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 2023, FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

FINANCIAL HIGHLIGHTS

	2023	2022	Change %
RESULTS (HK$'000)			
Revenue	**113,734,013**	101,975,265	11.5
Gross profit margin	**14.4%**	13.7%	0.7
Profit attributable to owners of the Company	**9,164,045**	7,956,876	15.2
FINANCIAL INFORMATION PER SHARE			
Earnings – basic (HK$)	**1.82**	1.58	15.2
Net assets (HK$)	**14.74**	13.46	9.5

DIVIDEND

The Board proposed a final dividend of HK28.5 cents per share. Together with the interim dividend of HK27.5 cents per share, total cash dividends for the year were HK56.0 cents (2022: HK48.0 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 (collectively referred to as the "Group") for the year ended 31 December 2023. The Group's audited profit attributable to owners of the Company for the year ended 31 December 2023 was HK$9,164 million, representing an increase of 15.2% as compared to last year while basic earnings per share increased by 15.2% to HK$1.82.

CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 31 December **2023** **HK$'000**	2022 HK$'000
Revenue	3	**113,734,013**	101,975,265
Costs of sales		**(97,395,103)**	(87,956,732)
Gross profit		**16,338,910**	14,018,533
Investment income, other income and other gains/(losses), net	5	**647,339**	1,577,205
Administrative, selling and other operating expenses		**(2,622,901)**	(2,434,764)
Share of profits of			
Joint ventures		**629,969**	275,196
Associates		**314,539**	333,934
Finance costs	6	**(3,204,309)**	(2,991,419)
Profit before tax		**12,103,547**	10,778,685
Income tax expenses, net	7	**(2,390,599)**	(2,309,221)
Profit for the year	8	**9,712,948**	8,469,464
Profit for the year attributable to:			
Owners of the Company		**9,164,045**	7,956,876
Holders of perpetual capital securities		**304,788**	295,824
Non-controlling interests		**244,115**	216,764
		9,712,948	8,469,464
Earnings per share (HK$)	10		
Basic		**1.82**	1.58
Diluted		**1.82**	1.58

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Profit for the year	**9,712,948**	8,469,464
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss in subsequent periods		
Loss on fair value changes of debt securities at fair value through other comprehensive income	**(99,090)**	(97,783)
Release of investment revaluation reserve to consolidated income statement upon disposal of debt securities at fair value through other comprehensive income	**3,835**	7,311
Impairment loss on debt securities at fair value through other comprehensive income	**117,782**	-
Exchange differences on translation of subsidiaries	**(2,205,690)**	(3,122,734)
Exchange differences on translation of joint ventures	**(448,910)**	(1,209,852)
Exchange differences on translation of associates	**(86,535)**	(212,060)
Items that will not be reclassified to profit or loss in subsequent periods		
Gain on fair value changes of investment properties transferred from property, plant and equipment, net of tax	**-**	11,668
Other comprehensive loss for the year, net of tax	**(2,718,608)**	(4,623,450)
Total comprehensive income for the year	**6,994,340**	3,846,014
Total comprehensive income for the year attributable to:		
Owners of the Company	**6,512,094**	3,458,767
Holders of perpetual capital securities	**304,788**	295,824
Non-controlling interests	**177,458**	91,423
	6,994,340	3,846,014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023 HK$'000	2022 HK$'000
Non-current Assets			
Property, plant and equipment		**5,664,826**	4,869,816
Right-of-use assets		**600,332**	570,025
Investment properties		**6,923,849**	7,080,272
Interests in infrastructure project investments		**3,651,302**	4,742,261
Interests in joint ventures		**16,916,238**	16,771,131
Interests in associates		**6,116,328**	7,482,593
Concession operating rights		**3,066,257**	3,328,066
Deferred tax assets		**123,170**	119,698
Trademark, project backlogs and licences		**216,116**	237,361
Goodwill		**577,664**	577,664
Financial assets at fair value through other comprehensive income		**388,709**	545,886
Amounts due from investee companies		**222,047**	231,481
Trade and other receivables	11	**55,600,846**	53,285,839
Loans to joint ventures		**1,283,721**	827,673
		101,351,405	100,669,766
Current Assets			
Interests in infrastructure project investments		**525,589**	471,693
Inventories		**522,852**	590,246
Properties under development		**6,289,737**	6,827,851
Properties held for sale		**4,078,986**	1,567,758
Contract assets		**21,593,655**	18,777,148
Trade and other receivables	11	**75,414,120**	65,830,023
Deposits and prepayments		**970,266**	877,898
Loan to a joint venture		**-**	340,727
Amounts due from joint ventures		**8,989,059**	8,307,400
Amounts due from associates		**564,697**	318,675
Amounts due from related companies		**106,870**	200,620
Tax recoverable		**404,560**	188,825
Bank balances and cash		**28,462,889**	23,881,499
		147,923,280	128,180,363

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	As at 31 December **2023** **HK$'000**	2022 HK$'000
Current Liabilities			
Contract liabilities		**9,926,742**	8,503,090
Trade payables, other payables and accruals	12	**74,884,549**	69,736,719
Deposits received		**49,129**	53,164
Amounts due to joint ventures		**1,184,331**	840,486
Amounts due to associates		**134,637**	58,438
Amounts due to related companies		**352,565**	455,618
Tax payables		**6,136,831**	5,481,524
Bank borrowings	13	**16,515,007**	13,719,657
Guaranteed notes payable and corporate bonds		**2,753,304**	2,980,184
Loans from a fellow subsidiary		**660,793**	909,091
Loan from a joint venture		**2,643,172**	-
Lease liabilities		**114,435**	86,671
		115,355,495	102,824,642
Net Current Assets		**32,567,785**	25,355,721
Total Assets less Current Liabilities		**133,919,190**	126,025,487
Capital and Reserves			
Share capital		**125,940**	125,940
Share premium and reserves		**61,597,479**	57,664,221
Equity attributable to owners of the Company		**61,723,419**	57,790,161
Perpetual capital securities		**10,017,782**	7,801,154
Non-controlling interests		**2,536,418**	2,205,139
		74,277,619	67,796,454
Non-current Liabilities			
Bank borrowings	13	**51,310,456**	45,457,207
Guaranteed notes payable and corporate bonds		**7,008,591**	8,760,252
Contract liabilities		**591,473**	663,898
Defined benefit obligations		**23,555**	-
Deferred tax liabilities		**590,736**	508,208
Loan from a joint venture		-	2,727,273
Lease liabilities		**116,760**	112,195
		59,641,571	58,229,033
		133,919,190	126,025,487

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 (the "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 HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW STANDARD AND AMENDMENTS TO EXISTING STANDARDS

(a) The adoption of new standard and amendments to existing standards

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

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

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

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

(a) The adoption of new standard and amendments to existing standards *(continued)*

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively. There is no material impact on the Group because the entities comprising the Group are operating in jurisdictions where the Pillar Two tax law is not enacted, and for those jurisdictions where it has been enacted, it does not have a material impact on the Group. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

(b) Amendments to existing standards not yet effective

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

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

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

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

3. REVENUE

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

An analysis of the revenue is as follows:

	2023	2022
	HK$'000	HK$'000
Revenue from construction contracts	**40,215,032**	45,219,645
Revenue from construction related investment projects (Note (a))	**63,592,981**	49,243,336
Revenue from facade contracting business	**5,008,692**	4,596,232
Revenue from infrastructure operation (Note (b))	**774,979**	791,688
Others (Note (c))	**4,142,329**	2,124,364
	113,734,013	101,975,265
Revenue from contracts with customers (Note (d))		
Timing of revenue recognition		
- Over time	**106,429,594**	95,921,767
- At a point in time	**3,355,623**	1,577,115
	109,785,217	97,498,882
Revenue from other sources		
- Interest income generated from construction related investment projects	**3,287,939**	4,082,619
- Others (Note (e))	**660,857**	393,764
	3,948,796	4,476,383
	113,734,013	101,975,265

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, insurance contracts and rental income from investment properties.

3. REVENUE *(continued)*

Notes: *(continued)*

(d) The revenue recognised for the years ended 31 December 2023 and 2022 are recognised over time, except for toll road operation, sales of building materials and industrial plant reconstruction of approximately HK$151,649,000 (2022: HK$151,983,000), HK$2,221,708,000 (2022: HK$815,597,000) and HK$982,266,000 (2022: HK$609,535,000), respectively, which were recognised at a point in time.

(e) The amount mainly comprises revenue from machinery leasing, 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 Chinese mainland (other than Hong Kong and Macau), Hong Kong and Macau.

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 2023 and 2022 are as follows:

	Segment revenue		Gross profit		Segment results	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segments						
Chinese mainland	**66,185,389**	48,631,132	**12,854,800**	11,014,847	**11,557,993**	10,283,783
Hong Kong and Macau	**41,591,707**	47,755,975	**2,508,392**	2,270,764	**1,985,785**	1,815,049
Hong Kong	**30,821,983**	37,214,275	**1,543,500**	1,700,777	**1,025,539**	1,271,039
Macau	**10,769,724**	10,541,700	**964,892**	569,987	**960,246**	544,010
CSC Development Group	**5,956,917**	5,588,158	**975,718**	732,922	**812,558**	471,690
	113,734,013	101,975,265	**16,338,910**	14,018,533	**14,356,336**	12,570,522
Share of revenue/results of joint ventures	**3,717,868**	4,400,665			**629,969**	275,196
Total	**117,451,881**	106,375,930			**14,986,305**	12,845,718
Unallocated corporate (expense)/income					**(26,131)**	281,975
Gain on disposal of a subsidiary					**-**	38,351
Gain on disposal of a joint venture					**-**	189,472
Gain on disposal of an associate					**33,143**	80,654
Share of profits of associates					**314,539**	333,934
Finance costs					**(3,204,309)**	(2,991,419)
Profit before tax					**12,103,547**	10,778,685

5. INVESTMENT INCOME, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	2023	2022
	HK$'000	HK$'000
Interest income on:		
Bank deposits	**266,932**	209,136
Debt securities at FVOCI	**15,691**	27,580
Loans to joint ventures	**13,835**	24,829
Loans to associates	**340**	54,903
Deposits with a fellow subsidiary	**1,159**	4,112
Dividend income from:		
Equity securities at FVOCI	**21,454**	7,223
Gain on disposal of:		
Property, plant and equipment, net	**5,241**	5,071
A subsidiary	**-**	38,351
A joint venture	**-**	189,472
An associate	**33,143**	80,654
Gain on fair value changes of investment properties, net	**305,778**	221,817
Revaluation gain upon transfer from properties held for sale to investment properties	**121,144**	85,154
Revaluation gain upon transfer from properties under development to investment properties	**-**	467,034
Service income	**8,255**	29,469
Others	**(145,633)**	132,400
	647,339	1,577,205

6. FINANCE COSTS

	2023	2022
	HK$'000	HK$'000
Interest on bank borrowings	**2,727,070**	2,319,472
Interest on guaranteed notes payable and corporate bonds	**357,045**	485,982
Interest on loan from a joint venture	**220,172**	216,546
Interest on loans from a fellow subsidiary	**19,399**	29,697
Interest on lease liabilities	**6,090**	9,929
Others	**823**	3,216
	3,330,599	3,064,842
Less: Capitalised in the cost of qualifying assets	**(126,290)**	(73,423)
	3,204,309	2,991,419

7. INCOME TAX EXPENSES, NET

	2023 **HK$'000**	2022 HK$'000
Current tax:		
Hong Kong profits tax	**202,464**	303,412
Other jurisdictions income tax	**2,394,251**	1,950,713
Chinese mainland land appreciation tax	**24,367**	30,906
Chinese mainland withholding income tax	**-**	15,355
	2,621,082	2,300,386
(Over)/under provision in prior years:		
Hong Kong profits tax	**(152,964)**	2,815
Other jurisdictions income tax	**(153,653)**	(29,122)
	(306,617)	(26,307)
Deferred tax, net	**76,134**	35,142
Income tax expenses for the year, net	**2,390,599**	2,309,221

Hong Kong profits tax is calculated at 16.5% (2022: 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

	2023	2022
	HK$'000	HK$'000
Profit for the year has been arrived at after charging/ (crediting):		
Employee benefits expense (including directors' emoluments):		
Staff costs	**6,318,011**	6,021,770
Contributions to retirement benefit plans	**401,363**	350,718
Share-based payment	**6,570**	34,127
	6,725,944	6,406,615
Depreciation of property, plant and equipment	**552,543**	402,007
Depreciation of right-of-use assets	**122,071**	99,726
	674,614	501,733
Amortisation of concession operating rights (included in costs of sales)	**161,674**	168,262
Amortisation of trademark and licences (included in administrative, selling and other operating expenses)	**17,424**	17,693
Short-term lease expense in respect of:		
Plant and machinery	**134,911**	316,744
Land and buildings	**38,924**	33,194
	173,835	349,938
Rental income from operating leases	**(113,826)**	(118,559)
Less: Direct operating expenses from property that generated rental income	**33,024**	26,804
Net rental income	**(80,802)**	(91,755)

9. DIVIDENDS

	2023	2022
	HK$'000	HK$'000
Dividends recognised as distributions during the year:		
2022 Final, paid – HK24 cents per share (2022: 2021 Final, paid – HK20.5 cents per share)	**1,209,028**	1,032,711
2023 Interim, paid – HK27.5 cents per share (2022: 2022 Interim, paid – HK24 cents per share)	**1,385,345**	1,209,028
	2,594,373	2,241,739

The final dividend of HK28.5 cents (2022: HK24 cents) per share amounting to approximately HK$1,435,721,000 (2022: HK$1,209,028,000) 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:

	2023	2022
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**9,164,045**	7,956,876

	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,037,617**	5,037,617

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 2023 and 2022.

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:

	2023	2022
	HK$'000	HK$'000
Trade receivables, net of allowance for doubtful debts, aged:		
0-30 days	**5,124,691**	20,671,014
31-90 days	**8,655,847**	3,281,673
Over 90 days	**92,080,665**	69,308,598
	105,861,203	93,261,285
Retention receivables	**6,093,389**	5,597,664
Other receivables	**19,060,374**	20,256,913
Trade and other receivables	**131,014,966**	119,115,862
Less: Current portion	**(75,414,120)**	(65,830,023)
Non-current portion (Note)	**55,600,846**	53,285,839

Note: The balances of non-current portion are mainly attributable to certain construction related investment projects in Chinese mainland. 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 2025 to 2033, with approximately HK$21,193,440,000 in 2025, HK$12,654,963,000 in 2026, HK$7,284,366,000 in 2027, HK$14,468,077,000 in 2028 to 2033. 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 approximately HK$51,734,692,000 (2022: HK$50,960,828,000).

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 2023, the amount of retention receivables expected to be recovered after more than one year is approximately HK$3,309,066,000 (2022: HK$2,933,641,000).

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.

11. TRADE AND OTHER RECEIVABLES *(continued)*

Other receivables

The analysis of the receivables is as follows:

	2023 **HK$'000**	2022 HK$'000
Payments for government targeted repurchase project (Note (a))	**16,655,594**	13,840,000
Bid and other deposits (Note (b))	**1,671,975**	1,780,788
Advances receivables (Note (c))	**279,305**	964,368
Input value-added tax	**-**	3,010,414
Others	**453,500**	661,343
	19,060,374	20,256,913

Notes:

(a) The balance represents amounts paid to local governments for acquisitions of land for construction of government targeted repurchase projects. It will be charged to profit and loss over the period of the contract by reference to the progress towards completion satisfaction of that performance obligation.

(b) The balance represents bid deposits, performance bonds, wage guarantee deposits and other deposits for construction related projects. These balances will be refunded upon completion of tender process or projects.

(c) The balance represents construction and material purchase costs paid on behalf of sub-contractors and employers of construction related projects. It includes balances with fellow subsidiaries amounting to approximately HK$95,371,000 (2022: HK$168,159,000), which are unsecured, interest free and repayable on demand.

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:

	2023	2022
	HK$'000	HK$'000
Trade payables, aged:		
0-30 days	**45,951,489**	42,992,914
31-90 days	**2,594,005**	1,562,303
Over 90 days	**9,524,192**	9,106,748
	58,069,686	53,661,965
Retention payables	**7,092,650**	6,820,303
Other payables and accruals	**9,722,213**	9,254,451
	74,884,549	69,736,719

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

13. BANK BORROWINGS

	2023	2022
	HK$'000	HK$'000
Bank borrowings, secured	**12,089,475**	16,272,083
Bank borrowings, unsecured	**55,735,988**	42,904,781
	67,825,463	59,176,864
Less: Current portion	**(16,515,007)**	(13,719,657)
Non-current portion	**51,310,456**	45,457,207
Carrying amount repayable:		
Within one year or on demand	**16,515,007**	13,719,657
More than one year but not exceeding two years	**17,789,729**	16,551,708
More than two years but not more than five years	**27,643,613**	19,068,083
More than five years	**5,877,114**	9,837,416
	67,825,463	59,176,864

The secured bank borrowings are secured by property, plant and equipment, interests in infrastructure project investments, properties under development and trade receivables.

Bank borrowings are mainly denominated in HK$ and Renminbi ("RMB").

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend for the year of 2023 of HK28.5 cents per share (2022: HK24 cents per share). Subject to the shareholders' approval of the proposed final dividend at the annual general meeting of the Company (the "AGM") to be held on Thursday, 6 June 2024, the final dividend will be paid on or about Tuesday, 9 July 2024 to shareholders whose names appear on the register of members of the Company at the record date and time on Tuesday, 18 June 2024 at 4:30 p.m..

In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited ("Tricor"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 18 June 2024.

CLOSURE OF REGISTER OF MEMBERS

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

Latest time to lodge transfer documents for registration	4:30 pm on 31 May 2024
Closure of register of members	3 June 2024 to 6 June 2024 (both days inclusive)
Record date	6 June 2024

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Tricor at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 6 June 2024. The notice of the AGM will be published in April 2024 together with 2023 Annual Report.

REVIEW OF OPERATION

The road to global economic recovery in 2023 was long and winded. As Europe and the United States (US) saw sticky core inflation, central banks in Europe and the US had to maintain a high-interest rate environment. The European economy was pronouncedly weak, while the pressure to achieve economic growth was on the rise in the US, weighing on its financial system and leading to negative spillovers to the global economy. Geopolitical crises and local conflicts broke out one after another around the world, posing severe challenges to global trade and supply chains. During the year, the Chinese economy withstood external pressure, overcame internal obstacles and stood up to challenges, thereby rallying and improving continuously. Demand in the service sector picked up significantly, leading to improved employment data, while the government continued to implement a proactive fiscal policy, with policy effectiveness on the rise. During 2023, China's economic aggregate reached a new level and continued to be an important driving force of the world's economic development. Driven by the recovery of Chinese mainland's economy, the economies of Hong Kong and Macau continued to rally, picking up growth momentum. Benefitting from revived tourism and domestic demand, Hong Kong achieved further economic recovery, while Macau took a solid step forward in its moderately diversified development, with a big climb in the number of inbound tourists and a higher-than-expected rebound in gaming revenue.

Facing a complex external environment, the Group adhered to its strategy of competitive differentiation, forged ahead with technology empowerment, strengthened its business management, actively engaged in market expansion, and strived for high-quality development, thus once again delivering a performance that satisfied all walks of lives in society. The Group was awarded a number of major livelihood projects in Hong Kong and Macau, confirming its market-leading position. As our business structure in Chinese mainland continued to be optimized, our operating cash flow, which had moved back to positive territory in the previous year, remained positive. In addition, our facade business continued to grow rapidly, and once again reached the peak of construction difficulty.

As of 31 December 2023, the audited revenue of the Group amounted to HK$113,734 million, with an operating profit of HK$14,986 million. The profit attributable to the owners of the Company increased by 15.2% to HK$9,164 million, with basic earnings per share of HK$1.82 and net asset value per share of HK$14.74. The Board recommended the distribution of a final dividend of HK28.5 cents per share for the year of 2023. The total dividend distributed throughout the year amounted to HK56.0 cents, representing a year-on-year increase of 16.7%.

Hong Kong and Macau Markets

In recent years, the Hong Kong government has actively promoted large construction projects such as the Northern Metropolis. The Group made full use of its competitive advantages in professional fields and its brand value to seize opportunities and successfully obtained a number of large projects in the Northern Metropolis. With its strong technical strength in healthcare construction, the Group continued to benefit from the "10-year Hospital Development Plan". It also performed well in traditional housing construction and was awarded a number of public and private housing projects, including the Olympic Avenue project in Kai Tak, the largest among the first batch of Light Public Housing projects. During the year, newly signed contracts in the Hong Kong market amounted to HK$70,921 million, representing a significant increase of 58.0%.

The Group also actively leveraged its technological advantages in the Macau market. We secured Macau's largest civil project of the year (the south section of the Light Rapid Transit East Line) and its only hospital project (the Islands Healthcare Complex), thus further cementing our leading position in the industry. During the year, newly signed contracts in the Macau market amounted to HK$9,541 million, as we continued to maintain our leading position in the Macau market.

The Group spared no effort in promoting the integrated development of the construction industry in the Greater Bay Area, winning three consecutive Greater Bay Area integration projects and achieving a number of "first-in-China" institutional innovations. The Nansha Primary School Ocean Times Campus expansion project in Guangzhou awarded to us during the year was not only the first Guangdong–Hong Kong integration pilot project in Guangzhou, but also the first concrete MiC project in Guangzhou.

Chinese mainland Market

In 2023, the Group continued to optimize the quality of its investments and implement its strategy of technology empowerment in Chinese mainland. Newly signed contracts in Chinese mainland amounted to HK$96,055 million, representing a year-on-year increase of 4.5%. The Group further optimized its investment map and focused on cementing its leading position in key investment areas. Our investment in government-targeted repurchase projects achieved a breakthrough and entered Guangzhou for the first time. During the year, over 90% of our newly awarded investment projects in Chinese mainland were located in high-quality areas including the Yangtze River Delta and the Greater Bay Area. The Group refined the operational scales of its projects and completed key milestones ahead of schedule to create favorable conditions for the collection of receivables. As a result, the Group continued to maintain a positive operating net cash flow during the year.

The Group actively explored the points of convergence between its technological advantages and the needs of homeowners, organizing tours for homeowners from different regions to visit and inspect its production bases and projects under construction. These tours helped to introduce our MiC products into Beijing, Guangzhou, Jiaxing and other cities, setting many firsts in the industry. The renovation and reconstruction project of Building No. 8 in Huapichang Hutong, Xicheng District, Beijing, undertaken by the Group, was one of the first batch of old community renovation pilots in Beijing (and the first in Xicheng District) using the "compensatory replacement of demolished housing" model. The project reached delivery standards in only 90 days, receiving special publicity from the State-owned Assets Supervision and Administration Commission and CCTV's Xinwen Lianbo program. The project provided a new solution for the reconstruction of old communities in supers large cities and megacities, and has become a new benchmark for using construction technology to serve people's livelihood.

Facade Market

China State Construction Development Holdings Limited ("CSC Development"), a subsidiary of the Group, delivered a strong performance in both the Hong Kong and Macau markets and the Chinese mainland market. In Hong Kong and Macau, CSC Development successfully delivered the Murray Road project in Central, and was successively awarded large public works, residential and commercial projects, demonstrating its solid market-leading position. In Chinese mainland, CSC Development gained a foothold in the Beijing market and had good cooperation with strategic customers including Huawei. The OPPO International Headquarters project in Shenzhen, awarded during the second half of the year, involved a variety of complex processes, once again setting a new world record for the most difficult facade project ever. Our building-integrated photovoltaic (BIPV) business also continued to make breakthroughs. During the year, CSC Development launched the new photovoltaic curtain wall products Light A and Mega Light A, completed the construction of its first photovoltaic curtain wall production line, and won the bid for the BIPV project for the Shenzhen Academy of Metrology & Quality Inspection. During 2023, newly signed contracts of CSC Development amounted to HK$11,501 million, representing a year-on-year increase of 13.6%.

Sustainable Development Management

While forging ahead with its business development, the Group continued to optimize its sustainable development management and promote adjustments to the appointment of independent non-executive directors. We announced six policies, including the "Sustainable Procurement Policy" and the "Water Resources Management Policy", as we strived to establish a sound internal ESG management system. During the year, the Group actively promoted the internal application of its independently developed "carbon neutral cloud platform", which has been fully implemented in its Hong Kong and Macau projects and has been piloted in its Chinese mainland projects, thus laying a solid foundation for subsequent carbon management. The Group made the 2023 Fortune China ESG Impact List and received the 2022 Leap Forward Award by CDP, both for the first time. It was included in the first Sustainability Yearbook (China edition) by S&P Global and was named an "Industry Mover". It was selected as a constituent of the FTSE4Good Index for the seventh consecutive year, and was re-selected as a constituent of the Hang Seng Corporate Sustainability Benchmark Index, which shows that the Group's sustainability performance was once again recognized by the market and authoritative institutions.

Risk Management

In order to continuously identify and manage strategic, financial, market, operational and other risks, the Group has established a risk management and control team, whose members include executive directors and senior management. The audit department and the risk management and control team regularly and independently evaluate and monitor risks to keep them at acceptable levels. During the year, the Group actively followed up on relevant developments, reasonably assessed potential risk points, and proactively prevented and controlled risks, as it continued to promote the construction and review of internal control to ensure that its operation complies with laws and regulations.

Financial Management

In 2023, the Group adhered to its prudent financial policy and focused on the management of cash flows. Our net operating cash flow and net investment cash flow remained positive and kept improving. The Group timely seized the financing window of RMB, thus further increasing the percentage of RMB in its debt balance, slashing financing costs reasonably and reducing exchange rate risks. The Group also continued to actively leverage green financial instruments, obtaining a sustainability-linked loan of US$100 million in Hong Kong, and issuing the first tranche of its green corporate bonds (23 CSCII G1). It was China's first green bond issued with the highest grade of certification for prefabricated construction.

The financial position of the Group remained sound, with sufficient cash on hand and available financial resources. As of 31 December 2023, cash on hand amounted to HK$28,463 million, accounting for 11.4% of its total assets. The net gearing ratio was controlled at 66.1%, representing a year-on-year decrease of 3.3 percentage points. Unutilised bank credit facilities were HK$80,021 million, representing a decrease of 12.5% as compared with that of the corresponding period in the previous year.

Human Resources

The Group attaches great importance to the management and reserve of human resources as well as the training of employees. With an open and inclusive attitude, we recruit talents with rich industry experience and cutting-edge scientific and technological knowledge. During the year, the Group carried out extensive recruitment activities to effectively respond to the rapidly growing demand for talent in Hong Kong. It continued to strengthen cooperation with academic experts and jointly built the first overseas academician and expert workstation in Hong Kong with Academician Chen Xiangsheng. The Group is committed to establishing good cooperative relations with major universities, having reached preliminary agreements on talent cooperation with three universities including Harbin Institute of Technology. We also co-hosted the 4th National Civil Engineering College Student Cadre Forum with Southeast University. During the year, the "8-Minute Topic" program was officially launched. Under the program, one or two outstanding employees are invited each month to share grassroots-level practices and exchange experiences and thoughts at the president's office meeting. The program serves as a platform for employees to showcase themselves and communicate with management. With its excellent human resources management achievements, the Group won the 2023 Liepin National "Extraordinary Employer" award, and was the only construction company to win the "Grand Award–Employer of the Year" in Hong Kong.

Technological Innovation

Technology is one of the strategic cores of the Group as well as the key to getting the Group out of “red ocean” competition. In 2023, the Group invested HK$486 million in R&D, forging ahead with the goals set in the 14th Five-Year Plan. Technology empowerment continued to drive the enhancement of the quality and efficiency of the Group’s business development. During the year, the Group achieved remarkable technology-driven growth, as newly signed technology-driven contracts amounted to HK$74,620 million, accounting for 39.7% of the total newly signed contracts with a year-on-year increase of 44.6%. At the end of the year, we made a breakthrough in undertaking high-level national R&D projects, as two projects submitted by the Group, “Research on and Application of the Key Technologies of Modular Integrated Construction” and “Research on and Application of Key Technologies for the Combination of Normal Use and Emergency of Healthcare Buildings”, obtained approval under the 14th Five-Year Plan national key R&D program. CSC Development continued to promote R&D in BIPV. In addition to product development, it completed the internal photovoltaic transformation of our Zhuhai plant, which has achieved on-grid connection and electricity generation. The transformation can provide 40% of the annual electricity consumption of the Zhuhai plant. The Group hosted the 2023 Forum on Future Urban Construction and Sustainable Development. As an exclusive strategic partner of sustainability, it participated in the BEYOND Expo 2023. It also took part in large exhibitions including the China International Exposition of Housing Industry & Products and Equipment of Building Industrialization, the Tektónica International Building and Construction Fair in Portugal, and the China–ASEAN Expo, actively promoting its technological achievements to the outside world. During the year, we obtained 211 patents and won major awards including the ICE Annual Awards–Edmund Hambly Medal, awards at the Geneva International Exhibition of Inventions, the Luban Prize (National Quality Engineering) (Overseas Works), the China Patent Award–Excellence Award, and the Guizhou Province Science and Technology Progress Award–Second Prize. The Group’s outstanding scientific and technological strength has been widely recognized both in China and around the world. In the future, the Group will continue to put effort into R&D and marketing to further transform its business.

REVIEW OF FINANCIAL PERFORMANCE

Profit attributable to owners of the Company was HK$9,164 million, represents a year-on-year increase of 15.2%. HK$501 million net cash inflow from operating activities.

Overall Performance

The Group has continued to maintain growth momentum this year after exceeding HK$100 billion in turnover last year. The Group's revenue increased by 11.5% to HK$113.7 billion.

Basic earnings per share was HK$1.82, a year-on-year rise of 15.2%. With a proposed final dividend per share of HK28.5 cents, an interim dividend per share of HK27.5 cents paid in the year, the total dividends for the year amount to HK56.0 cents per share, representing an increase of 16.7% as compared to last year.

During the year, Hong Kong, Macau and Chinese mainland remained the core markets and the major contributors of the Group, accounted for 27.1%, 9.5% and 58.2% 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 Chinese mainland, the Group mainly focused on construction related investment projects, its sustained scale growth is underpinned by its strong business execution and customer's satisfaction. CSC Development Group mainly focused on facade 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

During the year, Hong Kong segment successively secured large hospital projects, won bids for large infrastructure projects and the housing projects located in core regions. In the absence of construction projects related to pandemic prevention, Hong Kong's revenue dropped 17.2% to HK$30,822 million. Segment result amounted to HK$1,026 million, dropped by 19.3%.

Macau's revenue remains high as several large-scale hospital and comprehensive entertainment project continues, amounting HK$10,770 million, up by 2.2%. Segment result increased 76.5% to HK$960 million. This is because profit of several large-scale projects commenced to realise profit in the year.

Chinese mainland

Chinese mainland segment continues to increase investment in high-quality markets such as the Yangtze River Delta and the Greater Bay Area. At the same time, the Group increases the expansion of Modular Integrated Construction ("MiC") business and apply it to different provinces and fields. Revenue and segment result from Chinese mainland rose by 36.1% and 12.4% year-on-year to HK$66,185 million and HK$11,558 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 optimise the project mix on hand, increased participation in government targeted repurchase projects and other shorter cash payback cycle project in order to accelerate capital turnover. During the year, Chinese mainland increased efforts on cash collection and received buy-back payment of HK$46,147 million from Construction Related Investment Project, including the attributable share of such payment received by our joint venture investments, up by 45.6%.

Construction Related Investment Projects remained the core business and the major contributor of Chinese mainland. Revenue and result grow at 37.7% and 16.4% over last year to HK$64,495 million and HK$10,896 million respectively.

(2) Operation Infrastructure Projects

Operation Infrastructure Projects represents toll road operation. The revenue from Operating Infrastructure Projects excluding contribution from joint venture was HK$152 million, remain at the same level as last year.

(3) Other Business

Other Business mainly represents contribution from industrial plant reconstruction, prefabricated construction industrialisation factories and other business such as project management services. The revenue from this sector was HK$1,538 million, dropped 5.8%.

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 Chinese mainland. During the year, both revenue and result continued to do well.

Cash Flows Analysis

During the year, the Group's cashflow continues to improve, generated HK$501 million and HK$1,174 million net cash inflow from operating and investing activities, respectively. The net cash inflow from financing activities was HK$4,548 million.

UNAUDITED OPERATING INFORMATION

For the twelve months ended 31 December 2023, the Group recorded an accumulated new contract value of HK$188,018 million.

As of 31 December 2023, the in progress contract value of the Group amounted to approximately HK$571,944 million, among which the backlog was approximately HK$350,051 million.

New Contracts Awarded & Project in Progress in 2023

Market	New Contract Awarded For the Twelve Months ended 31 December 2023 (HK$ million)	Project in Progress as of 31 December 2023	
		Total Value (HK$ million)	Backlog (HK$ million)
Chinese mainland	96,055	323,640	205,640
Hong Kong	70,921	152,196	107,390
Macau	9,541	66,252	20,782
CSC Development Group	11,501	29,856	16,239
Total	188,018	571,944	350,051

BUSINESS OUTLOOK

In 2023, the Group forged ahead with market expansion, thus successfully achieving its growth targets. We also continued to optimize our business structure and maintain a solid financial structure. With its industry-leading technological strength, the Group actively promoted industrialization and informatization in construction, delivered high-quality projects, and further enhanced its brand reputation.

Looking to the future, we can see that many positive factors in China's economic development are accumulating. Driven by China's development, the economies of Hong Kong and Macau will also continue to recover. The Group will conduct an in-depth analysis of macroeconomic conditions and national policies in order to develop new quality productive forces. For the Hong Kong and Macau markets, we will further enhance our strategic planning, strengthen the training and reserve of professional talents in civil engineering, environmental protection and other fields, and support large urban development plans including the Northern Metropolis. We will also continue to secure different kinds of projects including large hospitals, public housing and environmental protection facilities. For the Chinese mainland market, we will focus on selecting high-quality projects and balancing funds. We will also actively promote the application of construction technology and use construction technology to improve people's livelihood. The Group's technology-driven strategy has already achieved remarkable results. In the future, we will continue to focus on technological innovation and digital transformation, and leverage technology empowerment to fuel the Company's long-term high-quality development.

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

Issue of Listed Securities

During the year, a subsidiary of the Company completed the public issuance of the following listed securities:

Issue Date	Securities	Principal Amount (RMB)	Coupon Rate per annum	Maturity
21 August 2023	Corporate bonds issued and listed on Shenzhen Stock Exchange	1,100 million	2.88%	3 years
16 November 2023	Medium-term notes issued and listed on the China Inter-bank Bond Market	2,000 million	3.50%	3 + N years (Perpetual)

Redemption of Listed Securities

During the year, a subsidiary of the Company redeemed all of the following outstanding securities upon their maturity:

Redemption Date	Securities	Principal Amount (RMB)	Coupon Rate per annum	Maturity
29 July 2023	Corporate bonds issued and listed on Shanghai Stock Exchange on 30 July 2020	2,000 million	3.48%	3 years
28 October 2023	Medium-term notes issued and listed on the China Inter-bank Bond Market on 26 October 2020	500 million	3.45%	3 years

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Group during the year ended 31 December 2023.

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 C1 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 C3 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 securities 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 securities of the Company. 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 2023.

REVIEW OF ACCOUNTS

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023.

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 2023 as set out in this announcement have been agreed by the independent auditor of the Company, 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 sincere gratitude to the Board for its brilliant leadership, to the partners and investors 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
Zhang Haipeng
Chairman and Executive Director

Hong Kong, 21 March 2024

As at the date of this announcement, the Board comprises Mr. Zhang Haipeng as Chairman and Executive Director; Mr. Yan Jianguo as Non-executive Director; Mr. Wang Xiaoguang (Chief Executive Officer) and Mr. Hung Cheung Shew as Executive Directors; and Dr. Raymond Leung Hai Ming, Ms. Wong Wai Ching and Mr. Chan Tze Ching Ignatius as Independent Non-executive Directors.