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瑞安建業有限公司*
SOCAM Development Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 983)

PROFIT WARNING

This announcement is made by SOCAM Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) concerning disclosure of inside information.

The Board of Directors of the Company (the “**Board**”) wishes to inform the holders of shares of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group and other information currently available to the Company for the year ended 31 December 2024 (the “**Year 2024**”), the Group expects to record a net loss for the Year 2024 of around HK\$360 million to HK\$370 million, as compared to a net loss of HK\$155 million for the year ended 31 December 2023 (the “**Year 2023**”).

The Board considers that the expected increase in net loss is mainly attributable to, among others, the net impact of the following factors:

- (i) Lower overall gross profit was recognised for construction projects in the Year 2024, primarily related to certain public housing build-only development projects awarded in 2021 and 2022. Intensified market competition during that period resulted in limited margins for these public housing projects, and there were shortfalls in anticipated contract price fluctuation compensation for these projects scheduled for completion in 2025. Additionally, profits from certain construction projects with higher profit margins completed in prior years were taken up in the Year 2023. These factors collectively led to a decrease in the overall gross profit for our public sector building construction business by an amount of approximately HK\$170 million to HK\$180 million in the Year 2024;
- (ii) an increase in disposal loss of our non-core property assets in Mainland China from approximately HK\$3 million for the Year 2023 to approximately HK\$38 million for the Year 2024 for an aggregate consideration of approximately HK\$60 million, primarily on the disposal of various car parking spaces in certain of our property projects commenced in the fourth quarter of the Year 2024. For the Year 2024, net impairment losses on the Group’s Mainland property inventories of approximately HK\$15 million and Mainland investment properties of approximately HK\$75 million were recorded;

- (iii) an increase in net finance costs from approximately HK\$212 million for the Year 2023 to approximately HK\$240 million for the Year 2024;
- (iv) one-off exchange gains released during the Year 2023 of approximately HK\$29 million, mainly attributed to the reduction of the Hong Kong dollar payable amount amid the depreciation of Renminbi in 2023 upon the net settlement with the corresponding Renminbi receivable in 2023; and
- (v) an increase in foreign exchange losses from approximately HK\$33 million for the Year 2023 to approximately HK\$50 million for the Year 2024, following a further 2.19% depreciation of Renminbi against the Hong Kong dollar in the Year 2024.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and other information currently available to the Company for the Year 2024, which have not been reviewed or audited by the independent auditors of the Company. The actual operating and financial conditions of the Group for the Year 2024 may be different from the information disclosed in this announcement. Shareholders and potential investors are advised to read carefully the final results announcement of the Company for the Year 2024, which is expected to be published towards the end of March 2025.

Despite the expected increase in net loss for the Year 2024, the Board remains cautiously optimistic about the overall prospects of the Group as its construction business in Hong Kong, being the core operation of the Group, continues to be a profitable operation with acknowledged capabilities and a robust order book being maintained amid reduced competition as some major players have been driven out of the public works sector. It is expected that our construction business will record a profit before taxation of not less than HK\$200 million for the Year 2024. The Group has been implementing stringent cost control measures to reduce overall costs and expenses, and to further improve operational efficiency. At the same time, the Group continues to seek divestment opportunities for our non-core assets and businesses so as to further consolidate the Group's financial position and capitalise on our strengths in the Hong Kong construction market.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
SOCAM Development Limited
Lee Chun Kong, Freddy
Executive Director and Chief Executive Officer

Hong Kong, 7 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*

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