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**中國建築興業集團有限公司**

**CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 830)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**FINANCIAL HIGHLIGHTS**

	<b>2023</b>	<b>2022</b>	<b>Change</b>
<b>RESULTS (HK\$'000)</b>			
Revenue	<b>8,665,765</b>	7,668,983	13.0%
Profit attributable to owners of the Company	<b>580,420</b>	421,852	37.6%
<b>FINANCIAL INFORMATION PER SHARE</b>			
Earnings – basic (HK cents)	<b>25.73</b>	19.11	34.6%

The board of directors (the “Board”) of China State Construction Development Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2023, together with the comparative figures for 2022 as follows:

## CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Revenue</b>	3	<b>8,665,765</b>	7,668,983
Costs of sales	5	<u>(7,692,702)</u>	<u>(6,843,678)</u>
<b>Gross profit</b>		<b>973,063</b>	825,305
Other income and gains, net	4	<b>46,959</b>	25,432
Administrative, selling and other operating expenses	5	<b>(287,852)</b>	(291,422)
Share of profit of an associate		<b>69</b>	116
Finance costs	6	<u>(81,776)</u>	<u>(51,217)</u>
<b>Profit before tax</b>		<b>650,463</b>	508,214
Income tax charge	7	<u>(78,233)</u>	<u>(98,254)</u>
<b>Profit for the year</b>		<b><u>572,230</u></b>	<b><u>409,960</u></b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		<b>580,420</b>	421,852
Non-controlling interests		<u>(8,190)</u>	<u>(11,892)</u>
		<b><u>572,230</u></b>	<b><u>409,960</u></b>
<b>Earnings per share attributable to owners of the Company</b>			
Earnings per share			
Basic and diluted	9	<b><u>HK25.73 cents</u></b>	<b><u>HK19.11 cents</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
<b>Profit for the year</b>	<b>572,230</b>	<b>409,960</b>
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(94,175)	(106,297)
Exchange differences arising on translation of an associate	491	222
Net other comprehensive loss that may be reclassified to profit or loss	(93,684)	(106,075)
<i>Items that will not be reclassified to profit or loss:</i>		
Gain on fair value changes of investment properties transferred from property, plant and equipment, net of tax	-	10,943
Other comprehensive income that will not be reclassified to profit or loss	-	10,943
Other comprehensive loss for the year, net of tax of nil	(93,684)	(95,132)
<b>Total comprehensive income for the year, net of tax</b>	<b>478,546</b>	<b>314,828</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>		
Owners of the Company	485,862	327,791
Non-controlling interests	(7,316)	(12,963)
	<b>478,546</b>	<b>314,828</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>1,723,409</b>	1,795,435
Right-of-use assets		<b>197,476</b>	224,324
Investment properties		<b>18,943</b>	18,864
Interests in infrastructure project investments	<i>10</i>	<b>13,779</b>	40,075
Interests in an associate		<b>8,969</b>	8,900
Goodwill		<b>-</b>	87,649
Deferred tax assets		<b>115,167</b>	110,497
		<hr/>	<hr/>
Total non-current assets		<b>2,077,743</b>	2,285,744
<b>Current Assets</b>			
Interests in infrastructure project investments	<i>10</i>	<b>26,190</b>	24,440
Inventories		<b>152,458</b>	173,255
Contract assets		<b>4,571,635</b>	3,998,389
Trade and other receivables	<i>11</i>	<b>2,087,075</b>	1,798,611
Deposits and prepayments		<b>260,310</b>	153,095
Tax recoverable		<b>883</b>	12,908
Amounts due from fellow subsidiaries		<b>752,418</b>	878,582
Cash and bank balances		<b>712,950</b>	974,838
		<hr/>	<hr/>
Total current assets		<b>8,563,919</b>	8,014,118
<b>Current Liabilities</b>			
Bank borrowings	<i>12</i>	<b>789,513</b>	419,794
Contract liabilities		<b>921,081</b>	839,819
Trade payables, other payables and accruals	<i>13</i>	<b>3,585,358</b>	3,486,177
Lease liabilities		<b>21,627</b>	23,364
Deposits received		<b>25,230</b>	31,823
Current tax payables		<b>130,957</b>	135,565
Amounts due to fellow subsidiaries		<b>1,844,368</b>	1,775,248
		<hr/>	<hr/>
Total current liabilities		<b>7,318,134</b>	6,711,790
		<hr/>	<hr/>
Net current assets		<b>1,245,785</b>	1,302,328
		<hr/>	<hr/>
Total Assets less Current Liabilities		<b>3,323,528</b>	3,588,072

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

31 December 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Capital and Reserves</b>			
Share capital	14	22,555	22,555
Share premium and reserves		<u>2,379,267</u>	<u>2,069,770</u>
Equity attributable to owners of the Company		<b>2,401,822</b>	2,092,325
Non-controlling interests		<u>(105,956)</u>	<u>(98,640)</u>
Total equity		<u><b>2,295,866</b></u>	<u>1,993,685</u>
<b>Non-current Liabilities</b>			
Contract liabilities		591,473	661,084
Bank borrowings	12	398,471	906,012
Lease liabilities		37,425	23,771
Deferred tax liabilities		<u>293</u>	<u>3,520</u>
Total non-current liabilities		<u><b>1,027,662</b></u>	<u>1,594,387</u>
		<u><b>3,323,528</b></u>	<u>3,588,072</u>

## NOTES

### (1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### (2.1) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group’s approach and policy align with the amendments, the amendments had no impact on the Group’s financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities* arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any material impact on the financial position or performance of the Group.

## (2.1) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law is neither enacted nor having a material impact to the Group for those jurisdiction which has been enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

## (2.2) ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> <sup>1,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

The Group will adopt the above new standards and amendments to existing standards as and when they become effective. None of the above is expected to have a significant effect on the consolidated financial statements of the Group.

## (3) REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the facade contracting business, general contracting business and operating management business. The Group's revenue represents revenue from construction and management contracts.

The Group has classified the reportable segments into three operating segments, principally based on reportable business units as well as the reporting organisation hierarchy, which are determined as follows:

- Facade Contracting Works
- General Contracting Works
- Operating Management

### (3) REVENUE AND SEGMENT INFORMATION (continued)

Operating management segment includes the Group's urban planning management and consultation services, engineering consultancy services, thermoelectricity business, senior housing services and funding to infrastructure projects.

The executive directors of the Company are the Group's chief operating decision-maker ("CODM"). The CODM assesses the performance of the operating segments based on a measure of adjusted profit or loss before interest and tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, if any, such as restructuring costs, legal expenses and impairment of goodwill. The measurement also excludes the effects of share-based payments and unrealised gains/losses on financial instruments. Interest income and expenses resulting from the central treasury function are not allocated to segments.

Segment results for the years ended 31 December 2023 and 2022 are as follows:

	Revenue		Gross profit		Segment result	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Facade Contracting Works	<b>6,664,831</b>	5,784,122	<b>882,001</b>	695,819	<b>814,132</b>	589,143
General Contracting Works	<b>1,053,814</b>	894,992	<b>1,068</b>	4,211	<b>1,218</b>	1,743
Operating Management	<b>947,120</b>	989,869	<b>89,994</b>	125,275	<b>31,951</b>	63,749
Total	<b>8,665,765</b>	7,668,983	<b>973,063</b>	825,305	<b>847,301</b>	654,635
Unallocated corporate expenses					<b>(133,208)</b>	(108,765)
Other income and gains, net					<b>18,077</b>	13,445
Share of profit of an associate					<b>69</b>	116
Finance costs					<b>(81,776)</b>	(51,217)
Profit before tax					<b>650,463</b>	508,214

Segment revenue of Facade Contracting Works and Operating Management comprises revenue from Hong Kong, Chinese Mainland and other region amounting to HK\$7,168,292,000 (2022: HK\$6,239,963,000) and revenue from North America region amounting to HK\$443,659,000 (2022: HK\$534,028,000). Segment revenue of General Contracting Works comprises revenue from Hong Kong amounting to HK\$1,053,814,000 (2022: HK\$894,992,000).

Amounts of administrative, selling and other operating expenses included in the measurement of segment result:

	Depreciation of property, plant and equipment		Loss/(gain) on disposal of items of property, plant and equipment	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Facade Contracting Works	<b>13,631</b>	15,927	-	(26)
General Contracting Works	<b>105</b>	24	-	-
Operating Management	<b>1,503</b>	10,034	<b>87</b>	107
	<b>15,239</b>	25,985	<b>87</b>	81

### (3) REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's financial position by territory is as follows:

	Non-current assets*		Addition to property, plant and equipment	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong, Chinese Mainland and Others	1,463,689	1,566,333	70,930	89,924
North America	485,108	568,839	6,906	444
	<u>1,948,797</u>	<u>2,135,172</u>	<u>77,836</u>	<u>90,368</u>

\* Other than deferred tax assets and interests in infrastructure project investments.

#### Segment assets and liabilities

No assets and liabilities are included in the measurements of the Group's segment reporting that are used by the CODM for performance assessment and resource allocation. Accordingly, no segment assets and liabilities are presented.

#### Major customer information

For the year ended 31 December 2023, two customers in Facade Contracting Works each contributed revenue more than 10 per cent of the Group's total revenue (2022: two customers each contributed revenue more than 10 per cent of the Group's total revenue).

### (4) OTHER INCOME AND GAINS, NET

	For the year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Bank interest income	4,246	5,581
Exchange gain, net	11,304	3,946
Insurance claim received	159	16
Rental income	1,562	644
Gain on fair value changes of investment properties	79	4,356
Reversal of provision of trade and other receivables	9,531	-
Government grants *	9,917	-
Sundry income	10,161	10,889
	<u>46,959</u>	<u>25,432</u>

\* Subsidies have been received from government authorities upon fulfilling certain emissions requirements by the thermoelectricity business. There were no unfulfilled conditions or contingencies relating to these grants.

**(5) EXPENSES BY NATURE**

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the year has been arrived at after charging/(crediting):		
<b>Costs of sales</b>		
Costs of contracting works performed	7,047,575	6,210,459
Costs of service rendered and supply of heat, steam and electricity	620,327	611,419
Warranty provisions, net	24,800	21,800
	<u>7,692,702</u>	<u>6,843,678</u>
<b>Administrative, selling and other operating expenses</b>		
Staff costs, including directors' emoluments:		
Salaries, bonuses and allowances *	1,140,943	1,128,192
Retirement benefits scheme contributions **	97,581	93,265
Less: Amounts included in costs of sales	(1,103,525)	(1,082,979)
	134,999	138,478
Depreciation of property, plant and equipment, excluding right-of-use assets		
Less: Amounts included in costs of sales	(120,781)	(101,767)
	7,558	16,816
Depreciation of right-of-use assets		
Less: Amounts included in costs of sales	(21,176)	(23,641)
	7,681	10,269
Expenses relating to short-term leases		
Less: Amounts included in costs of sales	(11,901)	(18,409)
	768	1,133
Auditor's remuneration		
Audit services	3,245	2,711
Non-audit services	297	604
Sub-total	3,542	3,315
Provision of trade and other receivables	1,124	38,272
Impairment of goodwill	87,649	25,000
Loss on disposal on items of property, plant and equipment	87	81
Others	44,444	58,058
Total	<u>287,852</u>	<u>291,422</u>

Note:

\* Wage subsidies of HK\$7,535,000 granted from the Employment Support Scheme under Anti-Epidemic Fund in Hong Kong had been received during the year ended 31 December 2022. The amounts were recognised in costs of sales and administrative, selling and other operating expenses and had been offset against the employee benefit expenses. There are no unfulfilled conditions or contingencies relating to these grants.

\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

(6) FINANCE COSTS

	For the year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Interest on bank loans and overdrafts	80,220	47,315
Interest on lease liabilities	1,556	2,639
Interest on loan from an intermediate holding company	-	1,263
	<u>81,776</u>	<u>51,217</u>

(7) INCOME TAX CHARGE

	For the year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
The amount of taxation charged to the consolidated income statement represents:		
Current tax — Hong Kong profits tax		
Provision for the year	38,705	41,057
Overprovision in prior years	(211)	(107)
	<u>38,494</u>	<u>40,950</u>
Current tax — Chinese Mainland and overseas		
Provision for the year	<u>52,110</u>	<u>7,750</u>
Deferred tax	<u>(12,371)</u>	<u>49,554</u>
Income tax charge for the year	<u>78,233</u>	<u>98,254</u>

Hong Kong profits tax has been provided at 16.5% of the estimated assessable profit for both years.

The tax charge on estimated assessable profits elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices.

(8) DIVIDENDS

	For the year ended 31 December	
	2023 HK\$'000	2022 HK\$'000
Interim dividend paid of HK5.5 cents per ordinary share (2022: HK4.1 cents per ordinary share)	124,055	92,477
Proposed final dividend of HK3.2 cents per ordinary share (2022: HK2.4 cents per ordinary share)	<u>72,177</u>	<u>54,133</u>
	<u>196,232</u>	<u>146,610</u>

The final dividend proposed after 31 December 2023 was not recognised as a liability at 31 December 2023 and is subject to approval by shareholders in the forthcoming annual general meeting.

## (9) EARNINGS PER SHARE

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

	For the year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>580,420</u>	<u>421,852</u>
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares used in basic and diluted earnings per share calculation	<u>2,255,545</u>	<u>2,207,874</u>
Basic and diluted earnings per share (HK cents)	<u>25.73</u>	<u>19.11</u>

The Company did not have any dilutive potential ordinary shares during the year ended 31 December 2023 (2022: Nil).

## (10) INTERESTS IN INFRASTRUCTURE PROJECT INVESTMENTS

	At 31 December	
	2023	2022
	HK\$'000	HK\$'000
Interests in infrastructure project investments	39,969	64,515
Less: Portion due within one year included in current assets	<u>(26,190)</u>	<u>(24,440)</u>
Portion due after one year	<u>13,779</u>	<u>40,075</u>

On 7 January 2019, the Group acquired 100% of equity interests in and shareholder's loan to Fuller Sky Enterprises Limited ("Fuller Sky") and Value Idea Investments Limited ("Value Idea") from Ever Power Group Limited, a wholly-owned subsidiary of China State Construction International Holdings Limited at a total consideration of HK\$295,000,000.

Interests in infrastructure project investments represent funding denominated in Renminbi ("RMB") for infrastructure projects located in Chinese Mainland. The Group is responsible to provide finance for the construction of the infrastructure of these projects, whereby the Group's return is predetermined in accordance with the provisions of the relevant agreements.

The infrastructure project investments have a yield of 10.2% (2022: 10.2% to 10.7%) per annum. The interests in infrastructure project investments were not past due as at 31 December 2023.

The directors of the Company reviewed individually the infrastructure projects' operations and financial positions as at 31 December 2023 based on the present values of estimated future cash flows from those investments, discounted at their respective original effective interest rates.

## (11) TRADE AND OTHER RECEIVABLES

The analysis of trade and other receivables, including the ageing analysis of trade receivables, based on invoice date, and net of provisions, is as follows:

	<b>At 31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables:		
0 to 30 days	<b>364,891</b>	347,438
31 to 90 days	<b>112,984</b>	175,900
More than 90 days	<b>582,670</b>	489,328
	<b>1,060,545</b>	1,012,666
Retention receivables	<b>971,869</b>	719,844
	<b>2,032,414</b>	1,732,510
Other receivables	<b>54,661</b>	66,101
Trade and other receivables	<b>2,087,075</b>	1,798,611

Except for the receivables arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreement, the Group generally allows an average credit period not exceeding 90 days (2022: 90 days) to its customers and the retention receivables are repayable approximately one year after the expiry of the defect liability period of construction projects.

## (12) BANK BORROWINGS

	<b>At 31 December</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
Bank loan, secured	<b>10,052</b>	375,404
Bank loans, unsecured	<b>1,177,932</b>	950,402
	<b>1,187,984</b>	1,325,806
The borrowings are repayable as follows:		
On demand or within one year	<b>789,513</b>	419,794
In the second year	-	508,340
In the third to fifth years, inclusive	<b>398,471</b>	397,672
	<b>1,187,984</b>	1,325,806
Less: Current portion	<b>(789,513)</b>	(419,794)
Non-current portion	<b>398,471</b>	906,012

At 31 December 2023, bank loans of HK\$10,052,000 (31 December 2022: HK\$10,346,000) were secured by a mortgage on the Group's land and buildings of HK\$14,735,000 (31 December 2022: HK\$14,952,000)

At 31 December 2022, banking facilities of HK\$365,058,000 were secured by charge over the Group's land and buildings of HK\$401,585,000 and construction in progress of HK\$16,623,000 respectively.

### (13) TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The analysis of trade payables, other payables and accruals, including the ageing analysis of trade payables, based on invoice date, is as follows:

	<b>At 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables:		
0 to 30 days	<b>2,232,915</b>	2,543,342
31 to 90 days	<b>225,915</b>	193,170
More than 90 days	<b>512,250</b>	177,929
	<b>2,971,080</b>	2,914,441
Retention payables	<b>368,789</b>	293,971
	<b>3,339,869</b>	3,208,412
Other payables and accruals	<b>245,489</b>	277,765
Trade payables, other payables and accruals	<b>3,585,358</b>	3,486,177

### (14) SHARE CAPITAL

	<b>Issued and fully paid</b>	
	<b>Number of</b>	<b>Share capital</b>
	<b>shares</b>	<b>Amount</b>
	<b>'000</b>	<b>HK\$'000</b>
Ordinary shares of HK\$0.01 each		
At 1 January 2022	2,155,545	<b>21,555</b>
Issue of ordinary shares (Note)	<b>100,000</b>	<b>1,000</b>
Ordinary shares of HK\$0.01 each		
At 31 December 2022, 1 January 2023 and		
31 December 2023	<b>2,255,545</b>	<b>22,555</b>

Note: On 24 June 2022, an aggregate of 100,000,000 ordinary shares were issued at the price of HK\$2.20 per share pursuant to the placing and subscription agreement dated 20 June 2022 and net proceeds of approximately HK\$219,000,000 (after deducting relevant expenses) were raised.

## **BUSINESS REVIEW**

In 2023, the Group continuously focused on the core business of facade contracting, following the business strategy of “Expanding Hong Kong and Macau, Developing Chinese Mainland and Optimising Business Overseas”. Leveraging the brand strengths of “Far East Facade”, we fully seized the market opportunities, empowered business development with innovative technologies, and improved cost-efficiency through refined management. The core performance indicators continued to maintain rapid growth.

### **Market Conditions**

In 2023, the recovery from the COVID-19 pandemic brought about a strong rebound in the global economy, the growth of which gradually slowed down due to factors such as the continuation of geopolitical conflicts, the tightened monetary policy to curb inflation, and the normalisation of extreme weather events. A significant decline in the real estate market and lack of consumer confidence in China have weakened the momentum of economic growth. In the face of such a challenging market environment, our Group was based in Hong Kong and Macau, while facing Chinese Mainland. During the year, the Group continued to maintain its leading position in the facade market in Hong Kong. The most technically difficult project at 2 Murray Road, Central, has been successfully completed. In terms of the facade contracting business in Chinese Mainland, we won the bid for the world’s most complex curved glass facade project, while getting a breakthrough in the building-integrated photovoltaics (BIPV) business, making steady progress in the general contracting business, and achieving high-quality development in the operating management business in Chinese Mainland.

#### **1. Contracting Engineering Business**

##### **Facade Contracting Business**

Hong Kong and Macau regions are the long-established key markets of the Group. The Group continued to strengthen its brand effect, competitive edge and performance capabilities, and further enhanced its leading position in the facade market of Hong Kong. As a recognised premium provider of overall high-end facade solutions in Hong Kong and Macau, the Group focused on deepening the strategic cooperation with existing major clients, actively expanding its strategic client base and enhancing synergies within the Group. The Group achieved outstanding performance in the Hong Kong and Macau markets during the year, and consecutively won the bid of large residential and commercial projects, including the large facade projects at Prince of Wales Hospital, the residential project of Swire at No. 391 Chai Wan Road, New World’s Phase 5 of Wong Chuk Hang, the Hong Kong-Shenzhen Innovation and Technology Park, and the court on Caroline Hill Road. The Group carefully organized the internal design, procurement, production and installation resources, vigorously implemented the project incentive mechanism and strengthened safety control to ensure construction period, quality, safety and efficiency of the projects.

There is huge potential in the facade market in Chinese Mainland, but the price competition in the industry is severe. The Group continued to adhere to the competitive strategy of differentiation. Relying on its high-end brand, high-end technologies, experience accumulated in challenging projects and the influence of reliable quality established by “Far East Facade”, the Group focused on “big markets, big landlords, and big projects”, and won the bid for a number of large facade projects in Chinese Mainland during the year, including the facade projects at the OPPO International Headquarters Building in Shenzhen, International Sports and Culture Exchange Centre in Futian, Shenzhen, the third tender section of West Zone of Beijing’s New China

International Exhibition Center Phase II Project, AMEC, Phase Two of Tianfu International Fund Town.

The Group attaches great importance to technological innovation empowering its principal facade business and continues to enhance its core competitiveness. Boasting the world's leading technologies in the facade of super-tall skyscrapers and the complex hyperbolic special-shaped facade, the Group has industry-leading automated production lines and equipment. By relying on the design and intelligent manufacturing information system of the entire industry chain, the Group deepened the application of Building Information Model (BIM), which greatly enhances the Group's capabilities in refined management, and continuously improves the project efficiency and performance quality.

The BIPV business has made steady progress. During the year, the Group continued to develop new photovoltaic facade products of Light-A and Mega Light-A. The construction of the first photovoltaic facade production line has been completed. We won the bid of BIPV work project of Shenzhen Academy of Metrology & Quality Inspection (SMQ). In addition, we devoted to exploring the blue ocean field of photovoltaic facade and led the development of green buildings in the industry.

#### General Contracting Business

The general contracting business has been developing steadily. The Group actively participated in the bidding of small and medium-sized housing construction projects in Hong Kong and deepened the internal collaboration. Moreover, its projects in progress had been carried out smoothly, with the residential project at 128 Wong Ma Kok Road, Stanley being implemented in an orderly manner.

## 2. Operating Management Business

While optimising the existing supervision business, China Overseas Supervision Company Limited, a subsidiary of the Company, has been proactively expanding into the field of engineering consultancy. It has successfully won the bid for the cluster of Phase Three of Tian'an Cloud Park, and Shenzhen International Exchange Center (Phase I) Project, gradually transforming into a full industry chain of Technology + Supervision + Consultation + Project Management.

As Shenyang Huanggu Thermoelectricity Company Limited, a subsidiary of the Company, proactively expanded its heat supply market, it has successfully implemented energy-efficiency measures, resulting in significant emission reductions through refined management practices and technological innovations.

### Overall Results

Our construction business leveraged a strong market in Hong Kong and delivered promising results. Our facade contracting business in Hong Kong continued to benefit from the good progress on existing projects and achieved record-high revenue and profit. Capitalising on its strong order book and proven execution capabilities, the Group recorded aggregate revenue of HK\$8,666 million (2022: HK\$7,669 million) for the year ended 31 December 2023, an increase of 13.0% as compared to last year. The profit attributable to owners of the Company was HK\$580 million (2022: HK\$422 million), an increase of 37.6% as compared to last year. The basic earnings per share was HK25.73 cents (2022: HK19.11 cents), an increase of 34.6% as compared to last year. In consideration of the Company's profitability, cash flow level and capital requirements for future development, the Board recommends a final dividend of HK3.2 cents per share. Total dividends to be distributed for the year are HK8.7 cents per share.

## Segment analysis

### Facade Contracting Business

As a result of good progress on curtain wall projects in Hong Kong and Chinese Mainland, the segment's revenue increased to HK\$6,665 million for the year ended 31 December 2023 (2022: HK\$5,784 million), representing an increase of 15.2% as compared to last year. The gross profit increased to HK\$882 million for the year ended 31 December 2023 (2022: HK\$696 million), representing an increase of 26.7% as compared to last year. The operating profit increased by 38.2% to HK\$814 million for the year ended 31 December 2023 (2022: HK\$589 million) as compared to last year.

### General Contracting Business

As a result of the commencement of construction works of the new project awarded in 2022, the segment's revenue recorded an increase to HK\$1,054 million for the year ended 31 December 2023 (2022: HK\$895 million). The operating profit decreased to HK\$1.22 million for the year ended 31 December 2023 (2022: HK\$1.74 million).

### Operating Management Business

Affected by the depreciation of the Renminbi on revenue and the increase of cost of coal of the thermoelectric plant in Chinese Mainland, the segment's revenue decreased to HK\$947 million for the year ended 31 December 2023 (2022: HK\$990 million) and the operating profit decreased to HK\$32 million for the year ended 31 December 2023 (2022: HK\$64 million) respectively.

### Administrative, selling and other operating expenses

With the stringent cost measures implemented, administrative, selling and other operating expenses slightly decreased to HK\$288 million for the year ended 31 December 2023 (2022: HK\$291 million).

### Finance costs

For the year ended 31 December 2023, the Group's finance costs increased to HK\$82 million (2022: HK\$51 million) as a result of the significant increase in interbank interest rates in Hong Kong and overseas during the year.

### New Contracts Awarded and Project in Progress

The Group recorded an accumulated new contract value of HK\$11,501 million for the year ended 31 December 2023 and achieved 95.8% of the target of 2023.

As of 31 December 2023, the on-hand contract value amounted to approximately HK\$29,856 million, among which the backlog was approximately HK\$16,239 million.

Business Segments	New Contract Awarded (HK\$ million)	Project in Progress	
		Total Value (HK\$ million)	Backlog (HK\$ million)
Facade Contracting	8,487	22,063	12,405
General Contracting	2,053	6,138	3,080
Operating Management	961	1,655	754
Total	11,501	29,856	16,239

## Financial Management

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers. As at 31 December 2023, the Group had cash and bank balances of HK\$713 million (31 December 2022: HK\$975 million), total borrowings of the Group were HK\$1,188 million (31 December 2022: HK\$1,326 million). The Group's net gearing ratio (net debt to total net assets) as at 31 December 2023 was approximately 20.7% (31 December 2022: 17.6%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK\$3,432 million, the Group had sufficient financial resources to meet the business development and expansion. The Group's borrowings are principally on a floating rate basis and have not been hedged by any interest rate financial instruments.

The maturities of the Group's total bank borrowings as at 31 December 2023 and 31 December 2022 are set out as follows:

	<b>31 December 2023 HK\$'000</b>	31 December 2022 HK\$'000
On demand or within one year	<b>789,513</b>	419,794
In the second year	-	508,340
In the third to fifth years, inclusive	<b>398,471</b>	397,672
	<b><u>1,187,984</u></b>	<u>1,325,806</u>

As at 31 December 2023, the Group's equity attributable to owners of the Company amounted to HK\$2,402 million (31 December 2022: HK\$2,092 million), comprising issued capital of HK\$23 million (31 December 2022: HK\$23 million) and reserves of HK\$2,379 million (31 December 2022: HK\$2,069 million).

## Treasury Policy

The Group adopts a conservative treasury policy in cash and financial management. The Group's treasury activities are centralized in order to achieve better risk control and minimize funding cost. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollar or Renminbi. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.

In 2023, the net cash inflow from operating activities was HK\$250 million.

## Human Resource Management

As at 31 December 2023, the Group employed a total of 4,498 (31 December 2022: 4,964) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus.

## **PROSPECTS**

Looking ahead to 2024, the global trade and investment landscape is anticipated to remain weak, leading to a continuous slowdown in the global economy. However, China's economy is expected to improve steadily. The active macroeconomic regulation and control policies will further boost market confidence and stimulate economic vitality. The deep integration of the Hong Kong and Macau regions with the Guangdong-Hong Kong-Macau Greater Bay Area, along with the implementation of various development projects by countries along the Belt and Road, such as Singapore and the Middle East countries, will bring forth numerous project opportunities. Amidst the vast market opportunities, the Group will accelerate its presence in the Singapore market and actively explore the Middle East market.

### **Business and Development Strategies**

The facade contracting business is the core business of the Group. Guided by the business philosophy of "closely focusing on high-end markets and providing high-quality services", the Group strives to enhance its operational and management models by taking into account the characteristics of diverse markets, thereby optimising its global business deployment. In order to sustain the desired level of profitability, the Group will further intensify its efforts in brand promotion and market expansion, accelerate the construction of fully automated production lines, and continuously consolidate its core competitiveness in design, procurement, production and construction. It will also optimise its capability to perform contracts with high quality standard to maintain a satisfactory level of profitability.

The Group is actively mapping out the direction of facade industry chain. As buildings age and safety standards become increasingly stringent, there is a growing number of properties aged over the facade design service life. Property owners are placing increased emphasis on the safety of the glass facade of their buildings. Leveraging on its technological advantages, the Company will actively explore the market demand for inspection, maintenance and renovation of old facades.

The Group adheres to a high quality and sustainable development strategy, actively engaging in environmental protection and social responsibility. The Group steps up its efforts on its training to enhance the sustainability management awareness and capabilities of the staff, and gradually incorporates the Environmental, Social, and Governance (ESG) elements into our business operations. Looking ahead, the Group plans to expand its carbon reduction and climate risk management initiatives. The Group will actively promote carbon data collection and carbon reduction measures along the supply chain to achieve our carbon neutrality target.

Through continuous exploration and practices, the Board and the management aim to establish and maintain a healthy system where various stakeholders, including shareholders, the Board, the management, employees, customers and suppliers, facilitate each other and contribute to the sustainable growth of the Group's profitability and capacity.

## **FINAL DIVIDEND**

The Board recommends a final dividend of HK3.2 cents per share (2022 final dividend: HK2.4 cents per share), payable on Monday, 8 July 2024, to shareholders whose names appear on the register of members of the Company on Friday, 21 June 2024. Together with the interim dividend of HK5.5 cents per share, the full year dividend will amount to HK8.7 cents per share (2022 full year dividend: HK6.5 cents per share). The proposed final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

## **ANNUAL GENERAL MEETING**

The 2024 annual general meeting of the Company (“AGM”) will be held on Friday, 31 May 2024. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, and the 2023 Annual Report, will be available on the websites of the Company ([www.cscd.com.hk](http://www.cscd.com.hk)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining shareholders’ right to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 27 May 2024.
- (b) For the purpose of determining shareholders’ entitlement to the final dividend, the register of members of the Company will be closed on Thursday, 20 June 2024 and Friday, 21 June 2024 (both days inclusive). In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 19 June 2024.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has made any purchase, sale or redemption of any of the Company’s listed securities.

## **EVENT AFTER THE END OF THE REPORTING PERIOD**

The Group has no material event subsequent to the year ended 31 December 2023 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31 December 2023 with all applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the year ended 31 December 2023.

## **REVIEW OF ACCOUNTS**

The audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

## **SCOPE OF WORK OF ERNST & YOUNG**

The financial figures on page 2 to page 14 of this announcement have been agreed by the Company's external auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

## **APPRECIATION**

I would like to take this opportunity to express my heartfelt gratitude to all shareholders, customers and suppliers for their strong support, and to all employees for their hard work and commitment.

By Order of the Board  
**China State Construction Development  
Holdings Limited**  
**Zhang Haipeng**  
*Chairman and Non-executive Director*

Hong Kong, 18 March 2024

*As at the date of this announcement, the Board comprises Mr. Zhang Haipeng as Chairman and Non-executive Director; Mr. Wu Mingqing (Vice Chairman and Chief Executive Officer), Mr. Wang Hai and Mr. Wong Man Cheung as Executive Directors; Mr. Huang Jiang as Non-executive Director; and Mr. Zhou Jinsong, Ms. Chan Man Ki Maggie and Mr. Zhang Xinyu as Independent Non-executive Directors.*