中國建築國際集團有限公司
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3311)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019,
FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

FINANCIAL HIGHLIGHTS

	2019	2018	Change %
RESULTS (HK$'000)			
Revenue	**61,669,678**	55,626,304	10.9
Gross profit margin	**15.0%**	15.6%	-3.8
Profit attributable to owners of the Company	**5,413,208**	4,500,148	20.3
FINANCIAL INFORMATION PER SHARE			
Earnings - basic (HK cents)	**107.21**	89.13	20.3
Net assets (HK$)	**10.08**	8.53	18.2

DIVIDEND

The Board proposed a final dividend of HK16 cents per share. Together with the interim dividend of HK16 cents per share, total cash dividends for the year were HK32 cents (2018: HK27 cents) per share.

The board of directors (the "Board") of China State Construction International Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019. The Group's audited profit attributable to the owners of the Company for the year ended 31 December 2019 was HK$5,413 million, representing an increase of 20.3% as compared to last year while basic earnings per share increased by 20.3% to HK107.21 cents.

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 December	
		2019	2018
	Notes	**HK$'000**	HK$'000
Revenue	4	**61,669,678**	55,626,304
Costs of sales		**(52,433,975)**	(46,929,883)
Gross profit		**9,235,703**	8,696,421
Investment income, other income and other gains/(losses), net	6	**636,756**	(360,250)
Administrative, selling and other operating expenses		**(1,681,800)**	(1,396,594)
Share of profits of			
Joint ventures		**452,654**	705,024
Associates		**920,143**	342,621
Finance costs	7	**(2,278,985)**	(1,781,717)
Profit before tax		**7,284,471**	6,205,505
Income tax expenses, net	8	**(1,560,891)**	(1,648,872)
Profit for the year	9	**5,723,580**	4,556,633
Profit for the year attributable to:			
Owners of the Company		**5,413,208**	4,500,148
Holders of perpetual capital securities		**260,166**	17,000
Non-controlling interests		**50,206**	39,485
		5,723,580	4,556,633
Earnings per share (HK cents)	11		
Basic		**107.21**	89.13
Diluted		**107.21**	89.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Profit for the year	**5,723,580**	4,556,633
Other comprehensive loss		
Items that may be reclassified to consolidated income statement		
Gain/(loss) on fair value changes of debt securities at fair value through other comprehensive income, net of tax	**24,990**	(12,880)
Release of investment revaluation reserve to consolidated income statement upon disposal of debt securities at fair value through other comprehensive income	**9,376**	(109)
Exchange differences on translation of subsidiaries	**(256,901)**	(1,765,725)
Exchange differences on translation of joint ventures	**(101,074)**	(608,912)
Exchange differences on translation of associates	**(5,827)**	(9,527)
Items that will not be reclassified to consolidated income statement		
Gain on fair value changes of equity securities at fair value through other comprehensive income, net of tax	**492**	14,429
Other comprehensive loss for the year, net of tax	**(328,944)**	(2,382,724)
Total comprehensive income for the year, net of tax	**5,394,636**	2,173,909
Total comprehensive income for the year attributable to:		
Owners of the Company	**5,090,668**	2,143,514
Holders of perpetual capital securities	**260,166**	17,000
Non-controlling interests	**43,802**	13,395
	5,394,636	2,173,909

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December **2019** HK$'000	2018 HK$'000
Non-current Assets			
Property, plant and equipment		**4,726,378**	4,149,806
Investment properties		**5,067,333**	4,680,776
Interests in infrastructure project investments		**4,747,131**	3,680,414
Prepaid lease payments		**-**	367,032
Interests in joint ventures		**14,012,737**	11,709,355
Interests in associates		**6,300,683**	5,654,865
Concession operating rights		**3,837,846**	4,154,800
Deferred tax assets		**157,833**	198,830
Trademark, project backlogs and licences		**289,117**	308,535
Goodwill		**577,664**	577,664
Financial assets at fair value through other comprehensive income		**658,355**	505,416
Amounts due from investee companies		**211,806**	211,806
Trade and other receivables	12	**44,317,072**	38,047,727
Loans to joint ventures		**1,020,307**	1,612,397
		85,924,262	75,859,423
Current Assets			
Interests in infrastructure project investments		**52,053**	45,811
Inventories		**259,811**	280,204
Properties under development		**1,810,383**	2,349,510
Properties held for sale		**1,716,919**	710,275
Contract assets		**12,115,947**	9,081,810
Trade and other receivables	12	**30,601,279**	25,321,390
Deposits and prepayments		**500,604**	265,530
Loans to joint ventures		**327,883**	338,024
Amounts due from joint ventures		**5,105,117**	3,781,326
Amounts due from associates		**373,897**	105,179
Tax recoverable		**12,127**	57,901
Bank balances and cash		**22,623,621**	17,925,708
		75,499,641	60,262,668

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	As at 31 December 2019 HK$'000	2018 HK$'000
Current Liabilities			
Contract liabilities		**7,830,567**	9,027,486
Trade payables, other payables and accruals	13	**44,699,248**	36,714,715
Deposits received		**34,352**	38,802
Amounts due to joint ventures		**1,353,803**	1,064,099
Amounts due to associates		**86**	102,645
Current tax payables		**4,781,892**	3,885,617
Borrowings	14	**10,040,968**	2,795,832
Loan from a fellow subsidiary		**2,340,000**	-
Lease liabilities		**24,854**	-
Obligations under finance leases		**-**	793
		71,105,770	53,629,989
Net Current Assets		**4,393,871**	6,632,679
Total Assets less Current Liabilities		**90,318,133**	82,492,102
Capital and Reserves			
Share capital		**126,229**	126,229
Share premium and reserves		**42,021,941**	38,328,139
Equity attributable to owners of the Company		**42,148,170**	38,454,368
Perpetual capital securities		**7,781,962**	3,878,468
Non-controlling interests		**977,433**	745,414
		50,907,565	43,078,250
Non-current Liabilities			
Borrowings	14	**29,347,618**	32,033,950
Guaranteed notes payables		**6,216,049**	6,210,963
Contract liabilities		**688,210**	740,010
Deferred tax liabilities		**403,675**	427,087
Loan from a joint venture		**2,711,864**	-
Lease liabilities		**43,152**	-
Obligations under finance leases		**-**	1,842
		39,410,568	39,413,852
		90,318,133	82,492,102

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared on the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI") and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS 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. APPLICATION OF NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS AND INTERPRETATION

(1) The adoption of new standards, amendments and improvements to existing standards and interpretation

In the current year, the Group has applied the following new standards, amendments and improvements to existing Hong Kong Accounting Standards ("HKAS(s)"), and interpretation ("Int") (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA.

Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The application of the above new HKFRSs in the current period has had no material impact on the Group's results and financial position, except HKFRS 16 "Leases". As a result of adopting the standard, the Group had to change its accounting policies. The impact of adoption are disclosed in Note 3.

2. APPLICATION OF NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS AND INTERPRETATION *(continued)*

(2) New standards, amendments and improvements to existing standards and interpretation not yet effective

The Group has not early adopted the following new standards, amendments and improvements to existing standards and interpretation that have been issued but are not yet effective.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after 1 January 2021
[3] The mandatory effective date will be determined

The Group will adopt the above new standards, amendments and improvements to existing standards and interpretation 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. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidation financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior years.

HKFRS 16 "LEASES"

The Group has adopted HKFRS 16 from 1 January 2019. HKFRS 16 establishes new accounting requirements on leases which lead to the recognition of lease transactions in lessees' financial statements. HKFRS 16 focuses on whether an arrangement contains a lease or a service agreement and introduces a substantial change to lessee accounting. The previous distinction between operating and finance leases is eliminated for lessee. A right-of-use asset (representing the right to use the leased asset for the lease term) and a lease liability (representing the obligation to pay rentals) are recognised for all leases. The lessor accounting largely remains unchanged.

In accordance with the transition provisions of HKFRS 16, the Group has adopted the modified retrospective application for existing leases at 1 January 2019 with certain transition reliefs, and under which comparative figures are not restated. For leases previously classified as operating leases, the Group has elected to measure the right-of-use assets at the amounts equal to the lease liabilities adjusted by any prepaid or accrued lease payments. For those leases previously classified as finance leases, the right-of-use assets and lease liabilities are measured at the date of initial application at the same amounts as under HKAS 17 immediately before the date of initial application. Accordingly, no adjustments were recognised to the opening balance of retained profits at the date of initial application.

The Group applied the following practical expedients on transition to HKFRS 16 for those leases which were previously classified as operating leases under HKAS 17:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- Applied the recognition exemption for leases of low value assets;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

3. CHANGES IN ACCOUNTING POLICIES *(continued)*

HKFRS 16 "LEASES" *(continued)*

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 "Leases" and Interpretation 4 "Determining whether an Arrangement contains a Lease".

Upon the adoption of HKFRS 16, the Group reclassified the assets under finance leases (mainly land and buildings and motor vehicles) from property, plant and equipment and prepaid lease payments under operating leases to right-of-use assets and the liabilities under obligations under finance leases to lease liabilities for presentation purpose.

The table below explains the difference between operating lease commitments disclosed at 31 December 2018 by applying HKAS 17 and lease liabilities recognised at 1 January 2019 by applying HKFRS 16:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	145,629
Discounted using the lessee's incremental borrowing rate of at the date of initial application*	140,595
Add: finance lease liabilities recognised as at 31 December 2018	2,635
Less: adjustments as a result of a different treatment of extension and termination options	(51,880)
Lease liabilities recognised as at 1 January 2019	91,350
Of which are:	
Current lease liabilities	7,176
Non-current lease liabilities	84,174
	91,350

* The weighted average incremental borrowing rate was 4.81% for Mainland China and 3.68% for the rest of the regions.

3. CHANGES IN ACCOUNTING POLICIES *(continued)*

HKFRS 16 "LEASES" *(continued)*

The table below summarises the impact on the adoption of HKFRS 16:

	At 1 January 2019 HK$'000
Decrease in property, plant and equipment – land and buildings and motor vehicles	33,491
Decrease in prepaid lease payments	367,032
Increase in property, plant and equipment – right-of-use assets	489,238
Decrease in obligations under finance leases – current	793
Decrease in obligations under finance leases – non-current	1,842
Increase in lease liabilities – current	7,176
Increase in lease liabilities – non-current	84,174

	For the year ended 31 December 2019 HK$'000
Decrease in administrative, selling and other operating expenses	40,415
Increase in depreciation and amortisation	37,061
Increase in finance costs	2,883

4. REVENUE

Revenue represents the revenue arising from construction contracts, infrastructure investment projects, façade contracting business, infrastructure operation, project consultancy services, sales of building materials, machinery leasing, logistics services, insurance contracts and rental income from investment properties.

An analysis of the revenue is as follows:

	2019	2018
	HK$'000	HK$'000
Revenue from contract with customers		
- Revenue from construction contracts	**26,286,314**	22,000,707
- Revenue from infrastructure investment projects (note (a))	**31,031,737**	29,311,340
- Revenue from façade contracting business	**2,678,001**	2,909,636
- Revenue from infrastructure operation (note (b))	**834,113**	849,358
- Others (note(c))	**839,513**	555,263
	61,669,678	55,626,304

4. REVENUE *(continued)*

	2019 HK$'000	2018 HK$'000
Revenue from contract with customers (note (d))		
Timing of revenue recognition		
- Over time	**58,245,355**	53,015,800
- At a point in time	**572,790**	404,142
	58,818,145	53,419,942
Revenue from other sources		
- Interest income generated from PPP projects	**2,372,168**	1,844,441
- Others (note (c))	**479,365**	**361,921**
	2,851,533	2,206,362
	61,669,678	55,626,304

Notes:

(a) Revenue from infrastructure investment projects mainly comprise of revenue generated from the provision of construction services under Public-Private-Partnership (“PPP”) model, previously known as "Build-Transfer" model, and the corresponding interest income.

(b) Revenue from infrastructure operation comprise of revenue from thermoelectricity business and toll road operation.

(c) Revenue from others mainly comprise of revenue from project consultancy services, sales of building materials, machinery leasing, logistics services, insurance contracts and rental income from investment properties, of which revenue from machinery leasing, insurance contracts and rental income from investment properties are included in revenue from other sources.

(d) The revenue recognised for the years ended 31 December 2019 and 2018 was recognised over time, except for toll road operation and sales of building materials of approximately HK$166,099,000 (2018: HK$204,873,000) and HK$406,691,000 (2018: HK$199,269,000) respectively which were recognised at a point of time.

5. Segment Information

The Group's reportable segments, based on information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessments, include (i) the Group's share of revenue and results of joint ventures, and (ii) geographical locations where the Group's subsidiaries operate, namely Mainland China (other than Hong Kong and Macau), Hong Kong, Macau and Overseas (mainly in the United Arab Emirates and India) for the years ended 31 December 2019 and 2018.

China State Construction Development Holdings Limited (formerly known as Far East Global Group Limited), a limited liability company, incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited, and its subsidiaries (together, the "CSC Development Group") is currently managed by a separate business team. The chief operating decision-maker regards the CSC Development Group as a distinct reportable segment and assesses its performance based on its overall result.

Segment revenue and results for the years ended 31 December 2019 and 2018 are as follows:

	Segment revenue		Gross profit		Segment results	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment						
Mainland China	**31,935,556**	30,620,785	**6,832,238**	6,384,059	**6,307,058**	5,998,575
Hong Kong and Macau	**26,114,820**	21,899,770	**1,794,256**	1,958,819	**1,825,626**	1,907,084
Hong Kong	**21,421,172**	14,875,260	**1,307,090**	1,206,249	**1,352,802**	1,170,897
Macau	**4,693,648**	7,024,510	**487,166**	752,570	**472,824**	736,187
Overseas	**-**	-	**-**	-	**(14,209)**	(8,374)
CSC Development Group	**3,619,302**	3,105,749	**609,209**	353,543	**384,308**	167,664
	61,669,678	55,626,304	**9,235,703**	8,696,421	**8,502,783**	8,064,949
Share of revenue/results of joint ventures	**1,721,811**	4,519,203			**452,654**	705,024
Total	**63,391,489**	60,145,507			**8,955,437**	8,769,973
Unallocated corporate expenses					**(312,124)**	(1,125,372)
Share of profits of associates					**920,143**	342,621
Finance costs					**(2,278,985)**	(1,781,717)
Profit before tax					**7,284,471**	6,205,505

Due to restructuring of thermoelectricity business in December 2019, the results attributable to this business for the year have been re-allocated from Mainland China segment to the CSC Development Group accordingly. The comparative information has not been restated.

6. Investment Income, Other Income and Other Gains/(Losses), net

	2019	2018
	HK$'000	HK$'000
Interest income on:		
Bank deposits	**225,704**	136,629
Debt securities at FVOCI	**22,820**	14,329
Imputed interest on amounts due from investee companies	**-**	7,745
Loans to joint ventures	**83,179**	66,699
Loans to associates	**112,333**	35,343
Dividend income from:		
Equity securities at FVOCI	**31,154**	27,138
Gain on disposal of:		
Debt securities at FVOCI, net of tax	**7,376**	113
Property, plant and equipment, net	**9,138**	669
Investment properties	**4,028**	-
Loss on fair value changes of investment properties	**-**	(6,828)
Impairment loss on concession operating rights	**-**	(817,000)
Service income	**65,241**	52,586
Exchange gain	**-**	30,408
Others	**75,783**	91,919
	636,756	(360,250)

7. Finance Costs

	2019 HK$'000	2018 HK$'000
Interest on bank loans	**1,810,332**	1,482,198
Interest on guaranteed notes payables	**225,329**	252,974
Interest on loan from a joint venture	**179,823**	-
Interest on loan from an intermediate holding company	**4,080**	-
Interest on loan from a fellow subsidiary	**1,502**	-
Interest on lease liabilities	**3,020**	-
Finance lease charges	**-**	182
Others	**54,899**	46,363
	2,278,985	1,781,717

8. Income Tax Expenses, net

	2019 HK$'000	2018 HK$'000
Current tax:		
Hong Kong	**195,459**	262,366
Other jurisdictions	**1,489,586**	1,394,639
	1,685,045	1,657,005
Overprovision in prior years:		
Hong Kong	**(91,855)**	(25,540)
Other jurisdictions	**(51,022)**	(356)
	(142,877)	(25,896)
	1,542,168	1,631,109
Deferred tax, net	**18,723**	17,763
Income tax expenses for the year, net	**1,560,891**	1,648,872

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

Income taxes arising in other jurisdictions, mainly Mainland China, are calculated at the rates prevailing in the relevant jurisdictions.

9. Profit for the Year

	2019 **HK$'000**	2018 HK$'000
Profit for the year has been arrived at after charging/ (crediting):		
Depreciation of property, plant and equipment	**344,395**	296,931
Less: Amounts capitalised in contract assets/contracts in progress	**(151,133)**	(152,021)
	193,262	144,910
Rental income from investment properties, net of direct outgoings	**(101,756)**	(100,554)
Employee benefits expense including directors' emoluments:		
Staff costs	**4,354,331**	4,238,719
Contributions to retirement benefit plans	**209,623**	170,232
Less: Amounts capitalised in contract assets/contracts in progress	**(3,468,909)**	(3,361,129)
	1,095,045	1,047,822
Amortisation of concession operating rights (included in costs of sales)	**270,065**	211,879
Amortisation of trademark and licences (included in Administrative, selling and other operating expenses)	**17,598**	17,848
Amortisation of prepaid lease payments	**-**	7,399
Short-term lease expenses/operating lease rentals in respect of:		
Plant and machinery	**359,119**	349,838
Land and buildings	**12,714**	42,209
	371,833	392,047
Less: Amounts included in contract assets/contracts in progress costs	**(370,373)**	(355,499)
	1,460	36,548
Gain on disposal of property, plant and equipment, net	**(9,138)**	(669)

10. Dividends

	2019 HK$'000	2018 HK$'000
Dividends recognised as distributions during the year:		
2018 Final, paid – HK12.00 cents (2018: 2017 Final HK20.00 cents) per share	**605,899**	1,009,831
2019 Interim, paid – HK16.00 cents (2018: 2018 Interim HK15.00 cents) per share	**807,865**	757,374
	1,413,764	1,767,205

The final dividend of HK16.00 cents (2018: HK12.00 cents) per share amounting to approximately HK$807,865,000 (2018: HK$605,899,000) on aggregate, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

11. 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 data:

	2019 HK$'000	2018 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**5,413,208**	4,500,148

	2019 '000	2018 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,049,157**	5,049,157

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2019 and 2018.

12. Trade and Other Receivables

The analysis of trade and other receivables, including the aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date or the terms of the related contracts, is as follows:

	2019 **HK$'000**	2018 HK$'000
Trade receivables, net of allowance for doubtful debts, aged:		
0-30 days	**8,772,473**	7,160,723
31-90 days	**4,432,206**	4,287,398
Over 90 days	**52,903,487**	45,180,936
	66,108,166	56,629,057
Retention receivables	**4,175,107**	4,386,552
Other receivables	**4,635,078**	2,353,508
Trade and other receivables	**74,918,351**	63,369,117
Portion classified as current assets	**(30,601,279)**	(25,321,390)
Non-current portion (Note (a))	**44,317,072**	38,047,727

Notes:

(a) The balances of non-current portion were mainly attributable to certain infrastructure investment projects (trading under PPP model) in Mainland China. Certain balances are secured by the collateral from employers and interest bearing in accordance with the relevant contract terms. The amount is expected to be gradually and fully recovered from 2021 to 2029, with approximately HK$25,209,728,000 in 2021, HK$8,450,453,000 in 2022, HK$4,633,963,000 in 2023, HK$6,022,928,000 in 2024 to 2029. As a result, they are classified as non-current.

(b) Included in the receivables aged over 90 days are receivables attributable to the infrastructure investment projects amounting to HK$48,773,871,000 (2018: HK$42,066,594,000). These balances were not due for repayment as at 31 December 2019 in accordance with the contract.

(c) Retention receivables are interest-free and recoverable at the end of the retention period of individual construction contracts ranging from 1 to 2 years. At 31 December 2019, the amount of retention receivables expected to be recovered after more than one year was approximately HK$1,863,217,000 (2018: HK$2,970,715,000).

(d) Except for the receivables arising from construction contracts, including infrastructure investment projects trading under PPP model, which are billed and payable in accordance with the terms of relevant agreements, the Group generally allows an average credit period of not exceeding 90 days (2018: 90 days) to its trade customers and the retention receivables are recoverable upon the expiry of defect liability period of construction.

13. Trade Payables, Other Payables and Accruals

An analysis of the trade payables, other payables and accruals, including the aging analysis of trade payables, presented based on the invoice date, is as follows:

	2019	2018
	HK$'000	HK$'000
Trade payables, aged:		
0-30 days	**16,145,643**	12,472,392
31-90 days	**5,076,280**	2,912,983
Over 90 days	**14,047,633**	5,209,148
	35,269,556	20,594,523
Retention payables	**6,013,667**	12,551,670
Other payables and accruals	**3,416,025**	3,568,522
	44,699,248	36,714,715

The average credit period on trade and construction cost payables is 60 days (2018: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

14. Borrowings

	2019	2018
	HK$'000	HK$'000
Bank loans, secured	**10,239,022**	7,101,428
Bank loans, unsecured	**29,149,564**	27,728,354
	39,388,586	34,829,782
Carrying amount repayable:		
Within one year	**10,040,968**	2,795,832
More than one year but not exceeding two years	**5,071,472**	12,073,222
More than two years but not more than five years	**13,553,622**	13,335,877
More than five years	**10,722,524**	6,624,851
	39,388,586	34,829,782
Less: Amount due within one year shown under current liabilities	**(10,040,968)**	(2,795,832)
Amount due after one year	**29,347,618**	32,033,950

The Group's bank loans are mainly denominated in Hong Kong dollar and Renminbi, all of which are functional currencies of the respective Group entities. The Group's secured bank loans are secured by land and building, concession operating rights and account receivables of the Group.

15. Subsequent event

As the coronavirus disease (COVID-19) has spread across China and other countries during the first quarter in 2020, the business and economic activities have been affected. The Group will keep monitoring the situation, assess and react promptly to its impacts on the Group's business operations. Up to the date of approval of the consolidated financial statements, the related financial impact on the Group could not be reasonably estimated.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK16.00 cents per share (2018: HK12.00 cents per share) to shareholders whose names appear on the register of members of the Company on 17 June 2020. Subject to the shareholders' approval of the proposed final dividend at the annual general meeting of the Company (the "AGM") to be held on 10 June 2020, dividend warrants will be despatched on or about 3 July 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the AGM, and entitlement to the final dividend, the register of members will be closed as set out below:

(i) For determining eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 pm on 4 June 2020
Closure of register of members	5 June 2020 to 10 June 2020 (both days inclusive)
Record date	10 June 2020

(ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on 16 June 2020
Closure of register of members	17 June 2020
Record date	17 June 2020

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, and to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than the aforementioned latest time.

REVIEW OF OPERATION

In 2019, movements towards unilateralism and protectionism can be seen in large economies such as the United States. As international trade is in a weak state, there is a global slowdown in economic development, giving rise to an increased level of risks. Negative factors such as intensified trade conflicts and geopolitical tension have led to a general slowdown of major economies. Central banks have gradually adjusted their monetary policies. Fluctuations in capital markets have become more exacerbated and the recovery of global economy has become more difficult and challenging.

In 2019, there was an overall trend of steady improvement in China's economy. Its resilience of growth could be seen from the annual growth of 6.1% and the fact that the GDP was approaching RMB100 trillion. On the other hand, with a contraction of 0.5% in the second quarter of 2019 and a further drop of 3.2% in the third quarter, Hong Kong's economy has shown signs of technical recession, which is the first slump after the financial tsunami in 2008. Economy of Macau also experienced a slowdown after a ten-consecutive-quarter growth. Achievements have been made in economic diversification, but there is still a long way to go for the transformation of Macau's economic structure.

Facing the complex external environment, the Group has managed to formulate a strategy to balance its scale of growth, leverage and cash flow and proactively adjust its business structure. For example, measures have been in place to lower the contribution of orders obtained from long term projects in mainland China, while compliant infrastructure projects with fast turnover and high return have been actively obtained. Also, more efforts are allocated to expand the markets in Hong Kong and Macau so that both places can serve as a stabilizer for the entire Group. The annual operational plan of the Group has been implemented satisfactorily and the quality of development has been enhanced.

For the year ended 31 December 2019, the revenue of the Group amounted to HK$61.67 billion, with an operational profit of HK$8.96 billion. The profit attributable to the shareholders increased by 20.3% to HK$5.41 billion, representing net profit ratio of 8.8%, basic earnings per share of HK107.21 cents and net asset value per share of HK$10.08. The Board recommended the distribution of final dividend of HK16.00 cents per share for the year of 2019. The total dividend distributed throughout the year amounted to HK32.00 cents, representing a year-on-year growth of 18.5%.

Mainland China Market

In 2019, central ministries and commissions emphasized to maintain bottom-line thinking, structural deleveraging and reduction of hidden debts incurred by local governments. Meanwhile, special bonds were released by local governments as a means of appropriate support. Against this backdrop, infrastructure investment growth still remained relatively low, although the rate of growth had risen compared with the second half of 2018. During the year, central ministries and commissions issued policies to strengthen the supervision over public-private partnership ("PPP") projects, further regulated government purchase of services, and made more detailed restrictions on capital expenditure and repayment sources of local government infrastructure investment. Under this more stringent policy framework, local governments actively explored various new infrastructure investment models other than PPP. Based on the strategy of balance between scale growth, leverage and cash flow, the Group reduced the proportion of orders for long term projects, strengthened business model innovation, and actively acquired infrastructure projects with a shorter cycle, faster turnover and higher return. The new contracts signed in the Mainland China amounted to HK$55.43 billion, with a slight reduction from the previous years' scale, while the structure of contracts was significantly optimized and the project cycle was relatively shortened, which achieved the target of structural adjustment.

Hong Kong and Macau Markets

Under the downward pressure of economy, in Policy Address 2019, the Chief Executive of Hong Kong proposed Lands Resumption Ordinance to resume three types of private land for developing public housing and Starter Homes, and further proposed measures such as planning and design for railway extension of Tung Chung, Tuen Mun (South), and the Northern Link. These plans brought considerable opportunities for the construction market in Hong Kong. With the overall market competition intensifying, the Group fully utilized its competitive advantages and brand value, seized market opportunities and achieved new breakthroughs in Hong Kong. The new contracts signed in Hong Kong amounted to HK$38.13 billion in the year, representing a significant growth of 44.9% as compared with previous year.

The economy of Macau took a step backward following years of growth. In order to expand domestic demand, the Macau Government gradually launched more projects. The Group captured the opportunity and achieved a total value of contracts newly signed in Macau amounted to HK$12.01 billion, representing a significant growth of 69.2% as compared with previous year.

Curtain Wall Market

Several large-scale commercial and residential projects were launched in the market of curtain wall in Hong Kong and Macau over the year. China State Construction Development Holdings Limited ("China State Construction Development"), as a subsidiary of the Group, solidified its leading position in the market of Hong Kong and Macau. At the same time, the expansion in the mainland market was successful, deepening efforts in the Greater Bay Area and further expanding other regional markets. The newly signed contracts amounted to HK$5.05 billion for the year.

Corporate Governance

Through a clear corporate governance structure, the Group kept enhancing the Board functions and internal control, improving the competitiveness and risk-control capacities, therefore supporting the business development. During the year, the Group continued to optimize its decision-making and implementation mechanism, and further improved the governance structure of the headquarters and other business units. Reviews and revisions were made upon internal rules, while a number of internal control reports and management information system were strengthened and refined. As a result, the Group's efficiency in internal control was well-improved.

The optimization of governance structure significantly improved the management and operation efficiency of the Group. The decisions to adjust business structure made at the beginning of the year based on judgment of each market were fully implemented, ensuring the completion of the operational objectives.

Risk Management

The Board is responsible for setting the overall business strategy and objectives of the Company. It assesses and determines the nature and extent of risks, which it is willing to take in achieving strategic objectives, and ensures that the Group establishes and maintains appropriate and effective risk management and internal control system. Under the supervision of the Board, the management of the Group is responsible for designing, implementing and monitoring the risk management and internal control system, so that sufficient control measures can be ensured to safeguard the Group's assets and the interests of stakeholders.

To constantly identify risks and strengthen risk management of the Company, and establish a risk awareness and control culture, the Group set up a Risk Management Control Committee mainly in response to strategic risks, financial risks, market risks and operational risks. Special and periodic reports from each department shall be submitted to the Committee for review. During the year, the Group further refined project risk classification work, comprehensively improving the level of risk prevention and control.

Financial Management

During the year, the Group's business operations and capital operations continued to develop effectively and synergistically, leading to achievements in financial stability. The Group's international credit rating remained high, and newly obtained the highest AAA rating from both China Chengxin International Credit Rating (CCXI) and United Ratings, establishing a solid foundation for expansion into the capital market in mainland China. Besides, the Group kept on making progress in financial innovation. After completing the first ever US$500 million asset securitization transaction in March 2019, the Group successfully issued US$500 million subordinated guaranteed perpetual capital securities in December 2019.

Following the operational objectives, the Group steadily controlled leverage and strengthened cash flow. The operating cash collected from infrastructure investment projects in mainland China amounted to HK$11.8 billion for the year, representing a growth of 6.5% as compared with the year of 2018. As at the end of the year, the cash in hand amounted to HK$22.62 billion, accounting for 14.0% of total assets. The net gearing ratio was controlled at 45.1%, decreasing 8.6% percentage points as at the end of the previous year. As at the end of the year, the committed but unutilized credit facilities of the Group was HK$50.08 billion, representing an increase of 79.4% as compared with the end of the previous year and securing the liquidity of the Group.

Human Resources

The Group endeavours to establish and maintain a pluralistic, inclusive and non-discriminatory working environment, providing equal opportunities for its current and future employees. Meanwhile, the protection of employees' rights and interests is also highly concerned. The Group attaches great importance to capacity development of its employees. Through annual training plan, internal standard courses and external courses, the Group strengthened the professional knowledge of employees and stimulated their working enthusiasm, therefore improving their work performance and creating higher value. During the year, with the goal of refining the human resources training system and improving training efficiency, the Group designed and carried out a series of diversified and targeted training courses, ensuring that all employees receive appropriate training. The Group also continuously optimized its human resources policies, improved the assessment and incentive system, and completed the pilot implementation and first selection of professional manager system in December 2019.

Technological innovation

The Group values technological innovation and has established a system for its management. Specifically, an organizational structure for technological work was settled and a system for managing innovative work was established. Furthermore, the Group held a conference on technological work, summarized the core technical system, and promoted the application of technological achievements. In particular, the combination of technological innovation with green construction, intelligent construction and industrialized construction will enhance the Group's core competitiveness. During the year, a total of 17 national invention patents and 27 utility model patents were approved, of which 13 were approved in Hong Kong. All these patents were technological equipment innovation achievements, bringing breakthroughs in intellectual property management.

Social Responsibility

At the same time of business development, the Group also integrates sustainable development concepts such as integrity management, people-oriented, social care and environmental protection into its daily operation. The sustainable development committee operated efficiently and released the Group's sustainable development policies and guidelines within the year, which had become a key consideration for business decision-making and operation. The Group also set up a series of non-financial performance evaluation indicators, such as safety and environmental protection, anti-corruption, etc., and established supporting management mechanism to ensure the effective implementation of sustainable development policies.

The Group was selected as a constituent of FTSE4Good Index for three consecutive years, a constituent of Hang Seng Corporate Sustainability Benchmark Index for five consecutive years, and "B" rating in MSCI Global Sustainability Index Series for five consecutive years (the highest rating of the construction industry in Asia). The Group's 2018 Sustainability Report was awarded "CarbonCare ESG Label" by Carbon Care Asia for four consecutive years, with the highest ranking of Level 3 for two consecutive years.

REVIEW OF FINANCIAL PERFORMANCE

Profit attributable to owners of the Company was HK$5,413 million, represents a year-on-year increase of 20.3%. Raised approximately HK$3,877 million, net of expenses, by way of issue guaranteed perpetual capital securities.

Driven by the growth of Hong Kong segment, the Group recorded revenue and gross profit of HK$61,670 million and HK$9,236 million, representing 10.9% and 6.2% growth respectively. Basic earnings per share was HK107.21 cents, representing an increase of 20.3% as compared with last year. With a proposed final dividend per share of HK16.00 cents, an interim dividend per share of HK16.00 cents per share paid in the year, the total dividends for the year amount to HK32.00 cents per share, representing an increase of 18.5% as compared to last year.

Segment Analysis

1. Hong Kong and Macau–Construction and related business

The Group continued to maintain its leading position in Hong Kong and Macau's construction market, and continued to provide stable cash flow. Against the increased market competition in Hong Kong, the Group makes full use of its competitive advantages and brand value of the professional sector to continuously achieve new breakthroughs in government projects including hospitals, and actively participated in the private housing work. Revenue derived from Hong Kong segment recorded new high to HK$21,421 million (2018: HK$14,875 million), up by about 44.0%, segment result amounted to HK$1,353 million (2018: HK$1,171 million), up by about 15.5%. Macau's economy has seen a correction, reported revenue of HK$4,694 million (2018: HK$7,025 million), dropped by about 33.2%, segment result amounted to HK$473 million (2018: HK$736 million), dropped by about 35.8%. The decrease was mainly attributable to the completion of a mega-sized contract in last year.

2. Mainland China–infrastructure investment projects and construction related businesses

In the first half of 2019, central ministries and commissions issued several policies and regulations to further strengthen the supervision of Public-Private-Partnership ("PPP") projects, reduce the scale of shantytown redevelopment plan and strengthen the regulation of government investment, with clear limits on capital expenses, repayment resources, etc.

The Group strengthened the rectification and implementation of on hand project, and aimed for fast turnover and high yield project. With the ample order book, this segment recorded stable revenue of HK$31,936 million (2018: HK$30,621 million) and result of HK$6,307 million (2018: HK$5,999 million), representing a growth of 4.3% and 5.1% year-on-year respectively.

(a) Infrastructure investment projects

Our investments in infrastructure projects span over different kinds of business, including investment and construction of toll road, toll bridge and a variety of housing project, such as affordable housing, hospital and school. We participated in these infrastructure projects by way of PPP models. During the year, the Group increased efforts on cash return and received buy-back payment of HK$11,797 million from infrastructure investment project, including the attributable share of such payment received by our joint venture investments.

Infrastructure Investment Projects remained the core business and the major contributor of Mainland China. Revenue and result were up 5.7% and 2.5% over last year to HK$30,989 million and HK$6,027 million respectively.

(b) Operating infrastructure projects

During the year, the Group transferred Shenyang Huanggu thermoelectric plant ("Shenyang Huanggu") to CSC Development Group, the result of Shenyang Huanggu for the year was recorded under CSC Development Group without restating the segment result for the last corresponding year. As the result for the two years were determined by different grouping, certain information may not be directly comparable. The revenue from operating infrastructure projects representing toll road, excluding contribution from joint venture, was HK$166 million.

(c) Construction related business

The Group continued focus on infrastructure investment projects, less resources was allocated to other construction related business and recorded HK$780 million revenue for the year, representing a growth of 69.6%. The growth was mainly from the increase in contribution from prefabricated construction industrliztion factories.

3. China State Construction Development Holdings Limited ("CSC Development Group**")**

CSC Development Group focused on the façade contracting business, general contracting business, project operation and management service business. During the year, the Group transferred Shenyang Huanggu and its investment in two toll bridges in Nan Chang to CSC Development Group, the result of Shenyang Huanggu and the bridges for the year was recorded under CSC Development Group without restating the segment result for the last corresponding year. As the result for the two years were determined by different grouping, certain information may not be directly comparable. CSC Development Group recorded revenue and result of HK$3,619 million and HK$384 million respectively.

Cash Flows Analysis

As more infrastructure project are operated in PPP model, the buy-back period of PPP project is comparatively longer than that of traditional Build-transfer model, the net cash used in operating activities for the year was HK$2,704 million (2018: HK$1,925 million), included the net expenditure for infrastructure project amounting HK$3,013 million (2018: HK$4,475 million). The net cash outflow in investing activities was HK$3,090 million (2018: HK$6,954 million), and the net cash inflow from financing activities was HK$10,507 million (2018: HK$9,581 million).

UNAUDITED OPERATING INFORMATION

For the twelve months ended 31 December 2019, the Group recorded an accumulated new contract value of HK$110.62 billion.

As of 31 December 2019, the on-hand contract value of the Group amounted to approximately HK$396.57 billion, among which the backlog was approximately HK$227.07 billion.

New Contracts Awarded & Project in Progress in 2019

Market	New Contract Awarded (HK$ Billion)	Project in Progress as of 31 December	
		Total Value (HK$ Billion)	Backlog (HK$ Billion)
Mainland China	55.43	263.28	157.43
Hong Kong	38.13	87.08	52.18
Macau	12.01	31.07	9.61
China State Construction Development Holdings Limited	5.05	15.14	7.85
Total	110.62	396.57	227.07

BUSINESS PROSPECTS

The year 2020 marks the end of the 13th five-year plan. The Group will continue its comprehensive deepening of reform and high-quality development, and keep on creating value for shareholders. Although the Group's main business market is facing challenges due to the prevalence of COVID-19 and other factors, the Group is confident in its competitive advantage, execution ability, and capacity to move forward steadily in a volatile market environment.

Business in Mainland China

We will continue to improve our investment management system, and refine the investment research and project management. Based on the investment map, we will establish a standardized evaluation system for each of the regional markets and different types of investment projects. Our scientific investment model will be guided by the investment map, and we will make full use of it as a reference for evaluating investments specifically and objectively. Apart from investment-driven projects, we will also actively obtain projects through various channels such as technology-and-management-driven, and brother-company-cooperation-driven.

With the goal of improving the profitability of assets, we will accelerate the construction of the operation management system, realizing self-circulation and self-balance of the Group’s capital. Besides, in order to optimize the allocation of operation assets, we will strive to open up channels for acquisition and transfer of operation assets, looking for opportunities to boost revenue and profits through asset trading. For financing, we will reasonably arrange the scale of all kinds of industrial chain financing, rejuvenate assets in hand, accelerate asset turnover and alleviate capital pressure. For project implementation, we will focus on project quality and progress management, safety control, as well as fund recovery management.

Business in Hong Kong and Macau

We will continue to strengthen the leading position in Hong Kong and Macau's construction market, actively exploring markets and obtaining contracts in both public and private sectors. Large-scale construction projects such as public housing, hospitals and airports will be our main focus. Also, we will seek opportunities in investment-driven contracting and old buildings reconstruction. On the other hand, we will keep up with the policy and market trend, actively integrating into the construction of Greater Bay area. By utilizing advantages in technology, management, quality and brand in Hong Kong and Macau, we will promote the pilot application of Hong Kong and Macau engineering model in mainland China, and obtain high-quality projects based on our differentiation advantages.

China State Construction Development

In respect of curtain wall business in Hong Kong and Macau, the Group will continue to expand markets with its good market reputation, brand influence as well as quality advantages. In the mainland, we will take prioritized efficiency and moderate scale as our development strategy with focus on quality owners in South China, East China, North China and southwest markets to obtain high end projects. In North America, we will accelerate team building, strengthen project management, and establish overseas supply chain. In order to better centralize resources and create benefits, large-scale projects and quality owners will be preferred.

While cultivating the existing market, the Group will also actively respond to the Belt and Road Initiative. By virtue of talents, experience and linguistic advantage in Hong Kong and Macau, we will evaluate overseas business in a steady and orderly manner. Besides, in-depth research on policies and regulations in English and Portuguese speaking regions will be conducted, focusing on talent nurturing and localized management. Meanwhile, the Group will also strengthen coordination with other companies within China State Construction in striving to contribute more in the future.

In 2019, the Group established the strategic goal of "becoming the top investment, construction and operation group through differentiated advantages". After clarifying the core competitive advantage of "technology, capital, and solidarity within COHL", we have planned a strategic path of "differentiation in investment, construction and operation". Looking forward to the year 2020, the Group will adhere to the principle of "customer-oriented", "result-oriented", "achiever-oriented", and "sustainability-oriented", striving for becoming a world-class enterprise.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 10 June 2020. The notice of the AGM, which constitutes part of a circular to shareholders of the Company, will be sent together with the 2019 annual report.

All shareholders of the Company are encouraged to attend the AGM and exercise their right to vote. Shareholders will be able to meet with directors of the Company and will be invited to ask questions relating to the business of the meeting.

PURCHASE, SALE OR REDEMPTION OF THE GROUP'S LISTED SECURITIES

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2019 and up to the date of this announcement.

On 3 December 2019, China State Construction Finance (Cayman) III Limited, a wholly-owned subsidiary of the Company, issued U.S. $500,000,000 subordinated guaranteed perpetual capital securities. The subordinated guaranteed perpetual capital securities are listed on The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE

During the year, the Company has applied and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a model code for securities transactions by directors and relevant employees (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Directors and senior management of the Company are required to comply with the Securities Code. Reminders are sent to directors and senior management that they should not deal in the shares of the Company during the "black-out-period" specified in the Model Code and before publishing any inside information announcement. Directors and senior management are required to notify the Company and obtained a dated written acknowledgement before dealing in the Company's securities. After making enquiries by the Company, all directors confirmed that they have complied with the Securities Code during the year ended 31 December 2019.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures on page 2 to page 20 in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by PricewaterhouseCoopers 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 assurance has been expressed by PricewaterhouseCoopers on this announcement.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the shareholders for their strong support, and to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts.

By Order of the Board
China State Construction
International Holdings Limited
Yan Jianguo
Chairman and Non-executive Director

Hong Kong, 25 March 2020

As at the date of this announcement, the Board comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Tian Shuchen, Mr. Zhou Hancheng and Mr. Hung Cheung Shew as Executive Directors; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming and Mr. Lee Shing See as Independent Non-executive Directors.