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**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 2021,  
FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2021</b>	2020	Change %
<b>RESULTS (HK\$'000)</b>			
Revenue	<b>77,309,614</b>	62,458,009	23.8
Gross profit margin	<b>15.5%</b>	14.9%	0.6
Profit attributable to owners of the Company	<b>6,800,879</b>	6,015,368	13.1
<b>FINANCIAL INFORMATION PER SHARE</b>			
Earnings – basic (HK cents)	<b>134.94</b>	119.14	13.3
Net assets (HK\$)	<b>13.14</b>	11.54	13.9
<b>DIVIDEND</b>			
The Board proposed a final dividend of HK20.5 cents per share. Together with the interim dividend of HK20 cents per share, total cash dividends for the year were HK40.5 cents (2020: HK36 cents) per share.			

## China State Construction International Holdings Limited

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 2021. The Group’s audited profit attributable to the owners of the Company for the year ended 31 December 2021 was HK\$6,801 million, representing an increase of 13.1% as compared to last year while basic earnings per share increased by 13.3% to HK134.94 cents.

### CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 31 December	
		2021 HK\$’000	2020 HK\$’000
Revenue	3	77,309,614	62,458,009
Costs of sales		(65,326,871)	(53,173,850)
Gross profit		11,982,743	9,284,159
Investment income, other income and other gains, net	5	1,197,192	979,166
Administrative, selling and other operating expenses		(2,278,609)	(1,920,393)
Share of profits of			
Joint ventures		369,246	701,944
Associates		782,808	1,879,577
Finance costs	6	(2,668,202)	(2,679,977)
Profit before tax		9,385,178	8,244,476
Income tax expenses, net	7	(1,949,294)	(1,760,302)
Profit for the year	8	7,435,884	6,484,174
Profit for the year attributable to:			
Owners of the Company		6,800,879	6,015,368
Holders of perpetual capital securities		465,132	407,246
Non-controlling interests		169,873	61,560
		7,435,884	6,484,174
Earnings per share (HK cents)	10		
Basic		134.94	119.14
Diluted		134.94	119.14

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For the year ended 31 December	
	2021 HK\$'000	2020 HK\$'000
Profit for the year	<b>7,435,884</b>	6,484,174
Other comprehensive (loss)/income		
<i>Items that may be reclassified to consolidated income statement</i>		
Loss on fair value changes of debt securities at fair value through other comprehensive income, net of tax	<b>(9,662)</b>	(38,168)
Release of investment revaluation reserve to consolidated income statement upon disposal of debt securities at fair value through other comprehensive income	<b>269</b>	-
Gain on fair value changes of investment properties transferred from property, plant and equipment or properties under development	<b>100,429</b>	-
Exchange differences on translation of subsidiaries	<b>1,857,843</b>	1,973,947
Exchange differences on translation of joint ventures	<b>442,184</b>	606,150
Exchange differences on translation of associates	<b>136,293</b>	25,217
<i>Items that will not be reclassified to consolidated income statement</i>		
Gain on fair value changes of equity securities at fair value through other comprehensive income, net of tax	-	69,595
Other comprehensive income for the year, net of tax	<b>2,527,356</b>	2,636,741
Total comprehensive income for the year, net of tax	<b>9,963,240</b>	9,120,915
Total comprehensive income for the year attributable to:		
Owners of the Company	<b>9,327,246</b>	8,597,603
Holders of perpetual capital securities	<b>465,132</b>	407,246
Non-controlling interests	<b>170,862</b>	116,066
	<b>9,963,240</b>	9,120,915

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at 31 December	
		2021	2020
Note		HK\$'000	HK\$'000
<b>Non-current Assets</b>			
		5,698,336	5,390,547
		5,126,232	4,643,331
		5,726,639	5,713,846
		18,388,085	16,453,237
		9,347,225	6,829,830
		3,784,772	3,812,526
		173,764	177,691
		266,102	278,416
		577,664	577,664
		693,390	689,958
		211,806	211,806
	11	54,434,753	53,729,653
		898,754	295,761
		<b>105,327,522</b>	<b>98,804,266</b>
<b>Current Assets</b>			
		72,752	62,142
		366,967	410,072
		6,312,434	4,311,691
		1,256,031	1,431,447
		13,467,619	11,981,742
	11	59,239,650	38,160,276
		1,114,512	1,536,738
		618,899	342,222
		6,977,678	6,421,303
		-	846,103
		122,942	47,943
		24,407,419	22,455,362
		<b>113,956,903</b>	<b>88,007,041</b>

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

		As at 31 December	
		2021	2020
		HK\$'000	HK\$'000
	Notes		
<b>Current Liabilities</b>			
Contract liabilities		9,662,819	8,547,294
Trade payables, other payables and accruals	12	60,561,364	51,288,246
Deposits received		64,208	61,326
Amounts due to joint ventures		1,183,012	1,481,867
Amounts due to associates		107,563	311,097
Amount due to a related company		588,313	137,222
Current tax payables		5,573,209	5,326,550
Borrowings	13	10,104,945	9,707,491
Guaranteed notes payables and corporate bonds		4,286,155	-
Loans from fellow subsidiaries		739,706	3,050,900
Lease liabilities		51,154	27,499
		<b>92,922,448</b>	<b>79,939,492</b>
<b>Net Current Assets</b>		<b>21,034,455</b>	<b>8,067,549</b>
<b>Total Assets less Current Liabilities</b>		<b>126,361,977</b>	<b>106,871,815</b>
<b>Capital and Reserves</b>			
Share capital		125,940	126,229
Share premium and reserves		56,320,225	48,967,545
Equity attributable to owners of the Company		56,446,165	49,093,774
Perpetual capital securities		7,793,930	7,799,208
Non-controlling interests		1,976,176	1,386,565
		<b>66,216,271</b>	<b>58,279,547</b>
<b>Non-current Liabilities</b>			
Borrowings	13	47,848,335	35,488,761
Guaranteed notes payables and corporate bonds		8,095,418	9,179,000
Contract liabilities		667,106	656,125
Deferred tax liabilities		520,728	399,898
Loan from a joint venture		2,955,665	2,843,602
Lease liabilities		58,454	24,882
		<b>60,145,706</b>	<b>48,592,268</b>
		<b>126,361,977</b>	<b>106,871,815</b>

**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 (“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”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under 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 consolidated 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**

**(a) The adoption of amendments to existing standards**

In the current year, the Group has adopted the following amendments to existing standards (hereinafter collectively referred to as the “revised HKFRSs”) issued by the HKICPA.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform - Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The application of the above revised HKFRSs in the current year has had no material impact on the Group’s results and financial position.

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

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

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to HKFRS 17	<i>Insurance Contracts</i> <sup>2, 5</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>2, 4</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>2</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>2</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>2</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>1</sup>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i> <sup>1</sup>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the amendments to HKAS 1, 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 in October 2020 to align the corresponding wording with no change in conclusion

<sup>5</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group will adopt the above new standards, amendments and improvements 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**

Revenue represents the revenue arising from construction contracts, construction related investment projects, façade contracting business, infrastructure operation, industrial plant reconstruction, 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:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Revenue from construction contracts	<b>32,121,267</b>	26,754,732
Revenue from construction related investment projects (note (a))	<b>39,511,725</b>	31,512,242
Revenue from façade contracting business	<b>3,521,279</b>	2,294,968
Revenue from infrastructure operation (note (b))	<b>869,342</b>	764,313
Others (note (c))	<b>1,286,001</b>	1,131,754
	<b>77,309,614</b>	<b>62,458,009</b>
Revenue from contracts with customers (note (d))		
Timing of revenue recognition		
- Over time	<b>72,559,860</b>	58,540,054
- At a point in time	<b>933,762</b>	750,909
	<b>73,493,622</b>	59,290,963
Revenue from other sources		
- Interest income generated from construction related investment projects	<b>3,259,125</b>	2,949,763
- Others (note (e))	<b>556,867</b>	217,283
	<b>3,815,992</b>	3,167,046
	<b>77,309,614</b>	<b>62,458,009</b>

Notes:

- (a) Revenue from construction related investment projects mainly comprises revenue generated from the provision of construction services under Public-Private-Partnership model and government targeted repurchase of resettlement housing project, and the corresponding interest income.
- (b) Revenue from infrastructure operation comprises revenue from thermoelectricity business and toll road operation.
- (c) Revenue from others mainly comprises revenue from industrial plant reconstruction, project consultancy services, sales of building materials, machinery leasing, logistics services, insurance contracts and rental income from investment properties.



## China State Construction International Holdings Limited

### 3. REVENUE (continued)

Notes: (continued)

- (d) The revenue recognised for the years ended 31 December 2021 and 2020 are recognised over time, except for toll road operation, sales of building materials and industrial plant reconstruction of approximately HK\$204,629,000 (2020: HK\$149,895,000), HK\$310,124,000 (2020: HK\$601,014,000) and HK\$419,009,000 (2020: Nil), respectively, which were recognised at a point in time.
- (e) The amount mainly comprises revenue from machinery leasing, logistics services, insurance contracts and rental income from investment properties.

### 4. 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).

China State Construction Development Holdings 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 (collectively referred to as the "CSC Development Group") are 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 2021 and 2020 are as follows:

	Segment revenue		Gross profit		Segment results	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Reportable segments						
Mainland China	40,529,425	32,349,676	9,432,779	7,087,353	8,784,212	6,503,313
Hong Kong and Macau	32,249,605	26,907,360	1,882,360	1,708,128	1,682,099	1,499,626
Hong Kong	23,844,305	22,403,905	1,029,004	1,171,498	849,719	990,025
Macau	8,405,300	4,503,455	853,356	536,630	832,380	509,601
Overseas	-	-	-	-	-	(5,869)
CSC Development Group	4,530,584	3,200,973	667,604	488,678	406,860	316,112
	<b>77,309,614</b>	<b>62,458,009</b>	<b>11,982,743</b>	<b>9,284,159</b>	<b>10,873,171</b>	<b>8,313,182</b>
Share of revenue/results of joint ventures	2,563,559	1,552,509			369,246	701,944
Total	<b>79,873,173</b>	<b>64,010,518</b>			<b>11,242,417</b>	<b>9,015,126</b>
Unallocated corporate income/(expenses)					28,155	(540,285)
Gain on disposal of a joint venture					-	570,035
Share of profits of associates					782,808	1,879,577
Finance costs					(2,668,202)	(2,679,977)
Profit before tax					<b>9,385,178</b>	<b>8,244,476</b>

## China State Construction International Holdings Limited

### 5. INVESTMENT INCOME, OTHER INCOME AND OTHER GAINS, NET

	2021 HK\$'000	2020 HK\$'000
Interest income on:		
Bank deposits	157,259	241,642
Debt securities at FVOCI	28,440	28,659
Loans to joint ventures	51,662	26,377
Loans to associates	125,614	96,977
Deposits with a fellow subsidiary	6,573	6,249
Dividend income from:		
Equity securities at FVOCI	109,547	35,384
Gain on disposal of:		
Property, plant and equipment, net	14,827	5,242
A joint venture	-	570,035
An associate	26,323	-
Gain/(loss) on fair value changes of investment properties, net	487,722	(186,302)
Service income	41,320	55,650
Others	147,905	99,253
	<b>1,197,192</b>	<b>979,166</b>

### 6. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on bank loans	2,066,860	2,060,710
Interest on guaranteed notes payables and corporate bonds	357,744	263,181
Interest on loan from a joint venture	216,983	210,634
Interest on loans from fellow subsidiaries	29,438	92,322
Interest on lease liabilities	5,341	3,664
Others	41,094	49,466
	<b>2,717,460</b>	<b>2,679,977</b>
Less: Capitalised in the cost of qualifying assets	<b>(49,258)</b>	<b>-</b>
	<b>2,668,202</b>	<b>2,679,977</b>

**7. INCOME TAX EXPENSES, NET**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Current tax:		
Hong Kong profits tax	<b>173,144</b>	239,023
Other jurisdictions income tax	<b>1,732,453</b>	1,641,242
Mainland China land appreciation tax	<b>29,621</b>	-
	<b>1,935,218</b>	1,880,265
Overprovision in prior years:		
Hong Kong profits tax	<b>(98,628)</b>	(45,712)
Other jurisdictions income tax	<b>(11,261)</b>	(50,421)
	<b>(109,889)</b>	(96,133)
Deferred tax, net	<b>123,965</b>	(23,830)
Income tax expenses for the year, net	<b>1,949,294</b>	1,760,302

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits. Income taxes arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

8. PROFIT FOR THE YEAR

	2021 HK\$'000	2020 HK\$'000
Profit for the year has been arrived at after charging/ (crediting):		
Employee benefits expense including directors' emoluments:		
Staff costs	5,557,856	4,322,931
Contributions to retirement benefit plans	293,254	214,962
Share-based payment	44,540	14,223
	<u>5,895,650</u>	<u>4,552,116</u>
Less: Amounts capitalised in contract assets	<u>(4,522,051)</u>	<u>(3,664,316)</u>
	<u>1,373,599</u>	<u>887,800</u>
Depreciation of property, plant and equipment	415,391	305,982
Depreciation of right-of-use assets	68,725	53,646
	<u>484,116</u>	<u>359,628</u>
Less: Amounts capitalised in contract assets	<u>(245,279)</u>	<u>(162,590)</u>
	<u>238,837</u>	<u>197,038</u>
Amortisation of concession operating rights (included in costs of sales)	174,984	201,028
Amortisation of trademark and licences (included in administrative, selling and other operating expenses)	17,967	17,454
Short-term lease expense in respect of:		
Plant and machinery	375,037	367,378
Land and buildings	52,694	29,625
	<u>427,731</u>	<u>397,003</u>
Less: Amounts capitalised in contract assets	<u>(387,044)</u>	<u>(376,093)</u>
	<u>40,687</u>	<u>20,910</u>
Rental income from investment properties, net of direct Outgoings	<u>(104,353)</u>	<u>(116,854)</u>

## China State Construction International Holdings Limited

### 9. DIVIDENDS

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Dividends recognised as distributions during the year:		
2020 Final, paid – HK19 cents (2020: 2019 Final HK16 cents) per share	<b>957,147</b>	807,865
2021 Interim, paid – HK20 cents (2020: 2020 Interim HK17 cents) per share	<b>1,007,523</b>	858,357
	<b><u>1,964,670</u></b>	<u>1,666,222</u>

The final dividend of HK20.5 cents (2020: HK19 cents) per share amounting to approximately HK\$1,032,711,000 (2020: HK\$957,525,000) in aggregate, has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

### 10. 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:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share	<b><u>6,800,879</u></b>	<u>6,015,368</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b><u>5,039,788</u></b>	<u>5,049,157</u>

Diluted earnings per share is the same as basic earnings per share as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2021 and 2020.

**11. TRADE AND OTHER RECEIVABLES**

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade receivables, net of allowance for doubtful debts, aged:		
0-30 days	<b>23,896,383</b>	7,989,334
31-90 days	<b>3,588,257</b>	6,662,752
Over 90 days	<b>64,754,514</b>	64,554,824
	<b>92,239,154</b>	79,206,910
Retention receivables	<b>5,347,719</b>	4,023,954
Other receivables	<b>16,087,530</b>	8,659,065
Trade and other receivables	<b>113,674,403</b>	91,889,929
Less: Current portion	<b>(59,239,650)</b>	(38,160,276)
Non-current portion (Note)	<b>54,434,753</b>	53,729,653

Note: The balances of non-current portion were mainly attributable to certain construction related investment projects 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 2023 to 2031, with approximately HK\$21,030,034,000 in 2023, HK\$11,081,544,000 in 2024, HK\$6,449,094,000 in 2025, HK\$15,874,081,000 in 2026 to 2031. As a result, they are classified as non-current.

Included in the receivables aged over 90 days are receivables attributable to the construction related investment projects amounting to HK\$52,112,570,000 (2020: HK\$57,081,750,000).

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 2021, the amount of retention receivables expected to be recovered after more than one year was approximately HK\$3,131,498,000 (2020: HK\$2,102,585,000).

Except for the receivables arising from construction contracts, including construction related investment projects 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 to its trade customers and the retention receivables are recoverable upon the expiry of defect liability period of construction.

## 12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	2021 HK\$'000	2020 HK\$'000
Trade payables, aged:		
0-30 days	35,871,788	15,236,908
31-90 days	1,089,962	7,711,229
Over 90 days	9,684,973	16,652,246
	<b>46,646,723</b>	39,600,383
Retention payables	5,967,206	5,859,313
Other payables and accruals	7,947,435	5,828,550
	<b>60,561,364</b>	51,288,246

The average credit period on trade and construction cost payables is 60 days.

## 13. BORROWINGS

	2021 HK\$'000	2020 HK\$'000
Bank loans, secured	18,474,397	16,042,864
Bank loans, unsecured	39,478,883	29,153,388
	<b>57,953,280</b>	45,196,252
Less: Current portion	<b>(10,104,945)</b>	(9,707,491)
Non-current portion	<b>47,848,335</b>	35,488,761
Carrying amount repayable:		
Within one year or on demand	10,104,945	9,707,491
More than one year but not exceeding two years	18,213,834	10,712,508
More than two years but not more than five years	21,216,807	18,331,144
More than five years	8,417,694	6,445,109
	<b>57,953,280</b>	45,196,252

The secured bank loans are secured by property, plant and equipment, interests in infrastructure project investments and trade receivables.

Borrowings are mainly denominated in Hong Kong dollar and Renminbi.

## **PROPOSED FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK20.5 cents per share (2020: HK19 cents per share) to shareholders whose names appear on the register of members of the Company on 22 June 2022. Subject to the shareholders' approval of the proposed final dividend at the annual general meeting of the Company (the "AGM") to be held on 9 June 2022, dividend warrants will be dispatched on or about 7 July 2022.

## **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 2 June 2022
Closure of register of members	6 June 2022 to 9 June 2022 (both days inclusive)
Record date	9 June 2022

- (ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on 21 June 2022
Closure of register of members	22 June 2022
Record date	22 June 2022

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 2021, the COVID-19 pandemic continued to hinder the recovery of the global economy amid various virus mutations. The volatile development of the pandemic disrupted the social economy, leading to considerable bottlenecks in supply chains, accelerating inflation, and turbulence in the global financial market. All these posed tremendous difficulty to the economic recovery. With its remarkable achievements in pandemic control and prevention, China has become an indispensable cornerstone of global supply chains, continued to record rapid growth in exports and achieved gradual recovery in investment and consumption. In 2021, China's GDP expanded 8.1% year on year and reached a new milestone. As regards to Hong Kong, despite the resumption of social stability and gradual economic recovery, the recurrent epidemic outbreaks at the end of the year brought about uncertainties to its economic development. In Macau, the number of visitors has yet to recover in 2021, coupled with a relatively weak economic performance and deteriorated performance indicators as compared to the pre-pandemic situation, signaling a challenging road to recovery.

In face of the multiple waves of pandemic outbreaks and complicated economic environment, the Group adhered to its established strategies of seeking business expansion and maintaining healthy growth while implementing stringent pandemic control and prevention measures to safeguard the safety of its employees. In Mainland China, infrastructure investment projects with short duration and fast turnover have become the pillar of our business and continued to register accelerated growth. As for Hong Kong and Macau markets, the Group maintained its sound market-leading position and won the bid of large-scale projects continuously. The Group attained stable growth in its annual results. For the year ended 31 December 2021, the audited revenue of the Group amounted to HK\$77.31 billion, with an operating profit of HK\$11.24 billion. The profit attributable to the shareholders increased by 13.1% to HK\$6.80 billion, with basic earnings per share of HK134.94 cents and net asset value per share of HK\$13.14. The Board recommended the distribution of final dividend of HK20.5 cents per share for the year of 2021. The total dividend distributed throughout the year amounted to HK40.5 cents, representing a year-on-year growth of 12.5%.

### **Mainland China Market**

In 2021, the overall economic performance of China got back on track and met its expected growth, whereas the infrastructure market experienced a slower growth of total investments and intensified market competition. Facing challenges in the market, the Group stays persistent to the goal of balancing scale growth, leverage and cash flow. The Group also consolidated the results of the transformation and upgrading of the construction related investment projects by enhancing the efficiency of investments through strict selection of projects and further optimization of business mix. Meanwhile, the Group leveraged on its technological strength to promote the development and application of technologies such as Modular Integrated Construction (MiC), and expanded its featured general contracting business through differentiated competencies. With regards to the operation of the construction related investment projects, the Group enhanced its profitability by optimizing the organizational structure and talent teams, as well as strengthening its professional capabilities and operating efficiency.

## **China State Construction International Holdings Limited**

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Throughout 2021, new contracts signed in Mainland China amounted to HK\$81.15 billion, representing a year-on-year increase of 23.7% and an increase in the growth rate of 5.4 percentage points as compared to last year. The proportion of infrastructure investment and featured general contracting projects is reasonable, and the backlog mix is optimized.

### **Hong Kong and Macau Markets**

2021, the Group continued to penetrate into the Hong Kong market by proactively upgrading its own technologies, strengthening the requirements for environmental protection and improving its differentiated competencies based on traditional competitive strengths. The Group won the bid of numerous large-scale projects, in particular in the market of medical buildings and public housing. New contracts signed during the year reached a record high of HK\$36.05 billion, representing a year-on-year increase of 33.0%.

The Group continued to maintain its brand image and reputation in the Macau market. It proactively responded to the call of the local government and promoted the application of technologies such as prefabricated construction, therefore won the tender of significant projects such as elderly apartments. New contracts signed amounted to HK\$14.64 billion, representing a year-on-year increase of 10.2%.

### **Façade Market**

In 2021, China State Construction Development Holdings Limited, a subsidiary of the Group, focused on the façade business by implementing the operating strategy of “expanding in Hong Kong and Macau, exploring in the Mainland market and shrinking overseas” . It sought to capture market opportunities by giving full play to its technological strengths and consolidate its leading position in the façade market in Hong Kong, and won the tender of large-scale curtain wall projects including Cheung Kong Center II and Wong Chuk Hang Phase 3. Notable results were achieved in the expansion of the Mainland market. It is the winning bidder of various high-end commercial and residential curtain wall construction works, e.g. flagship store of Huawei. During the year, new contracts signed by China State Construction Development Holdings Limited amounted to HK\$8.21 billion, representing a year-on-year increase of 60.4%.

### **Sustainable Development Management**

While energetically creating business value, the Group also attaches great importance to sustainable development management and shoulders corporate social responsibility. After three years of preparation, the Group issued its sustainable development roadmap in December 2021. The roadmap sets out various objectives and actions in five aspects, namely environment, supply chain, talent, society and strategy. In addition to enhancing its corporate governance and strengthening its social responsibility and environmental management, the Group also proposes quantitative goals for key indicators such as carbon emission and long-term commitment to achieve carbon neutrality by 2060.

## **China State Construction International Holdings Limited**

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During 2021, the Group took vigorous moves to respond to the goals of carbon peaking and carbon neutrality in Mainland China and Hong Kong. The Group used the Organic Waste Treatment Facilities Phase 2 project as a pilot unit for carbon neutrality during construction period, and increased investments in carbon neutrality as well as other environmental friendly and energy saving technologies. The Group organized different types of volunteer activities to give back to the community, with 4,278 employees participating in the volunteer works and serving 12,355.5 hours during the year. The outcome of these volunteer works was highly recognized and honored by the society, as evidenced by the grant of the “Gold Award for Volunteer Service (Organization)” by Social Welfare Department and the “Most Supportive Organization” by Construction Industry Council two years in a row. In 2021, the Group was awarded the “Hong Kong Volunteer Award – Corporate Award” by Agency for Volunteer Service for the first time, being the first Chinese-invested enterprise receiving this award. The Group was awarded the “CarbonCare® ESG Label” by CarbonCare InnoLab for six consecutive years and received the highest label level (level 4) for four consecutive years. Moreover, the Group was included in the FTSE4Good Index for five consecutive years.

### **Risk Management**

According to the internal control systems and the risk management framework of the Group, the Risk Management Control Committee is responsible for identifying the major risks of each operating platform, determining and assessing their potential impacts, and formulating effective control measures to mitigate the risks. In 2021, on the basis of the existing assessment system of project risks, the three-level project assessment mechanism was further improved to enhance the risk assessment and coping abilities.

Given the ongoing COVID-19 pandemic, the Group adhered to the comprehensive pandemic risk control system and coordinated pandemic prevention and control work as well as safe production, so as to ensure safe, orderly and effective business operation.

### **Financial Management**

In 2021, the Group continued to uphold sound financial management and maintain the financial leverage in a reasonable range. The hedging mechanism for foreign exchange rate was further enhanced through the matching between the business currency and the financing currency. During the year, the Group completed the issuance of subordinated secured USD perpetual capital securities by taking advantage of the financing opportunities with relatively favourable interest rate. In the financial market in China, the Group issued securities backed by the receivables of construction projects for the first time as a new move to revitalize idle assets. In an attempt to incorporate sustainable development management into our operation, the Group secured two sustainability-linked loans whose targets correspond to our sustainable development roadmap. This marks our first step in green finance.

Following the established operational objectives, the Group steadily controlled leverage and improved cash flow. As of 31 December 2021, the cash in hand amounted to HK\$24.40 billion, accounting for 11.1% of total assets. The net gearing ratio was controlled at 69.4%. The unutilized bank credit facilities of the Group was HK\$82.11 billion, representing an increase of 25.2% as compared with that of the corresponding period in the previous year.

### Human Resources

The Group attaches great importance to attracting and nurturing talents, and is committed to safeguarding the well-being of staff, sharing achievements with staff, and fostering a diverse and inclusive working environment. Adhering to its talent concept of “To assemble the enterprising ones and motivate promising ones”, the Group has continuously improved human resources management policies and systems. The Group provides competitive remuneration packages and employee benefits, and establishes a talent echelon in a scientific way. In 2021, following the trend of “transfer of Hong Kong standards to Mainland (港標內移)”, the Group seconded dozens of Hong Kong employees to Shenzhen to facilitate the integration of the construction modes of Hong Kong in Mainland China. This enhanced the communication between employees in the two places in the meanwhile. Confronted with recurrent outbreaks of the COVID-19, the Group strived to safeguard the health and safety of its employees. Through implementing stringent pandemic prevention and control measures, distributing anti-pandemic supplies and providing aids to employees who are subject to compulsory quarantine, the Group sought to ensure the safety as well as physical and mental health of all employees.

### Technological innovation

The Group regards technology as its core competitiveness and fundamental development strategy. It has stepped up investments in technology, consolidated its capability of scientific research, facilitated the transformation of achievements and established an expert committee which comprises academicians and industry experts to lead technological innovations. Currently, the committee has 27 experts, including 14 academicians of the Chinese Academy of Engineering and 1 academician of the Chinese Academy of Sciences. The committee has provided guidance as to technology strategies, technology research and development, commercialization of technology achievements and others to the Group, and enable expedited advancement of its level of architectural technology.

In 2021, the Group continued to increase investment in technology to foster a series of technological achievements. During the year, the Group obtained 113 patents, including 19 invention patents. It has also obtained five technology awards, such as the first prize of the Huaxia Construction Science and Technology Award, and also the Gold Award of China’s Construction Engineering Steel Structure, the NEC Tunnelling Construction Award, the NEC Contract Innovation Award, and the HKIE Innovation Award 2021. Leveraging on channels such as the architectural technology forum of the first BEYOND Expo in Macau, the Group proactively promoted its technological achievements.

As the scientific research giants of the Group, China State Hailong Construction Technology Company Limited and China State Construction Development Holdings Limited have attained outstanding achievements. With respect of Modular Integrated Construction (MiC), the Group established a research and development centre jointly with Harbin Institute of Technology. The Group achieved breakthrough in technologies such as rapid construction and contributed to the enhancement of differentiated competencies. As regard to the technology of curtain wall, the Group made groundbreaking progress in the formidable construction technology of hyperbolic curtain wall in the Murray Road Project in Central, Hong Kong and obtained the certification of passive unit glass curtain wall. Moreover, the Group entered into a strategic cooperation agreement with Advanced Solar Power to further explore the field of building-integrated photovoltaics (BIPV).

## **REVIEW OF FINANCIAL PERFORMANCE**

Profit attributable to owners of the Company was HK\$6,801 million, represents a year-on-year increase of 13.1%. Continued improvement in operating cashflow.

### **Overall performance**

Supported by robust order backlogs and the new contract awarded this year, the Group's revenue increased by 23.8% to HK\$77,310 million. Basic earnings per share was HK134.94 cents, a year-on-year rise of 13.3%. With a proposed final dividend per share of HK20.5 cents, an interim dividend per share of HK20 cents per share paid in the year, the total dividends for the year amount to HK40.50 cents per share, representing an increase of 12.5% as compared to last year.

During the year, Hong Kong, Macau and Mainland China remained the core markets and the major contributors of the Group, accounted for 30.8%, 10.9% and 52.4% of the Group's revenue, respectively. In Hong Kong and Macau, the Group focused on the construction business in both private and public sectors, and further consolidated its leading position in the field by our continued strong performance. In Mainland China, the Group mainly focused on construction related investment projects, its sustained scale growth is underpinned by its strong business execution and customer's satisfaction. China State Construction Development Holdings Limited and its subsidiaries (together, the "CSC Development Group") mainly focused on façade contracting business. This listed subsidiary is currently managed by a separate management team and thus is considered as a distinct business unit of the Group.

An analysis of major income statement items for the year is set out in the following paragraphs:

### ***Hong Kong and Macau***

#### *Construction and Related business*

Despite there is some disruption in project execution due to the outbreak of COVID-19 pandemic, Hong Kong segment recorded a flat growth in revenue to HK\$23,844 million, up by 6.4% as compared to HK\$22,404 million in last year. Segment result amounted to HK\$850 million, dropped by about 14.2% as compared to HK\$990 million in last year. The decline was mostly because of additional investment in smart site and increased input costs incurred for the pandemic prevention period.

With the contribution of large-scale projects, such as hospital, Macau's segment recorded an impressive growth in both revenue and segment result. The revenue and segment result of Macau increased 86.6% and 63.3% to HK\$8,405 million (2020: HK\$4,503 million) and HK\$832 million (2020: HK\$510 million) respectively.

## **China State Construction International Holdings Limited**

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### ***Mainland China***

Benefiting from Mainland China's ongoing economic recovery and subsiding disruptions from the pandemic, together with the rebounded in construction industry, Mainland China's segment accelerated its project execution and recorded a sustained revenue expansion during the year. Revenue and segment result from Mainland China rose by 25.3% and 35.1% year-on-year to HK\$40,529 million and HK\$8,784 million, respectively.

#### *(1) Construction related Investment Projects*

Our Construction related Investments 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. The Group continued to optimize the project mix on hand, increased participation in government targeted repurchase (GTR) projects and other shorter cash payback cycle project in order to accelerate capital turnover. During the year, the Group increased efforts on cash collection and received buy-back payment of HK\$25,508 million (2020 : HK\$18,383 million) from construction related investment project, including the attributable share of such payment received by our joint venture investments, up by about 38.8%.

Construction related Investment Projects remained the core business and the major contributor of Mainland China. Revenue and result grow at 25.4% and 35.9% over last year to HK\$39,489 million (2020 : HK\$31,485 million) and HK\$8,795 million (2020 : HK\$6,472 million) respectively.

#### *(2) Operation Infrastructure Projects*

Operation Infrastructure Projects representing toll roads operation. Excluding the contribution from joint venture, revenue from operation infrastructure projects was HK\$205 million (2020 : HK\$150 million), increased about 36.5% as compared to the year of 2020.

#### *(3) Other business*

Other business mainly represents contribution from industrial plant reconstruction, prefabricated construction industrialization factories and other business such as project management services. This sector recorded stable revenue of HK\$836 million as compared to HK\$715 million for the last year.

### ***China State Construction Development Holdings Limited***

CSC Development Group focused on the facade contracting business, general contracting business and operating management business. CSC Development Group further solidified its leading position in the market of Hong Kong and Macau and continues to expand its market in Mainland China and other regional markets.

## **Cash Flows Analysis**

As more investment projects entered the payback period, together with the successful of our business transformation in Mainland China to focus on project with shorter turnover period, the liquidity of the Group continuous improved. The improvement of operating cash outflow is in a good momentum, the net cash used in operating activities reduced significantly from HK\$4,532 million in 2020 to HK\$551 million during the year, and expected to be positive in the near future. The net cash outflow in investing activities was HK\$4,938 million (2020: net cash inflow of HK\$325 million), and the net cash inflow from financing activities was HK\$6,964 million (2020: HK\$2,881 million).

## **UNAUDITED OPERATING INFORMATION**

For the twelve months ended 31 December 2021, the Group recorded an accumulated new contract value of HK\$140.05 billion.

As of 31 December 2021, the on-hand contract value of the Group amounted to approximately HK\$476.66 billion, among which the backlog was approximately HK\$281.36 billion.

### **New Contracts Awarded & Project in Progress in 2021**

<b>Market</b>	<b>New Contract Awarded For the Twelve Months ended 31 December 2021 (HK\$ Billion)</b>	<b>Project in Progress as of 31 December 2021</b>	
		<b>Total Value (HK\$ Billion)</b>	<b>Backlog (HK\$ Billion)</b>
Mainland China	81.15	294.22	185.45
Hong Kong	36.05	110.98	60.73
Macau	14.64	52.74	24.33
China State Construction Development Holdings Limited	8.21	18.72	10.85
<b>Total</b>	<b>140.05</b>	<b>476.66</b>	<b>281.36</b>

## **BUSINESS OUTLOOK**

2021 marks the start of the “14th Five-Year Plan”. The Group has met its growth target successfully, maintained a sound financial structure, consolidated its major operating regions, improved its business structure and project quality constantly, and dedicated in transformation and upgrade. Focusing on scientific research and innovation, the Group produced exquisite work with first-class technology in the industry and enjoyed growing reputation in the society. Meanwhile, the Group has continued to improve its risk control measures to ensure stable development in the long term.

Looking forward, devoted to achieving the goals set out in the “14th Five-Year Plan”, the Group will continue to adhere to the “technology+” strategy and persist in building differentiated competitiveness to enable stable growth. At the beginning of 2022, economic recovery faces enormous challenge because of susceptible global supply chains, divergent policies of global major economies, emerging uncertainties in the real economy and capital markets, as well as the ongoing outbreak of the COVID-19 pandemic. The Group will continue to carry out regular pandemic prevention and control measures to ensure smooth business operation. In the Hong Kong market,

## China State Construction International Holdings Limited

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the Group will seize opportunities in hospital work and public housing projects while paying attention to the progress of large-scale development plans such as the Northern Metropolis, with an ambition to become the strongest beyond the largest. In the Macau market, the Group will focus on significant public well-being projects and further promote the application of new technologies such as prefabricated construction, so as to reinforce its market leading position. In Mainland China, the Group will continue to expand its business into profitable regions where it has competitive advantages, strictly select high-quality projects, as well as further optimize business mix. Coupled with increasing effort in the development of the featured general contracting business, the Group will further improve the quality of its infrastructure business operation. With the experience of developing the Greater Bay Area in the past years, the Group will continue to promote its business layout in the Greater Bay Area, capture the opportunities arising from the “transfer of Hong Kong and Macau standards to Mainland (港標、澳標內移)”, and facilitate the in-depth integration and development of the Greater Bay Area.

### ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 9 June 2022. The notice of the AGM, which constitutes part of a circular to shareholders of the Company, will be sent together with the 2021 annual report.

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

#### Shares Repurchases

During the year, the Company repurchased a total of 11,540,000 ordinary shares of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at an aggregate consideration (before expenses) of HK\$54,724,620. All the Shares repurchased were subsequently cancelled. The Board considered that the share repurchases would optimize the capital structure of the Company and enhance overall shareholders’ return, and were in the interest of the Company and its shareholders as a whole.

Details of the Shares repurchased during the year are as follows:

Month	Number of shares repurchased	Price paid per share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2021	4,322,000	4.60	4.46	19,537,760
February 2021	5,230,000	4.77	4.52	24,211,640
May 2021	1,988,000	5.68	5.41	10,975,220



## China State Construction International Holdings Limited

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### Issue of Listed Securities

On 9 June 2021, China State Construction Finance (Cayman) I Limited (the “CSCF Cayman I”), a wholly-owned subsidiary of the Company, issued US\$500,000,000 subordinated guaranteed perpetual capital securities at an initial distribution rate of 3.40% per annum. The subordinated guaranteed perpetual capital securities are listed on the Stock Exchange.

During the year, a subsidiary of the Company completed its public issuance of the following medium-term notes in the People’s Republic of China. The medium-term notes were listed on the Inter-bank Bond Market:

Date	Principal Amount (RMB)	Coupon Rate per annum	Maturity
31 May 2021	1,000 million	3.52%	3 years
29 December 2021	1,500 million	3.10%	3 years

### Redemption of Listed Securities

On 3 December 2021, CSCF Cayman I redeemed all of the outstanding US\$500,000,000 6.0% senior guaranteed perpetual capital securities (the “Securities”). CSCF Cayman I had made an application to the Stock Exchange for the withdrawal of the listing of the Securities accordingly. Such withdrawal of listing became effective at the close of business on 13 December 2021.

Save as disclosed above, 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 2021 and up to the date of its announcement.

## 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 (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. Directors and relevant employees of the Company are required to comply with the Securities Code. Reminders are sent to directors and relevant employees that they should not deal in the shares of the Company during the “black-out-period” specified in the Securities Code and before publishing any inside information announcement. Directors and relevant employees 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 and relevant employees confirmed that they have complied with the Securities Code during the year ended 31 December 2021.

## **REVIEW OF ACCOUNTS**

The Company's Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Company's independent auditor, Ernst & Young ("EY"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by EY 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 EY on this announcement.

## **ACKNOWLEDGEMENT**

With this opportunity, I would like to express my profound gratitude to the Board for its brilliant leadership, to the shareholders for their strong supports, to other members of the society for their generous assistances, and to all our staff for their hard works.

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

Hong Kong, 25 March 2022

*As at the date of this announcement (after the appointment of independent non-executive director becomes effective), the Board comprises Mr. Yan Jianguo as Chairman and Non-executive Director; Mr. Zhang Haipeng (Chief Executive Officer), Mr. Zhou Hancheng and Mr. Hung Cheung Shew as Executive Directors; Mr. Chen Xiaofeng as Non-executive Director; and Mr. Adrian David Li Man Kiu, Dr. Raymond Leung Hai Ming, Mr. Lee Shing See and Ms. Wong Wai Ching as Independent Non-executive Directors.*