year on our monetisation effort. The loyalty of our staff is also greatly appreciated as, without their dedication, the target of our restructuring exercise would be much harder to attain.

Lo Hong Sui, Vincent
Chairman

Hong Kong, 28 March 2014

BUSINESS REVIEW

In 2013, investor confidence worldwide was generally buoyant. Positive indicators in most major economies suggest that the overall outlook of the global economy is improving.

The quantitative easing policy in the United States and those of the other central banks are accommodative, which have been influential in driving a meaningful economic recovery worldwide and are likely to remain as such in the near future. Conditions in the Eurozone stabilised, with the European Monetary Union returning to growth in 2013, following an 18-month recession, albeit at a marginal rate only. Recent trends point to a continuous momentum, with the International Monetary Fund forecasting a global growth of 3.7% in 2014, from 3% in 2013, with developing countries also expecting improvements.

In the Chinese Mainland, the implementation of selective stimulus policies has proved effective and mitigated investors' expectations of a hard landing. Measures that encourage consumption and investment have strengthened demand in the domestic market. While economic growth was somewhat uncertain earlier in 2013 and challenges persisted, resilience was evident in the second half of the year.

Despite global economies improving during the year, market factors in two key areas of SOCAM's operations in the Chinese Mainland, namely, the property and cement sectors, have substantially and adversely affected our results for the year.

The property market in China saw new home prices rise in 2013, particularly in major cities such as Shanghai, Beijing, Shenzhen and Guangzhou. Transactions in this sector generally remained active as plans to introduce a property tax on ownership were put on hold. However, the much fewer acquisitions of major projects in the past two years to replenish our stock, following the decision to orderly monetise our property portfolio, means a lack of recurring income in 2013. Meanwhile, our Shanghai Four Seasons branded residences, in particular, were unable to command the desired prices and profits, due to the sluggish luxury property sector impacted by a series of restrictive government measures.

SOCAM made good progress with its monetisation plan and disposed of an 80% interest in Shenyang Project Phase II, an office tower in Shenyang Project Phase I and the Guangzhou Panyu Project, while strata-title sales of property units were satisfactory.

China saw a 9.3% year-on-year increase in cement production in 2013, reaching a total of 2.42 billion tonnes. Yet overcapacity problems still beset the industry and suppressed profit margins, particularly in areas where the Lafarge Shui On Cement joint venture has operations. SOCAM's strategic plan to exit from this joint venture has, since 2012, been laid out in a road map of divestment, but in 2013 a dispute between SOCAM and Lafarge has rendered this route more challenging. Other ways to exit from this joint venture are being carefully examined.

During 2013, SOCAM's construction business continued to benefit from the HKSAR's expanding programme for new housing and public facilities. At 31 December 2013, the gross value of contracts on hand attributable to the Group was at a record high level of approximately HK$17.8 billion (HK$17.4 billion in 2012). The value of outstanding contracts was approximately HK$13.4 billion, compared with HK$10.0 billion at 31 December 2012. Construction activities in Hong Kong will remain buoyant and SOCAM is well positioned to capture the increasing tendering opportunities in the immediate years ahead.

PROPERTY

Monetisation Progress

In March 2013, the Company announced a formal monetisation plan which aims at achieving timely divestment of a significant proportion of our property assets to generate value for shareholders.

Besides seeking an exit from our cement investment which continued to post unsatisfactory results, monetising the Company's property assets represents an attractive opportunity to unlock value for shareholders that would otherwise be difficult to be reflected in the stock price under the existing business model. Throughout the year, the monetisation exercise was being implemented in an orderly manner, taking into account market conditions as well as the reasonableness of offers from potential buyers, with the overriding objective of realising the value of the property assets in the most efficient manner.

Property Sales

Statistics from the National Bureau of Statistics indicated that the value of new homes sold in Mainland China in 2013 rose 27% year-on-year to RMB6.8 trillion, passing the US$1 trillion figure for the first time. SOCAM closely monitored the market to capture favourable windows of opportunity to dispose of its property projects. In March and in June, the Group completed two en-bloc sales in Guangzhou Panyu and Shenyang respectively. The disposals of the Guangzhou Panyu project and an office tower in Shenyang Project Phase I realised gross proceeds of approximately HK$1.1 billion.

In December, SOCAM entered into an agreement to sell an 80% interest in Shenyang Project Phase II, a substantial mixed-use development of 653,000 square metres GFA. The transaction was completed in January 2014, realising gross proceeds of approximately HK$1.5 billion.

SOCAM continued to step up sales activities for its key completed projects, including Four Seasons Place in Shanghai, the Group's luxury branded residences, and the remaining units at Beijing Centrium Residence, Guangzhou Parc Oasis and Shenyang Project Phase I. Towards the end of the year, the Group put Shanghai Lakeville Regency Tower 18 on the market for sale. The property is ideally situated in the Xintiandi area of Shanghai and offers excellent investment opportunities as individual homes or leasing propositions. As planned, the Group also launched pre-sales on the first batch of residential units in Chengdu Centropolitan in December.

Special Situation Projects

As of 31 December 2013, SOCAM owned 12 special situation property projects, with a total developable GFA attributable to the Group of approximately 2.1 million square metres. The projects command prime locations in nine Mainland cities, as summarised below:

Property type	Location	Project	Total Developable GFA attributable to the Group (square metres)	Estimated completion year	SOCAM's interest
Residential	Beijing	Centrium Residence	8,100*	Completed	65%
	Guangzhou	Parc Oasis	15,900*	Completed	100%
	Shanghai	Lakeville Regency Tower 18	22,200	Completed	100%
	Tianjin	Wuqing Project Phase II	87,000	2016	55%
Branded residence and hotel	Shanghai	21st Century Tower	37,400*	Hotel completed; Branded Residence is under renovation	70%
Composite	Chengdu	Centropolitan	207,900	2016	51%
	Chongqing	Creative Concepts Center	34,400*	Completed	100%
	Shenyang	Shenyang Project Phase I	116,900*	Completed	100%
		Shenyang Project Phase II	653,000	80% interest in the project disposed of in January 2014	100%
Residential and retail	Guizhou	Zunyi Project	780,700	2018	100%
	Tianjin	Veneto	68,900	2016	45%
	Nanjing	Nanjing Project	37,700	2016	32.5%
		Total:	2,070,100 square metres		

* *The GFA shown above has excluded sold and delivered areas*

Project Development and Marketing Progress

Beijing Centrium Residence

Situated in the sought-after Chaoyang District, this low-density, luxury apartment development offers 210 units. As at 31 December 2013, 196 units have been sold, and favourable market response continues due to the good location and fine finishing quality.

In order to consolidate our shareholding in this project as it is near completion, SOCAM acquired an additional 12.5% project interest from a joint venture partner in September 2013. SOCAM's resultant holding of 65% interest in the project will enhance the Group's flexibility to fully realise the value of the project in the near future.

Guangzhou Parc Oasis
Parc Oasis offers quality living in the prime North Tianhe location. A clubhouse and eco-friendly and modern lifestyle design add to the popularity of the three residential towers of 35 storeys and the serviced apartment tower of 32 storeys. Sales commenced in 2011 and at 31 December 2013, 723 units have been sold, accounting for approximately 95% of saleable area.

Shanghai Lakeville Regency Tower 18
This luxury serviced apartment building, featuring around 100 high-end residential units, was one of SOCAM's first acquisitions in Shanghai and is situated in an upmarket and much sought-after location in Xintiandi area. In December 2013, the Group began to offer individual units for sale. Market response has so far been satisfactory.

Tianjin Veneto
Veneto is situated at a prime location close to the Wuqing Station of the Beijing-Tianjin Intercity Railway. The area is undergoing a major transformation into an important hub for knowledge and innovation, modern logistics and trading enterprises. As a retail-led development with serviced apartments embracing a total GFA of 153,000 square metres, this project is jointly developed with the SoTan Fund on a 50-50 basis. Construction work on the project is progressing satisfactorily, with completion expected in 2016.

Shanghai 21st Century Tower
Four Seasons Hotel Pudong was opened in November 2012 and has since achieved satisfactory occupancy rates, amidst strong market competition in the hotel sector in Shanghai. Situated on the topmost floors of the 21st Century Tower is Four Seasons Place which comprises 73 unique branded residences with spectacular cityscape views. The apartments offer full access to the service and facilities of the luxury hotel below. They are targeted for the discerning top end buyers and are therefore more sensitive to any market changes in this exclusive sector. To strike a balance between cash inflow from sales and holding onto the property stocks for better prices in future, a decision has been made to sell certain units below the originally budgeted prices towards the latter part of the year, hence less profit contributions have been generated.

Chengdu Centropolitan
Chengdu Centropolitan is a mixed-use development, a joint venture with a private equity fund managed by LaSalle Investment Management, with SOCAM holding a 51% interest in the project. A buy-back and disposal arrangement will take place whereby SOCAM will dispose of a 43.5% interest to a new investor. As a condition precedent to the disposal, SOCAM will have to buy back the 49% interest from LaSalle. Upon completion of these transactions which is expected to take place in the first half of 2014, SOCAM will then have a 56.5% interest in the project.

With approximately 407,700 square metres of GFA, Chengdu Centropolitan comprises 11 residential towers, an office block, serviced apartment tower, shopping mall, clubhouse and kindergarten. The pre-sale launch began in December 2013 as planned.

Chongqing Creative Concepts Center
Creative Concepts Center, close to Jiefangbei Square of Chongqing, commands a prime location with significant frontage to the central business district of Chongqing. The development met with favourable market response and, except for the commercial arcade, almost all office and residential units have now been sold.

Shenyang Project Phases I and II
The development is centrally located in Shenyang with Phase I consisting of contemporary Grade A offices, upscale apartments and a shopping mall. Our divestment strategy was augmented by the block sales of office spaces with a total GFA of approximately 50,000 square metres to Ping An Insurance and New China Life Insurance.

All construction works of Phase I have been completed. Residential units, serviced apartments and offices have been put up for sale. Over 80% of the units has been sold and delivered, with approximately only 160 units left. The shopping mall was opened in October 2013 and received reasonable feedback from a number of regional brands and restaurant outlets as tenants, achieving a rent-out rate of over 60%.

With impetus from the vibrant community created by Phase I completion, an opportunity arose for divestment of the 653,000 square metres GFA of the adjacent Phase II. The Group entered into an agreement in December 2013 to dispose of an 80% project interest in this phase for a consideration of HK$1.5 billion. The transaction was completed in January 2014 and, as contracted, the Company will dispose of its remaining 20% interest to the same buyer within 18 months.

Guizhou Zunyi Project
The project was acquired in 2011 as the area was rezoned for commercial and residential development from industrial use. The project is being developed as a mix of townhouses, high-rise apartments and retail elements with a total GFA of approximately 780,700 square metres upon completion. Site clearance and resettlement works were completed in April 2013. Completion of the project is targeted for 2018.

Project Acquisition

In the midst of our monetisation plan, acquisition activities have been restricted to only smaller projects which help to preserve the overall value of our property portfolio. This applies to our partnership with the SoTan Fund, a private equity vehicle for investing in special situation projects in the Mainland. Towards the end of 2013, the joint venture between the Group and the SoTan Fund entered into a framework agreement to acquire a 65% interest in a project in the Jiangning District of Nanjing. Consideration will be given to acquiring the remaining equity interest in the project, either by the Group itself or jointly with other investors, as and when the opportunity arises. This development upon completion will consist of a residential and commercial complex with a total GFA of approximately 116,000 square metres in the heart of the Yangtze River Delta Economic Zone.

Knowledge Communities

The service sector is an increasingly important pillar in China's economy as the government strives to move away from investment and exports as the main drivers of expansion. The government seeks to encourage high-value added industries is seen as of paramount importance to a more balanced economy. In 2013, the service sector's annual output exceeded that of the secondary industry, or manufacturing, for the first time, marking a historic change in the economic structuring of a country long regarded as the factory of the world.

Dalian Tiandi

Clustering of knowledge-based enterprises brings symbiotic benefits. As early as 2008, SOCAM saw a good market opportunity in the development of a knowledge hub in Dalian, a major seaport in northeast China and one of the country's fast growing regions.

Dalian Tiandi is a visionary large-scale knowledge community developed jointly by Shui On Land, SOCAM and the Yida Group in which SOCAM has a 22% interest. The project extends across a 12.5 km range of planned parkland and will offer a total GFA of 3.1 million square metres on completion.

During the year, a total GFA of 74,000 square metres of residential and retail space in the Huangnichuan area was completed. Hekou Bay has a total GFA of 109,000 square metres under construction as residential premises, and pre-sale of the first batch of units was launched in May.

As at 31 December 2013, a total GFA of 425,000 square metres was completed and the leasable and saleable GFA under construction totalled 903,000 square metres. The overall office occupancy rate stood at 75%.

CONSTRUCTION

Market Review

Hong Kong's fiscal budget for the year 2013/2014 is forecast to record a surplus of HK$12 billion. To resolve the shortage of affordable accommodation units, the HKSAR Government is committed to accelerating the building programme for public housing, targeting to provide an average of about 20,000 public rental housing units and 8,000 housing units of Home Ownership Scheme per annum for ten years, starting 2015/2016. Improvement works and expansion of public facilities and infrastructure are also abundant. The construction market in Macau remains robust, due to the optimistic outlook of the gaming and hospitality industry, along with strong economic growth.

However, despite thriving opportunities and a promising outlook in the construction sector, competition in tendering is still fierce. There also remains a serious shortage of skilled labour and subcontracting resources which have contributed to a rapid increase in costs.

Leveraging on the Group's experience and capabilities in timely and quality delivery, SOCAM had an encouraging year in terms of contracts secured by values. As a major player in the construction industry, Shui On Building Contractors, Shui On Construction and Pat Davie continue to enhance their core competitiveness and have consistently won awards for site safety, quality and environmental awareness. Through partnership with clients and early adoption of new technologies, SOBC and SOC continue to raise their operational efficiency.

Operating Performance

The Group's construction business enjoyed a good year of performance and won new contracts totaling approximately HK$7,463 million (2012: HK$8,826 million). It recorded an operating profit of HK$120 million in 2013 (2012: HK$167 million). Turnover for the year was HK$4,829 million (2012: HK$5,358 million).

As at 31 December 2013, the gross value of contracts on hand was approximately HK$17.8 billion and the value of outstanding contracts to be completed was approximately HK$13.4 billion, compared with HK$17.4 billion and HK$10.0 billion respectively as at 31 December 2012.

Shui On Building Contractors (SOBC)

SOBC secured new works totaling HK$1,470 million in 2013 and completed two contracts, including the construction of Tuen Mun Area 18 for the Hong Kong Housing Authority (HKHA), valued at HK$470 million, and design and build of minor work building/civil engineering works at CLP Power's premises, valued at HK$450 million.

As a HKHA Premier League Contractor, SOBC is in a limited group of contractors able to tender for contracts where exceptional experience and skills are required. During the year, SOBC secured contracts including a public rental housing development at Ex-Yuen Long Estate, and various term and maintenance contracts for the HKSAR Government.

Shui On Construction (SOC)

SOC continued to grow its portfolio and secured two new major contracts with an attributable value of approximately HK$4,316 million as follows:

- Relocation of the Department of Justice to Central Government Offices (Main and East Wings) (HK$680 million)

- Design and Construction of Hong Kong Children's Hospital, a joint venture between SOC (40%) and China State Construction (60%) (HK$9,090 million)

Major projects completed in 2013 included the Hong Kong Jockey Club Innovation Tower at The Hong Kong Polytechnic University, valued at HK$635 million, and the Town Park and Indoor Velodrome-cum-Sports Centre in Tseung Kwan O, valued at HK$1,003 million.

Shui On Construction, Mainland (SOCM)

SOCM, the Group's 85%-owned construction arm in the Chinese Mainland, provided services for the Chongqing Tiandi, Foshan Lingnan Tiandi, Wuhan Tiandi, Shanghai Rui Hong Xin Cheng and Dalian Tiandi projects of Shui On Land, and Shenyang Project Phase I, Guangzhou Parc Oasis, Shanghai 21st Century Tower, Tianjin Veneto and Chengdu Centropolitan projects of SOCAM. SOCM completed the main construction contracts for Chongqing Tiandi, Shenyang Project Phase I and Guangzhou Parc Oasis, and secured approximately HK$920 million worth of new contracts, including construction works for Tianjin Veneto.

Pat Davie (PDL)

During the year, PDL, SOCAM's interior fitting out and building renovation arm, secured interior decoration contracts in Hong Kong and Macau worth approximately HK$730 million. Major contracts in Hong Kong included Pacific Place Phases I and II, Hong Kong International Airport and Hong Kong Science Park Phase III. In Macau, our business continued to benefit from the buoyant gaming industry. PDL won contracts from Studio City, Wynn Tower and MGM totaling HK$292 million. Major projects completed during the year, totaling HK$838 million, included Cathay Pacific Air Cargo Terminal, an MTR shopping mall and projects for The Link in Hong Kong; and Wynn and MGM in Macau. Market demand for fitting-out and renovation works will continue to grow, from which PDL is well poised to benefit.

CEMENT

Market Review

China's GDP growth in 2013 reached 7.7%, the same as in 2012, and was in line with Central Government's forecasts. Urban fixed-asset investment decreased slightly to 19.6% in 2013, a 1.1% growth rate lower than the previous year. Construction of social housing units continues apace. Data released from The Ministry of Housing and Urban/Rural Development indicates that construction is due to start on more than 6 million affordable housing units in 2014, compared with 6.3 million units in 2013. Against this backdrop and the continuous infrastructural investments, cement output increased by 9.3% year-on-year in 2013, reaching 2.42 billion tones.

However, overcapacity problems continue to linger. The Government's determination to crack down on air pollution from heavy industries is expected to result also in increased effort to close down sub-standard cement plants, thus accelerating the rationalisation process of the industry. The phase-out of obsolete, heavily polluting capacities will improve supply and demand imbalance, and the Ministry of Industry and Information Technology targets to eliminate 42 million tonnes of backward production capacities in 2014. This culling of inefficient and ageing plants is set to continue, and mergers and acquisitions will expedite the restructuring of the cement industry. Although short-term shortfall in demand against supply is likely to continue in 2014, all indicators point to a more positive future for cement producers that embrace modern and energy-efficient plants.

Lafarge Shui On Cement (LSOC)

LSOC, in which the Group holds a 45% interest, is a major cement producer in southwest China. As of December 2013, LSOC had 20 cement plants in operation, with total annual production capacity of approximately 31 million tonnes.

The fierce competition resulting from the over-capacity problems in southwest China continues to see decreases in both cement prices and profitability. Consequently, LSOC's results were, again, most dissatisfactory for the third year running.

Total sales volume for 2013 was approximately 28 million tonnes, which was slightly higher than that of the previous year. Cement prices in all the operating areas of LSOC, under tremendous pressure owing to intensified competition, saw a decrease of approximately 1% on average, while variable costs of production decreased by approximately 8%, due mainly to lower fuel costs. Despite improved margins, substantial losses continued for the year, attributable to high financing cost and impairment loss provision on assets.

Construction of a new dry kiln in Hedigang, Yunnan with capacity of 2,500 tonnes per day was completed, and it commenced production in December 2013.

LSOC's plan to continue injecting cement plants into Sichuan Shuangma Cement, a listed company on the Shenzhen Stock Exchange, remains in progress. In January 2014, the injection of 25% interest in the Dujiangyan plants by LSOC into Sichuan Shuangma received overwhelming approval from the independent shareholders of Sichuan Shuangma, and relevant application to the China Securities Regulatory Committee (CSRC) was made. It is expected that CSRC approval will be obtained in the second quarter of 2014.

Meanwhile, the Group continues to pursue its planned exit strategy for its interests in LSOC, which has, for some years, completely failed to meet profit expectations and has tied up a significant amount of our financial resources. In November 2013, Lafarge unilaterally terminated certain provisions in the agreed exit road map for SOCAM's divestment, but we remain firmly committed to divesting our cement interests to free up the capital and return it to shareholders.

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 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2013** **HK$ million**	2012 HK$ million (restated)
Turnover			
The Company and its subsidiaries		**7,952**	6,443
Share of joint ventures/associates		**4,460**	4,892
		12,412	11,335
Group turnover	2	**7,952**	6,443
Other income and gains		**260**	254
Changes in inventories of finished goods, work in progress, contract work in progress and cost of properties sold		**(2,641)**	(933)
Raw materials and consumables used		**(831)**	(758)
Staff costs		**(621)**	(602)
Depreciation and amortisation expenses		**(37)**	(23)
Subcontracting, external labour costs and other expenses		**(3,871)**	(4,170)
Dividend income from available-for-sale investments		**2**	17
Fair value changes on investment properties		**349**	242
Finance costs		**(368)**	(314)
Gain on disposal of available-for-sale investments		**–**	134
Gain on disposal of subsidiaries		**–**	504
Share of results of joint ventures		**(426)**	(191)
Share of results of associates		**(98)**	24
(Loss) profit before taxation		**(330)**	627
Taxation	3	**(542)**	(142)
(Loss) profit for the year		**(872)**	485
Attributable to:			
Owners of the Company		**(889)**	459
Non-controlling interests		**17**	26
		(872)	485
(Loss) earnings per share	5		
Basic		**HK$(1.81)**	HK$0.93
Diluted		**HK$(1.81)**	HK$0.93

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2013 HK$ million	2012 HK$ million (restated)
(Loss) profit for the year	**(872)**	485
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
(Loss) gain on fair value changes of available-for-sale investments	**(27)**	176
Exchange differences arising on translation of financial statements of foreign operations	**218**	(19)
Share of exchange differences of joint ventures	**113**	1
Share of exchange differences of associates	**15**	–
Reclassification adjustments for amounts transferred to profit or loss:		
– upon disposal of available-for-sale investments	**–**	(141)
– upon disposal of interest in a joint venture	–	(4)
– upon disposal of subsidiaries	**–**	(92)
– upon disposal of property inventories, net of deferred tax of HK$4 million (2012: HK$2 million)	**(20)**	(5)
Item that will not be reclassified to profit or loss:		
Recognition of actuarial gain (loss)	**18**	(13)
Other comprehensive income (expense) for the year	**317**	(97)
Total comprehensive (expenses) income for the year	**(555)**	388
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(573)**	362
Non-controlling interests	**18**	26
	(555)	388

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2013 HK$ million**	31 December 2012 HK$ million (restated)
Non-current Assets			
Investment properties		**2,096**	4,065
Property, plant and equipment		**57**	72
Prepaid lease payments		**–**	41
Interests in joint ventures		**3,698**	4,563
Available-for-sale investments		**71**	84
Interests in associates		**416**	511
Club memberships		**1**	1
Trade debtors		**38**	–
Amounts due from joint ventures		**2,388**	1,861
Amounts due from associates		**865**	860
		9,630	12,058
Current Assets			
Inventories		**1**	29
Prepaid lease payments		**–**	1
Properties held for sale		**843**	1,896
Properties under development for sale		**874**	2,569
Debtors, deposits and prepayments	6	**1,545**	1,567
Amounts due from customers for contract work		**426**	321
Amounts due from joint ventures		**1,158**	797
Amounts due from associates		**498**	393
Amounts due from related companies		**196**	308
Taxation recoverable		**42**	25
Other financial asset		**127**	–
Restricted bank deposits		**946**	1,214
Bank balances, deposits and cash			
– Cash and cash equivalents		**2,606**	1,854
– Other bank balances		**150**	196
		9,412	11,170
Assets classified as held for disposal		**4,078**	92
		13,490	11,262
Current Liabilities			
Creditors and accrued charges	7	**2,538**	2,376
Sales deposits received		**112**	1,301
Amounts due to customers for contract work		**397**	347
Amounts due to joint ventures		**484**	65
Amounts due to associates		**3**	1
Amounts due to related companies		**201**	64
Amounts due to non-controlling shareholders of subsidiaries		**3**	4
Taxation payable		**216**	109
Bank and other borrowings due within one year		**6,892**	4,786
		10,846	9,053
Liabilities directly associated with assets classified as held for disposal		**777**	–
		11,623	9,053
Net Current Assets		**1,867**	2,209
Total Assets Less Current Liabilities		**11,497**	14,267
Capital and Reserves			
Share capital		**484**	492
Reserves		**8,840**	9,726
Equity attributable to owners of the Company		**9,324**	10,218
Non-controlling interests		**67**	70
		9,391	10,288
Non-current Liabilities			
Bank and other borrowings		**1,313**	3,293
Defined benefit liabilities		**104**	112
Other payables		**–**	116
Deferred tax liabilities		**689**	458
		2,106	3,979
		11,497	14,267

Notes:

1. Basis of preparation

In the current year, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are mandatorily effective for the Group's financial period beginning on 1 January 2013.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements

The Group has applied HKFRS 13 "Fair Value Measurement" for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

HKAS 19 (2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. As such, certain amounts previously recognised by the Group in retained profits are reclassified as actuarial gain or loss (other comprehensive income).

Specific transitional provisions are applicable to first-time application of HKAS 19 (2011). The application of HKAS 19 (2011) has not had any material impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, HKAS 19 (2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the table below for details).

1. Basis of preparation (continued)

The amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The application of the new and revised HKFRSs, including the revised standard HKAS 19 (2011), 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. The application of the HKAS 19 (2011) has resulted in changes to the Group's accounting policy and the Group is required to apply HKAS 19 (2011) retrospectively. Accordingly, comparative figures have been restated.

Summary of the effects of the changes in accounting policy:

	As originally stated HK$ million	Effect of the adoption of HKAS19 (2011) HK$ million	As restated HK$ million
Consolidated statement of profit or loss for the year ended 31 December 2012			
Staff costs	581	21	602
Profit for the year	874	(21)	853
Attributable to:			
Owners of the Company	848	(21)	827
Non-controlling interests	26	–	26
	874	(21)	853
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012			
Recognition of actuarial loss	(34)	21	(13)
Total comprehensive income for the year	756	–	756
Attributable to:			
Owners of the Company	730	–	730
Non-controlling interests	26	–	26
	756	–	756
Earnings per share for the year ended 31 December 2012			
Basic	HK$1.73	(HK$0.05)	HK$1.68
Diluted	HK$1.73	(HK$0.05)	HK$1.68

1. Basis of preparation (continued)

Summary of the effects of the changes in accounting policy (continued):

	As originally stated HK$ million	Effect of the adoption of HKAS19 (2011) HK$ million	As restated HK$ million
Consolidated statement of financial position			
At 31 December 2012			
Retained profits	5,041	(138)	4,903
Actuarial gain and loss	(183)	138	(45)
Total effects on equity	4,858	–	4,858
At 1 January 2012			
Retained profits	4,328	(117)	4,211
Actuarial gain and loss	(149)	117	(32)
Total effects on equity	4,179	–	4,179

	HKAS 19 adjustments HK$ million
Impact on application of the amendments to HKAS 19 (2011)	
Consolidated statement of profit or loss for the year ended 31 December 2013	
Increase in staff costs and loss for the year	27
Consolidated statement of financial position at 31 December 2013	
Decrease in retained profits	(27)
Increase in actuarial gain and loss (other comprehensive income)	27
Total effects on equity	–
Loss per share for the year ended 31 December 2013	
Before application of the amendments to HKAS 19 (2011):	
Basic and diluted	HK$(1.76)
After application of the amendments to HKAS 19 (2011):	
Basic and diluted	HK$(1.81)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[5]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

1. Basis of preparation (continued)

HKFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company are in the process of assessing the potential impact of these standards, and at this stage have not yet determined the effect of the application of these standards on the results and financial position of the Group.

2. Segment information

For management reporting purposes, the Group is currently organised into four 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. Property – property development for sale and investment and provision of property asset management services

2. Construction and building maintenance – construction, interior fit-out, renovation and maintenance of building premises, sales of building materials and provision of related consultancy services

3. Cement operations through Lafarge Shui On Cement Limited ("LSOC")

4. Other businesses – venture capital investment, cement operations not through LSOC and others

The cement operations through LSOC were classified as discontinued operations in the prior year. The investment in LSOC was no longer met the criteria to be classified as held for disposal in the current year and accordingly the investment was accounted for using the equity method retrospectively. Comparative information in 2012 has been restated.

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 2013

	Property	Construction and building maintenance	Cement operations through LSOC	Other businesses	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
REVENUE					
Sales of goods	**2,983**	**75**	**–**	**18**	**3,076**
Rental income	**44**	**–**	**–**	**–**	**44**
Revenue from rendering of services	**77**	**25**	**–**	**1**	**103**
Construction contract revenue	**–**	**4,729**	**–**	**–**	**4,729**
Revenue from external customers	**3,104**	**4,829**	**–**	**19**	**7,952**
Inter-segment revenue	**–**	**109**	**–**	**–**	**109**
	3,104	**4,938**	**–**	**19**	**8,061**
Share of joint ventures/associates' revenue	**950**	**14**	**3,416**	**80**	**4,460**
Total segment revenue	**4,054**	**4,952**	**3,416**	**99**	**12,521**

Inter-segment revenue is charged at mutually agreed prices.

	Property	Construction and building maintenance	Cement operations through LSOC	Other businesses	Total
Reportable segment results	**447**	**120**	**(286)**	**(135)**	**146**
Unallocated items:					
Other income					**4**
Finance costs					**(368)**
Other corporate expenses					**(112)**
Consolidated loss before taxation					**(330)**
Segment results have been arrived at after crediting (charging):					
Cost of properties sold	**(2,692)**	**–**	**–**	**–**	**(2,692)**
Depreciation and amortisation	**(29)**	**(5)**	**–**	**(2)**	**(36)**
Interest income	**93**	**5**	**6**	**2**	**106**
Imputed interest income on loans to joint ventures/associates	**30**	**–**	**–**	**–**	**30**
Dividend income from available-for-sale investments	**2**	**–**	**–**	**–**	**2**
Fair value changes on investment properties	**349**	**–**	**–**	**–**	**349**
Loss on disposal of leasehold land and related assets	**–**	**–**	**–**	**(47)**	**(47)**
Impairment loss recognised in respect of interests in joint ventures	**–**	**–**	**–**	**(14)**	**(14)**
Share of results of joint ventures					
Cement operations through LSOC	**–**	**–**	**(300)**	**–**	**(300)**
Cement operations in Guizhou	**–**	**–**	**–**	**11**	**11**
Venture capital investments	**–**	**–**	**–**	**(88)**	**(88)**
Property development	**(42)**	**–**	**–**	**–**	**(42)**
Imputed interest expense	**(7)**	**–**	**–**	**–**	**(7)**
					(426)
Share of results of associates					
Property development	**(75)**	**–**	**–**	**–**	**(75)**
Imputed interest expense	**(23)**	**–**	**–**	**–**	**(23)**
					(98)

2. Segment information (continued)

For the year ended 31 December 2012 (restated)

	Property HK$ million	Construction and building maintenance HK$ million	Cement operations through LSOC HK$ million	Other businesses HK$ million	Total HK$ million
REVENUE					
Sales of goods	948	183	–	–	1,131
Rental income	52	–	–	–	52
Revenue from rendering of services	84	39	–	1	124
Construction contract revenue	–	5,136	–	–	5,136
Revenue from external customers	1,084	5,358	–	1	6,443
Inter-segment revenue	–	341	–	–	341
	1,084	5,699	–	1	6,784
Share of joint ventures/associates' revenue	1,402	1	3,408	81	4,892
Total segment revenue	2,486	5,700	3,408	82	11,676

Inter-segment revenue is charged at mutually agreed prices.

	Property HK$ million	Construction and building maintenance HK$ million	Cement operations through LSOC HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment results	1,208	256	(360)	(40)	1,064
Unallocated items:					
Other income					7
Finance costs					(314)
Other corporate expenses					(130)
Consolidated profit before taxation					627
Segment results have been arrived at after crediting (charging):					
Cost of properties sold	(774)	–	–	–	(774)
Depreciation and amortisation	(17)	(4)	–	(1)	(22)
Interest income	38	4	–	3	45
Imputed interest income on loans to joint ventures/associates	28	–	–	–	28
Dividend income from available-for-sale investments	17	–	–	–	17
Fair value changes on investment properties	242	–	–	–	242
Gain on disposal of available-for-sale investments	134	–	–	–	134
Gain on disposal of leasehold land	–	89	–	–	89
Gain on disposal of subsidiaries	492	–	–	12	504
Reversal of Impairment loss recognised in respect of interests in joint ventures	–	–	–	21	21
Share of results of joint ventures					
Cement operations through LSOC	–	–	(368)	–	(368)
Cement operations in Guizhou	–	–	–	(4)	(4)
Venture capital investments	–	–	–	(73)	(73)
Property development	254	–	–	–	254
Imputed interest expense	(6)	–	–	–	(6)
Others	–	6	–	–	6
					(191)
Share of results of associates					
Property development	46	–	–	–	46
Imputed interest expense	(22)	–	–	–	(22)
					24

3. Taxation

	2013 **HK$ million**	2012 HK$ million
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**19**	14
PRC Enterprise Income Tax	**137**	61
PRC Land Appreciation Tax	**126**	59
	282	134
Deferred taxation	**260**	8
	542	142

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year.

PRC Enterprise Income Tax is calculated at 25% (2012: 25%) 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 amortisation of land use rights, borrowing costs, business taxes and all property development expenditure. The tax is incurred upon transfer of property ownership.

4. Dividends

The Board does not recommend the payment of any final dividend (2012: HK$0.50 per share) for the year ended 31 December 2013.

	2013 **HK$ million**	2012 HK$ million
Dividends recognised as distribution during the year:		
Final dividend in respect of the year ended 31 December 2012: HK$0.50 per share (2012: in respect of 2011 of HK$0.40 per share)	**247**	196
Proposed:		
Final dividend in respect of the year ended 31 December 2012: HK$0.50 per share	**–**	246

5. (Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$ million	HK$ million (restated)
(Loss) earnings:		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(889)**	459
Number of shares:	**Million**	Million
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**491**	491
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**491**	491

The computation of the diluted loss per share for the current year does not assume the exercise of the Company's share options, because this would result in a decrease in the loss per share.

The computation of the diluted earnings per share for the prior year did not assume the exercise of certain of the Company's share options, of which the relevant exercise price was higher than the average market price of shares of the Company for that year when those options were outstanding.

The following table summarises the impact on both basic and diluted earnings per share for the prior year as a result of the Group accounts for the investment in LSOC using the equity method of accounting for the year ended 31 December 2012 and the effect of the adoption of HKAS19.

	As originally stated HK$ million	Account for the investment in LSOC using the equity method HK$ million	Effect of the adoption of HKAS19 (2011) HK$ million	As restated HK$ million
Consolidated statement of profit or loss for the year ended 31 December 2012				
Staff costs	581	–	21	602
Share of results of joint ventures	177	(368)	–	(191)
Profit for the year	874	(368)	(21)	485
Attributable to:				
Owners of the Company	848	(368)	(21)	459
Non-controlling interests	26	–	–	26
	874	(368)	(21)	485
Earnings per share for the year ended 31 December 2012				
Basic	HK$1.73	(HK$0.75)	(HK$0.05)	HK$0.93
Diluted	HK$1.73	(HK$0.75)	(HK$0.05)	HK$0.93

6. 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 with an aged analysis (based on the repayment terms set out in sale and purchase agreements or invoice date) at the end of the reporting period as follows:

	31 December 2013 HK$ million	31 December 2012 HK$ million
Trade debtors aged analysis:		
Not yet due or within 90 days	**911**	804
Amounts past due but not impaired:		
91 days to 180 days	**6**	57
181 days to 360 days	**40**	40
Over 360 days	**32**	30
	989	931
Less: amounts classified as amounts due from joint ventures, associates and related companies	**(336)**	(381)
Retention receivable	**231**	190
Consideration receivables in respect of disposal of subsidiaries/ a joint venture	**32**	40
Prepayments, deposits and other receivables (note c)	**667**	787
	1,583	1,567
Less: amounts due for settlement after 12 months	**(38)**	–
	1,545	1,567

Notes:

(a) Included in the trade debtors are receivables of HK$110 million (2012: HK$4 million), which are aged over 180 days, based on the date on which revenue was recognised.

(b) No provision for impairment is considered necessary in respect of the amounts past due but not impaired as there has not been a significant change in credit quality and balances are still considered fully recoverable.

(c) Included in prepayments, deposits and other receivables are receivables of HK$400 million (2012: HK$363 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$153 million (2012: HK$148 million) carries interest at prevailing market rates. A court in the PRC issued a notice to attach the aforesaid property interest until December 2014 to cause the Debtor to settle part of the outstanding receivable in the amount of RMB120 million (approximately HK$153 million) and its related interests. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 8(d)). In the opinion of the Directors of the Company, given that there have been continued positive outcomes in the legal disputes in relation to the property interest, these receivables will be fully settled and the guarantee provided by the Company will be released either after completion of the transfer of the legal title to the aforesaid property interest to the Debtor or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

7. Creditors and accrued charges

The aged analysis of creditors (based on invoice date) of HK$1,097 million (2012: HK$771 million), which are included in the Group’s creditors and accrued charges, is as follows:

	31 December 2013 HK$ million	31 December 2012 HK$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	**901**	577
31 days to 90 days	**33**	41
91 days to 180 days	**55**	29
Over 180 days	**108**	124
	1,097	771
Retention payable	**348**	302
Consideration payable in respect of acquisition of subsidiaries	**117**	249
Provision for contract work/construction cost	**617**	568
Other accruals and payables	**359**	602
	2,538	2,492
Less: amounts due for settlement after 12 months	**–**	(116)
	2,538	2,376

8. Contingent liabilities

At 31 December 2013, the Group had the following contingent liabilities, which have not been provided for in the consolidated financial statements:

(a) Standby documentary credit arranged with a bank to secure a bank loan of RMB110 million (HK$140 million) (2012: HK$145 million) granted to a subsidiary of an associate.

(b) Effective share of guarantees issued in favour of banks amounting to HK$456 million (2012: HK$733 million) to secure bank loans granted to certain joint ventures.

(c) Effective share of a guarantee issued in favour of a joint venture (the “Joint Venture”, which was formed between an associate and an independent third party (the “Joint Venture Partner”)) and the Joint Venture Partner for an amount not exceeding RMB110 million (HK$140 million) (2012: RMB110 million (HK$136 million)) in respect of certain of the Group’s payment obligations to the Joint Venture and the Joint Venture Partner.

(d) 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 6 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 2014, subject to extension after further discussions. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK$689 million) at 31 December 2013 (2012: RMB542 million (HK$668 million)) and the related interests is 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 after taking into consideration the possibility of the default of the parties involved. Accordingly, no value has been recognised in the consolidated statement of financial position.

9. Events after the reporting period

On 23 January 2014, the Group entered into an agreement for the disposal (the “Disposal”) of 43.53% share interest in Gracious Spring Limited (a joint venture indirectly owned as to 51% by the Company), which indirectly owns the Chengdu Centropolitan project, for an aggregate consideration of RMB665 million (HK$845 million). The agreement will only take effect upon completion of the acquisition of the remaining 49% share interest in Gracious Spring Limited from the existing shareholder by the Group. Following completion of the Disposal, the Group will own 56.47% share interest in Gracious Spring Limited, which will continue to be accounted for as a joint venture in the consolidated financial statements of the Group as decision about the relevant activities of the project continued to require unanimous consent of the joint venturers. The transaction has not been completed on the date when the consolidated financial statements are approved. Details of the transactions have been set out in the announcements dated 23 January 2014 and 24 February 2014 issued by the Company.

FINANCIAL REVIEW

FINANCIAL RESULTS

The Group's turnover was HK$7,952 million for the year ended 31 December 2013. Consolidated loss after taxation and non-controlling interests was HK$889 million, as compared with a profit of HK$459 million for the last year. The Directors of the Company do not recommend the payment of any final dividend for the year ended 31 December 2013 (2012: HK$0.50 per share).

Certain of the Group's property business, cement operations and venture capital investments are conducted through joint ventures and associates. The HK$7,952 million turnover for the year has not included the Group's share of the turnover of these joint ventures and associates. An analysis is as follows:

	Year ended 31 December 2013 HK$ million	Year ended 31 December 2012 HK$ million (restated)
Turnover		
SOCAM and subsidiaries		
Construction and building maintenance	**4,829**	5,358
Property	**3,104**	1,084
Others	**19**	1
Total	**7,952**	6,443
Joint ventures and associates		
Property	**950**	1,402
Cement	**3,496**	3,489
Others	**14**	1
Total	**4,460**	4,892
Total	**12,412**	11,335

Turnover from construction and building maintenance work decreased as a result of a reduced workload in the Mainland and less fit-out and refurbishment works during the year. Revenue from the property business increased during the year and mainly came from the recognition of strata-title sales of the residential and serviced apartments units of Guangzhou Parc Oasis and Shenyang Project Phase I, as well as en-bloc disposals of the Guangzhou Panyu project and an office tower of Shenyang Project Phase I. In addition, certain of the Group's property projects are developed through joint ventures. Beijing Centrium Residence and Shanghai Four Seasons Place, in which the Group has a 65% and 70% interest respectively, began to recognise property sales revenue in 2012 and less revenue was derived from these two projects in 2013. Together with the 22%-owned Dalian Tiandi project, the Group's share of property sales revenue from these joint development projects amounted to HK$950 million for 2013.

The Group previously accounted for its 45% interest in LSOC as "Assets classified as held for disposal" and discontinued to equity account for the results of this cement joint venture with effect from 1 January 2012. Notwithstanding that the Group is still highly committed to the exit strategy for its investment in LSOC and negotiations with interested buyers are ongoing, the very stringent criteria for the classification of this investment as held for disposal, under the applicable accounting standard, can no longer be met at 31 December 2013. Accordingly, in the current year, the Group ceased to classify such investment as held for disposal and, as required, accounted for it using the equity method retrospectively, with comparative figures restated.

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

	Year ended 31 December 2013 HK$ million	Year ended 31 December 2012 HK$ million (restated)
Property		
Project fee income	**77**	84
Profit from property sales and net rental income	**244**	134
Fair value gain on investment properties, net of deferred tax provision	**187**	185
Gain on disposal of subsidiaries	**–**	492
Share of results of joint ventures and associates	**(117)**	300
Net operating expenses	**(201)**	(233)
	190	962
Construction		
Operating profit	**115**	163
Land resumption compensation	**–**	89
	115	252
Cement operations		
LSOC	**(160)**	(324)
Guizhou cement	**11**	(4)
Net impairment losses	**(126)**	(15)
	(275)	(343)
Investment in SOL		
Dividend income	**2**	17
Net gain on disposal of shares	**–**	134
	2	151
Venture capital investments	**(88)**	(73)
Net finance costs	**(264)**	(262)
Corporate overheads and others	**(172)**	(117)
Taxation	**(380)**	(85)
Non-controlling interests	**(17)**	(26)
Total	**(889)**	459

Property

Project fee income from joint ventures and associates decreased slightly to HK$77 million following the scheduled completion of certain of the property projects managed by the Group.

Profit from property sales related to strata-title sales of Guangzhou Parc Oasis, as well as en-bloc disposals of the Guangzhou Panyu project and an office tower of Shenyang Project Phase I. In 2012, a lower property sales profit was recorded as delivery of the pre-sold units in Guangzhou Parc Oasis only commenced in the second half of 2012. Rental income continued to be derived from the Group's investment properties, including Lakeville Regency Tower 18 in Shanghai.

The revaluation of the Group's investment properties, including both completed and those under development, at the current year-end, produced a net gain of HK$187 million.

In 2012, the net gain of HK$492 million came from the disposals of the Group's 20% interest in the Guizhou Zunyi project and certain property holding companies.

As mentioned above, the Group's jointly developed projects, Beijing Centrium Residence and Shanghai Four Seasons Place recorded less property sales in 2013, hence contributing smaller profits to the Group. The Four Seasons Hotel Pudong, Shanghai, which was opened in November 2012, incurred a loss during its first year of operation. In addition, following the completion of development of the residential and office premises in certain phases of Dalian Tiandi during the year, interest on related construction loans ceased to be capitalised and were expensed.

Construction

Construction business reported lower operating profit on a reduced turnover for 2013, and average net margin was decreased to 2.4% of turnover, from 3.0% in the previous year, due mainly to escalation in material and labour costs.

In 2012, a net compensation income of HK$89 million was recognised on resumption by the Hong Kong SAR Government of parcels of workshop land owned by the Group.

Cement operations

Total sales volume remained steady, while pricing continued to be depressed due to over-capacities. LSOC saw an increase in margins, mainly due to an approximately 7.6% decrease in variable cost on lower fuel charges, and reported improved operating results in 2013.

During the year, LSOC made impairment loss provisions for the start-up costs previously incurred in two suspended new dry lines in Chongqing and Guizhou and certain equipment and inventories in Yunnan and Chongqing. The Group took up its 45% share of these provisions, which amounted to HK$126 million.

Investment in SOL

In December 2012, the Group disposed of approximately 2.01% of its then holding of 2.38% of the issued share capital of SOL and recognised a net gain on disposal of HK$134 million. This divestment resulted in the reduction of dividend income from SOL for the current year.

Venture capital

The venture capital funds in which the Group invested recorded valuation losses on the funds' interests in a number of investee companies, as these companies reported lower-than-expected results in both 2013 and 2012. A general provision for impairment loss, amounting to HK$70 million, was made during the year.

Net finance costs

Net finance costs for the current year remained relatively stable, as compared with the previous year.

Taxation

Taxation increased significantly to HK$380 million in 2013, which was the result of the substantial increase in property sales recognised for the year and additional deferred tax provision on the Shanghai Lakeville Regency Tower 18 project which was reclassified from investment property to asset held for sale.

ASSETS BASE

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

	31 December 2013 HK$ million	31 December 2012 HK$ million (restated)
Total assets	**23,120**	23,320
Net assets	**9,324**	10,218
	HK$	HK$
Net assets per share	**19.3**	20.8

Total assets of the Group did not change materially at 31 December 2013, as compared with a year ago. The decrease in net assets of the Group and the net assets per share was largely attributable to the loss incurred during the year.

The net assets of the Group and net assets per share at 31 December 2012 have been restated with the Group's share of LSOC's loss for 2012 as a prior year adjustment.

An analysis of the total assets by business segments, which remained relatively stable, is set out below:

	31 December 2013 HK$ million	**%**	31 December 2012 HK$ million (restated)	% (restated)
Property	**15,266**	**66**	15,633	67
Cement	**4,004**	**17**	4,259	18
Construction	**2,281**	**10**	2,274	10
Investment in SOL shares	**71**	**–**	84	–
Others	**1,498**	**7**	1,070	5
Total	**23,120**	**100**	23,320	100

EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company decreased to HK$9,324 million on 31 December 2013, from HK$10,218 million on 31 December 2012, which was mainly attributable to the loss for the year.

Net bank borrowings of the Group represented bank borrowings, net of bank balances, deposits and cash, and amounted to HK$4,503 million on 31 December 2013. This compared with HK$4,815 million on 31 December 2012. The decrease in net bank borrowings during the year was mainly due to the receipt of property sales proceeds and repayment of onshore project loans following completion of certain property projects.

The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, was slightly increased to 48.3% at 31 December 2013, from 47.1% at 31 December 2012.

The maturity profile of the Group's bank borrowings is set out below:

	31 December 2013 HK$ million	31 December 2012 HK$ million
Bank borrowings repayable:		
Within one year	**6,892**	4,786
After one year but within two years	**1,313**	3,215
After two years but within five years	**–**	78
Total bank borrowings	**8,205**	8,079
Bank balances, deposits and cash	**(3,702)**	(3,264)
Net bank borrowings	**4,503**	4,815

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 the Chinese Mainland are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is at project level only where the sources of repayment are also Renminbi denominated. Given that income from operations in the Chinese Mainland is denominated in Renminbi, the Group expects that the appreciation of the Renminbi in the long run will have positive effect on the Group's business performance and financial status. Therefore, no hedging against Renminbi exchange risk has been arranged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES

At 31 December 2013, the number of employees in the Group was approximately 1,110 (31 December 2012: 1,100) in Hong Kong and Macau, and 7,650 (31 December 2012: 8,640) in subsidiaries and joint ventures in the Chinese Mainland. While staff costs are kept stable during the year, employee 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 executive development and management trainee programmes. Share options are granted annually by the Board of Directors to senior management and staff members under different schemes as reward and long-term incentives. Likewise, in the Chinese Mainland, staff benefits are commensurate with market levels, with an emphasis on building the corporate culture and providing professional training and development opportunities for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre competent staff.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased a total of 10,046,000 shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for an aggregate consideration of approximately HK$90 million. All the repurchased shares were subsequently cancelled.

Details of the repurchases are as follows:-

Month of repurchase	**Number of shares repurchased**	**Purchase price per share**		**Approximate amount of consideration**
		Highest HK$	**Lowest HK$**	**HK$ million**
August	700,000	9.00	8.95	6
September	5,304,000	8.98	8.95	48
October	3,012,000	8.98	8.98	27
November	1,030,000	8.98	8.98	9
Total	10,046,000			90

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share and net asset value per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices and processes.

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2013, 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2013, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviations explained below.

A code provision of the CG Code provides that the terms of reference of the Remuneration Committee should include, as a minimum, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of the 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 management's remuneration proposals 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 their daily business operations. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of the 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 the code provision. 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 was formally adopted, and the Board approved the amendment to the terms of reference of the Remuneration Committee in this respect, which deviates from a code provision of the CG Code. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the Company will be held at Room 103, 1st Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong on Tuesday, 27 May 2014 at 11:30 a.m. The notice of the AGM will be published on the websites of the Company and the Stock Exchange and despatched to shareholders on or around 24 April 2014.

For ascertaining the shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 23 May 2014 to Tuesday, 27 May 2014, 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 Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 22 May 2014.

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

Hong Kong, 28 March 2014

At the date of this announcement, the Executive Directors of the Company are Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence and Mr. Wong Fook Lam, Raymond; the Non-executive Directors of the Company are Mr. Wong Yuet Leung, Frankie and Mr. Wong Kun To, Philip; and the Independent Non-executive Directors of the Company are Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. Tsang Kwok Tai, Moses.

** For identification purpose only*

Website: www.socam.com