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中國建築興業集團有限公司

CHINA STATE CONSTRUCTION DEVELOPMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 830)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

	2024	2023	Change
RESULTS (HK\$'000)			
Revenue	8,101,694	8,665,765	-6.5%
Profit attributable to owners of the Company	650,253	580,420	12.0%
FINANCIAL INFORMATION PER SHARE			
Earnings – basic (HK cents)	28.83	25.73	12.0%

The board of directors (the “Board”) of China State Construction Development Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	3	8,101,694	8,665,765
Costs of sales	5	<u>(7,134,744)</u>	<u>(7,692,702)</u>
Gross profit		966,950	973,063
Other income and gains, net	4	42,155	46,959
Administrative, selling and other operating expenses	5	(210,135)	(287,852)
Share of profit of an associate		34	69
Finance costs	6	<u>(74,740)</u>	<u>(81,776)</u>
Profit before tax		724,264	650,463
Income tax charge	7	<u>(80,385)</u>	<u>(78,233)</u>
Profit for the year		<u>643,879</u>	<u>572,230</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		650,253	580,420
Non-controlling interests		<u>(6,374)</u>	<u>(8,190)</u>
		<u>643,879</u>	<u>572,230</u>
Earnings per share attributable to owners of the Company			
Earnings per share			
Basic and diluted	9	<u>HK28.83 cents</u>	<u>HK25.73 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	643,879	572,230
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(150,947)	(94,175)
Exchange differences arising on translation of an associate	692	491
Other comprehensive loss for the year, net of tax of nil	(150,255)	(93,684)
Total comprehensive income for the year	493,624	478,546
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	502,192	485,862
Non-controlling interests	(8,568)	(7,316)
	493,624	478,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current Assets			
Property, plant and equipment		1,553,377	1,723,409
Right-of-use assets		235,120	197,476
Investment properties		18,943	18,943
Interests in infrastructure project investments	10	-	13,779
Interests in an associate		9,005	8,969
Deferred tax assets		112,162	115,167
Total non-current assets		<u>1,928,607</u>	<u>2,077,743</u>
Current Assets			
Interests in infrastructure project investments	10	13,705	26,190
Inventories		152,888	152,458
Contract assets		5,411,269	4,571,635
Trade and other receivables	11	2,083,521	2,087,075
Deposits and prepayments		170,475	260,310
Tax recoverable		5,126	883
Amounts due from fellow subsidiaries		754,275	752,418
Cash and bank balances		982,505	712,950
Total current assets		<u>9,573,764</u>	<u>8,563,919</u>
Current Liabilities			
Bank borrowings	12	583,341	789,513
Contract liabilities		797,470	921,081
Trade payables, other payables and accruals	13	3,814,993	3,585,358
Lease liabilities		29,258	21,627
Deposits received		21,377	25,230
Current tax payables		126,573	130,957
Amounts due to fellow subsidiaries		1,970,760	1,844,368
Total current liabilities		<u>7,343,772</u>	<u>7,318,134</u>
Net current assets		<u>2,229,992</u>	<u>1,245,785</u>
Total Assets less Current Liabilities		<u>4,158,599</u>	<u>3,323,528</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Capital and Reserves			
Share capital	14	22,555	22,555
Share premium and reserves		<u>2,652,157</u>	<u>2,379,267</u>
Equity attributable to owners of the Company		2,674,712	2,401,822
Non-controlling interests		<u>(114,524)</u>	<u>(105,956)</u>
Total equity		<u>2,560,188</u>	<u>2,295,866</u>
Non-current Liabilities			
Contract liabilities		523,026	591,473
Bank borrowings	12	997,607	398,471
Lease liabilities		77,485	37,425
Deferred tax liabilities		<u>293</u>	<u>293</u>
Total non-current liabilities		<u>1,598,411</u>	<u>1,027,662</u>
		<u>4,158,599</u>	<u>3,323,528</u>

NOTES

(1) BASIS OF PREPARATION

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

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

(2.1) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group’s financial statements.

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

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

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

(3) REVENUE AND SEGMENT INFORMATION

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

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

- Facade and General Contracting Works
- Operating Management

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

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

The Group has restated certain comparative segment information below to conform with the current year's presentation by combining "Facade Contracting Works" and "General Contracting Works" to "Facade and General Contracting Works". In the opinion of the Company's directors, the revised basis of segment identification provides a more appropriate presentation of the segment information.

(3) REVENUE AND SEGMENT INFORMATION (continued)

Segment results for the years ended 31 December 2024 and 2023 are as follows:

	Revenue		Gross profit		Segment result	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)		(Restated)
Facade and General						
Contracting Works	7,223,863	7,718,645	861,536	883,069	781,635	815,350
Operating Management	877,831	947,120	105,414	89,994	55,779	31,951
Total	8,101,694	8,665,765	966,950	973,063	837,414	847,301
Unallocated corporate expenses					(54,377)	(133,208)
Other income and gains, net					15,933	18,077
Share of profit of an associate					34	69
Finance costs					(74,740)	(81,776)
Profit before tax					724,264	650,463

For the year ended 31 December 2024, segment revenue of Facade and General Contracting Works and Operating Management comprises revenue from Hong Kong, Chinese Mainland and other region amounting to HK\$7,971,011,000 (2023: HK\$8,222,106,000) and revenue from North America region amounting to HK\$130,683,000 (2023: HK\$443,659,000).

For the year ended 31 December 2024, revenue amounting to HK\$8,074,024,000 (31 December 2023: HK\$8,632,860,000) are recognised over time and revenue amounting to HK\$27,670,000 (31 December 2023: HK\$32,905,000) are recognised at a point in time.

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

	Depreciation of property, plant and equipment		(Gain)/loss on disposal on items of property, plant and equipment	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Facade and General Contracting Works	13,135	13,736	(10,961)	-
Operating Management	2,369	1,503	23	87
	15,504	15,239	(10,938)	87

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

	Non-current assets*		Addition to property, plant and equipment	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong, Chinese Mainland and Others	1,414,866	1,463,689	64,898	70,930
North America	401,579	485,108	486	6,906
	1,816,445	1,948,797	65,384	77,836

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

(3) REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

Major customer information

For the year ended 31 December 2024, one major customer in Facade and General Contracting Works contributed revenue for more than 10 per cent of the Group's total revenue (2023: two major customers in Facade Contracting Works each contributed revenue more than 10 per cent of the Group's total revenue).

(4) OTHER INCOME AND GAINS, NET

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Bank interest income	3,580	4,246
Exchange gain, net	13,578	11,304
Insurance claim received	3,158	159
Rental income	698	1,562
Gain on fair value changes of investment properties	-	79
Reversal of provision of trade and other receivables	-	9,531
Government grants *	2,689	9,917
Gain on disposal on items of property, plant and equipment	10,938	-
Sundry income	7,514	10,161
	<u>42,155</u>	<u>46,959</u>

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

(5) EXPENSES BY NATURE

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging/(crediting):		
Costs of sales		
Costs of contracting works performed	6,562,497	7,047,575
Costs of service rendered and supply of heat, steam and electricity	551,534	620,327
Warranty provisions, net	20,713	24,800
	<u>7,134,744</u>	<u>7,692,702</u>
Administrative, selling and other operating expenses		
Staff costs, including directors' emoluments:		
Salaries, bonuses and allowances	1,147,736	1,140,943
Retirement benefits scheme contributions *	97,984	97,581
Less: Amounts included in costs of sales	(1,111,042)	(1,103,525)
	134,678	134,999
Depreciation of property, plant and equipment, excluding right-of-use assets	137,465	128,339
Less: Amounts included in costs of sales	(130,230)	(120,781)
	7,235	7,558
Depreciation of right-of-use assets	43,491	28,857
Less: Amounts included in costs of sales	(35,222)	(21,176)
	8,269	7,681
Expenses relating to short-term leases	14,620	12,669
Less: Amounts included in costs of sales	(13,558)	(11,901)
	1,062	768
Auditor's remuneration		
Audit services	2,982	3,245
Non-audit services	323	297
Sub-total	3,305	3,542
Provision of trade and other receivables	-	1,124
Impairment of goodwill	-	87,649
Loss on disposal on items of property, plant and equipment	-	87
Others	55,586	44,444
Total	<u>210,135</u>	<u>287,852</u>

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

(6) FINANCE COSTS

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank borrowings	69,965	80,220
Interest on lease liabilities	4,775	1,556
	<u>74,740</u>	<u>81,776</u>

(7) INCOME TAX CHARGE

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
The amount of taxation charged to the consolidated income statement represents:		
Current tax — Hong Kong profits tax		
Provision for the year	66,745	38,705
Overprovision in prior years	(103)	(211)
	<u>66,642</u>	<u>38,494</u>
Current tax — Chinese Mainland and overseas		
Provision for the year	<u>13,463</u>	<u>52,110</u>
Deferred tax	<u>280</u>	<u>(12,371)</u>
Income tax charge for the year	<u>80,385</u>	<u>78,233</u>

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

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

(8) DIVIDENDS

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend paid of HK7.0 cents per ordinary share (2023: HK5.5 cents per ordinary share)	157,888	124,055
Proposed final dividend of HK2.8 cents per ordinary share (2023: HK3.2 cents per ordinary share)	<u>63,155</u>	<u>72,177</u>
	<u>221,043</u>	<u>196,232</u>

The final dividend proposed after 31 December 2024 was not recognised as a liability at 31 December 2024 and is subject to approval by shareholders in the forthcoming annual general meeting.

(9) EARNINGS PER SHARE

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

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>650,253</u>	<u>580,420</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares used in basic and diluted earnings per share calculation	<u>2,255,545</u>	<u>2,255,545</u>
Basic and diluted earnings per share (HK cents)	<u>28.83</u>	<u>25.73</u>

The Company did not have any dilutive potential ordinary shares during the year ended 31 December 2024 (2023: Nil).

(10) INTERESTS IN INFRASTRUCTURE PROJECT INVESTMENTS

	At 31 December	
	2024	2023
	HK\$'000	HK\$'000
Interests in infrastructure project investments	13,705	39,969
Less: Portion due within one year included in current assets	<u>(13,705)</u>	<u>(26,190)</u>
Portion due after one year	<u>-</u>	<u>13,779</u>

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

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

The infrastructure project investments have a yield of 10.2% (2023: 10.2%) per annum. The interests in infrastructure project investments were not past due as at 31 December 2024.

The directors of the Company reviewed individually the infrastructure projects' operations and financial positions as at 31 December 2024 based on the present values of estimated future cash flows from those investments, discounted at their respective original effective interest rates.

(11) TRADE AND OTHER RECEIVABLES

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

	At 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade receivables:		
0 to 30 days	191,440	364,891
31 to 90 days	243,507	112,984
More than 90 days	572,428	582,670
	<u>1,007,375</u>	<u>1,060,545</u>
Retention receivables	1,017,114	971,869
	<u>2,024,489</u>	<u>2,032,414</u>
Other receivables	59,032	54,661
	<u>2,083,521</u>	<u>2,087,075</u>

Except for the receivables arising from construction contracts which are billed and immediately payable in accordance with the terms of the relevant agreement, the Group generally allows an average credit period not exceeding 90 days (2023: 90 days) to its customers and the retention receivables are repayable approximately one year after the expiry of the defect liability period of construction projects.

(12) BANK BORROWINGS

	At 31 December	
	2024	2023
	HK\$'000	HK\$'000
Bank loan, secured	-	10,052
Bank loans, unsecured	1,580,948	1,177,932
	<u>1,580,948</u>	<u>1,187,984</u>
The borrowings are repayable as follows:		
On demand or within one year	583,341	789,513
In the second year	-	-
In the third to fifth years, inclusive	997,607	398,471
	<u>1,580,948</u>	<u>1,187,984</u>
Less: Current portion	(583,341)	(789,513)
Non-current portion	<u>997,607</u>	<u>398,471</u>

At 31 December 2023, HK\$10,052,000 were secured by a mortgage on the Group's land and buildings of HK\$14,735,000.

(13) TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

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

	At 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade payables:		
0 to 30 days	2,138,321	2,232,915
31 to 90 days	750,160	225,915
More than 90 days	338,724	512,250
	3,227,205	2,971,080
Retention payables	370,390	368,789
	3,597,595	3,339,869
Other payables and accruals	217,398	245,489
	3,814,993	3,585,358

(14) SHARE CAPITAL

	Issued and fully paid	
	Number of	Share capital
	shares	Amount
	'000	HK\$'000
Ordinary shares of HK\$0.01 each		
At 1 January 2023, 1 January 2024 and 31 December 2024	2,255,545	22,555

(15) COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

BUSINESS REVIEW

In 2024, the Group continuously focused on the core business of facade contracting, following the business strategy of “deepening in Hong Kong and Macau, consolidating in Chinese Mainland, and focusing on key overseas markets”. Leveraging the brand strengths of “Far East Facade”, we fully seized the market opportunities, empowered business development with innovative technologies, and improved cost-efficiency through refined management. The major core performance indicators maintained growth against the trend.

Market Conditions

In 2024, geopolitical conflicts intensified. Trade protectionism prevailed. Although the global economy has not experienced a recession, the growth rate was slow. The removal of stamp duty control on residential properties in Hong Kong has had a limited stimulating effect on the housing market. Developers have maintained a cautious attitude, resulting in a significant year-on-year reduction in the number and scale of new development projects. Chinese Mainland’s real estate was in an industry adjustment period, with stabilizing after decline becoming the main tone of central policy. Facing the challenges of a downturn in the industry, the Group has deepened its presence in Hong Kong and Macau, consolidated its position in Chinese Mainland, and accelerated its expansion in Singapore. The Group maintained its leading position in the facade market in Hong Kong, fulfilling high-quality contract performance and advancing the high-quality development of facade business.

1. Contracting Engineering Business

Facade Contracting Business

Hong Kong and Macau regions are the long-established key markets of the Group. The Group continued to strengthen its brand effect, competitive edge and performance capabilities, and further enhanced its leading position in the facade market of Hong Kong, with an estimated market share exceeding 50% in 2024. As a recognised premium provider of overall high-end facade solutions in Hong Kong and Macau, the Group focused on deepening the strategic cooperation with existing major clients, actively expanding its strategic client base and enhancing synergies within the Group. During the year, the Group achieved outstanding performance in the Hong Kong market, and newly awarded projects included a number of large facade projects, such as Henderson Land’s New Central Harbourfront 3A Commercial Project, Wheelock’s Kwu Tung North residential project in Sheung Shui Fanling, and Henderson Bailey Street/Wing Kwong Street building. The Group carefully organized the internal design, procurement, production and installation resources, vigorously implemented the project incentive mechanism and strengthened safety control to ensure construction period, quality, safety and efficiency of the projects. In addition, by integrating the demand of the existing facade market, the Group has initiated facade inspection, maintenance and upgrade business, winning bids for major renovation projects such as the redevelopment of Landmark and Landmark Alexandra in Central, and creating new business growth points.

The facade market in Macau is mainly dominated by large entertainment resort hotels. With the Group’s strong performance capacity, Galaxy (phase 4) project, which has the largest contract for single facade project in the world, is progressing smoothly and has reached its phased targets. The Group maintains a relative close cooperation with strategic major clients such as Sands, MGM, and Galaxy, and will have a significant competitive advantage in future large-scale projects. The Group has already won the MGM Cotai Fantasy Box project during the year. Meanwhile, the Group’s performance in public building projects is also outstanding, contributing to winning bids for the public office building project at NAPE Lote 12.

There is huge potential in the facade market in Chinese Mainland. The Group continued to adhere to the competitive strategy of differentiation. Relying on its high-end brand, high-end technologies, experience accumulated in challenging projects and the influence of reliable quality established by “Far East Facade”, the Group focused on “big markets, big landlords, and big projects”, deepened the synergy between Hong Kong, Macau, and Chinese Mainland. During the year, the Group added another high-end project to its portfolio by winning the bid for Shenzhen Bay Super Headquarters Base C Tower Project. Other newly awarded large-scale facade projects included: OPPO Dongguan Binhaiwan High-end Talent Housing and Commercial Project, Shanghai Sina Headquarters Project, Shanghai West Bund Convention and Exhibition Center Project and Tongzhou Financial Development and Talent Cultivation Base Project of Tsinghua University in Beijing.

The business environment in Singapore is excellent, and the facade market remains stable in terms of size. The Group accelerated its expansion in the Singapore market and completed the formation of the local team during the year. Leveraging the brand, technology and resource advantages of Far East Facade, the Group has established good cooperative relationships with local landlords and won bids for projects such as Zion Road Parcel A and Central Mall, gradually becoming a new overseas growth point for the facade contracting business. It is expected that the Group will gain more trust and cooperation from landlords, and the market share in Singapore will steadily increase.

In recent years, the development of countries along the “Belt and Road” has attracted significant attention, resulting in a large number of high-end and high-quality landmark projects. The Group will seize the important opportunities in the facade market development of countries along the “Belt and Road”, thoroughly research political risks, business risks, cultural risks, and supply chain risks, prudently carry out business expansion and continuously focus on large potential development projects in Middle East and Southeast Asia regions.

The building-integrated photovoltaics (BIPV) is deemed as the focus of the Group’s new business development. The Group has a team of seasoned professionals in the industry, supported by an expert team composed of academicians from Chinese Academy of Engineering, successfully overcoming key technologies such as ultra-thin surfaces and lightweight high-strength structures. The performance of such products has obtained multiple international certifications and passed architectural performance tests, achieving photovoltaic facade products with performance and display effects similar to those of traditional building materials such as aluminum panels, stone, and glass for building exteriors. During the year, the Light series products of the Group were showcased at the CSCEC Science and Technology Exhibition. The industry and customers highly praised the photovoltaic products of the Group. Meanwhile, demonstration projects have been successively launched, with the BIPV project at the Shenzhen Metrology Institute in Chinese Mainland progressing steadily. The Group has won bids for projects such as Beijing Daji and Bengwu Expressway, as well as the temporary office at the Tuen Mun New Territories West Landfill Extension and the noise barrier on Castle Peak Road in the Hong Kong and Macau markets.

The Group attaches great importance to technological innovation and the upgrade of digital applications, and enhances its core competitiveness. Boasting the world’s leading technologies in the facade of supertall skyscrapers and the complex hyperbolic special-shaped facade, the Group has industry-leading automated production lines and equipment. By relying on the intelligent manufacturing information system of the entire industry chain, the Building Information Model (BIM) technology and the self-developed Digital Far East platform, the Group has greatly enhanced its capabilities in refined management, and continuously improved the project efficiency and performance quality.

General Contracting Business

The general contracting business has been developing steadily. The Group actively participated in the bidding of small and medium-sized housing construction projects in Hong Kong and deepened internal collaboration.

2. Operating Management Business

While optimising and strengthening the existing supervision business, China Overseas Supervision Company Limited, a subsidiary of the Group, has been proactively expanding into the field of innovation, strengthening internal coordination and linkage, and transforming into a full industry chain of “Technology + Supervision + Consultation + Project Management”, continuously achieving breakthroughs. The Group continuously optimized project management mechanisms to improve cost-efficiency.

As Shenyang Huanggu Thermoelectricity Company Limited, a subsidiary of the Group, proactively expanded its heat supply market, the Company has achieved significant results in energy-efficiency measures and practiced low-carbon and environmentally friendly green operations through refined management practices and technological innovations.

Overall Results

The aggregate revenue of the Group decreased by 6.5% to HK\$8,102 million (2023: 8,666 million) for the year ended 31 December 2024 as a result of the decrease in the revenue contribution from general contracting projects as compared to last year. The profit attributable to owners of the Company was HK\$650 million (2023: HK\$580 million) and the basic earnings per share was HK28.83 cents (2023: HK25.73 cents), an increase of 12.0% as compared to last year. In consideration of the Company’s profitability, cash flow level and capital requirements for future development, the Board recommends a final dividend of HK2.8 cents per share. Total dividends to be distributed for the year are HK9.8 cents per share.

Segment analysis

Facade and General Contracting Business

With a stable progress on curtain wall projects in Hong Kong and Chinese Mainland but partly offset by the decrease in the contribution from general construction projects, the segment’s revenue decreased to HK\$7,224 million for the year ended 31 December 2024 (2023: HK\$7,719 million), representing a decrease of 6.4% as compared to last year. The gross profit decreased by 2.4% to HK\$862 million for the year ended 31 December 2024 (2023: HK\$883 million) as compared to last year. The operating profit decreased by 4.0% to HK\$782 million for the year ended 31 December 2024 (2023: HK\$815 million) as compared to last year.

Operating Management Business

Affected by the depreciation of the Renminbi on revenue, the segment’s revenue decreased to HK\$877 million for the year ended 31 December 2024 (2023: HK\$947 million) and the operating profit increased to HK\$56 million for the year ended 31 December 2024 (2023: HK\$32 million) as a result of the decrease of cost of coal of the thermoelectric plant and other effective cost control measures.

Administrative, selling and other operating expenses

In the absence of the impairment provision, administrative, selling and other operating expenses decreased to HK\$210 million for the year ended 31 December 2024 (2023: HK\$288 million).

Finance costs

For the year ended 31 December 2024, the Group's finance costs decreased to HK\$75 million (2023: HK\$82 million) as a result of the stringent finance cost control through bank loan replacement and early refinancing. Compared with the increase in bank loan and the average Hong Kong Interbank Offered Rate during the year, it can be seen that the Group's strategic financing plans have achieved remarkable results.

New Contracts Awarded and Project in Progress

The Group recorded an accumulated new contract value of HK\$11,020 million for the year ended 31 December 2024.

As of 31 December 2024, the on-hand contract value amounted to approximately HK\$34,017 million, among which the backlog was approximately HK\$18,530 million.

Financial Management

The Group generally finances its operation with internally generated cash flow and credit facilities provided by its principal bankers. As at 31 December 2024, the Group had cash and bank balances of HK\$983 million (31 December 2023: HK\$713 million), total borrowings of the Group were HK\$1,581 million (31 December 2023: HK\$1,188 million). The Group's net gearing ratio (net debt to total net assets) as at 31 December 2024 was approximately 23.4% (31 December 2023: 20.7%). Furthermore, the Group had unutilised banking facilities (including performance guarantee facilities, working capital facilities and loan facilities) of approximately HK\$5,909 million, the Group had sufficient financial resources to meet the business development and expansion. The Group's borrowings are principally on a floating rate basis and have not been hedged by any interest rate financial instruments.

The maturities of the Group's total bank borrowings as at 31 December 2024 and 31 December 2023 are set out as follows:

	31 December 2024 HK\$'000	31 December 2023 HK\$'000
On demand or within one year	583,341	789,513
In the second year	-	-
In the third to fifth years, inclusive	997,607	398,471
	<u>1,580,948</u>	<u>1,187,984</u>

As at 31 December 2024, the Group's equity attributable to owners of the Company amounted to HK\$2,675 million (31 December 2023: HK\$2,402 million), comprising issued capital of HK\$23 million (31 December 2023: HK\$23 million) and reserves of HK\$2,652 million (31 December 2023: HK\$2,379 million).

Treasury Policy

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

In 2024, the net cash inflow from operating activities was HK\$200 million.

Human Resource Management

As at 31 December 2024, the Group employed a total of 4,006 (31 December 2023: 4,498) employees. The Group has sound policies of management incentives and competitive remuneration, which align the interests of management, employees and shareholders' alike. The Group sets its remuneration policy by reference to the prevailing market conditions and the performance of the individuals concerned, subject to review from time to time. The components of the remuneration package consist of base salary, allowances, fringe benefits including medical insurance and contributions to pension funds as well as incentives such as discretionary bonus.

PROSPECTS

Looking ahead to 2025, the global economy is expected to continue demonstrating strong resilience and maintain stable growth, but there are still economic downside risks such as escalating trade tensions, intensifying geopolitical conflicts, and rebounding in inflation levels. With the positive momentum of China's economic recovery continuing to be consolidated and expanded, the economies of Hong Kong and Macau further integrate into the national development strategy and constantly accumulate new momentum. In the future, the continuous advancement of the Hong Kong Northern Metropolis Development Strategy, the successive launch of new large-scale integrated entertainment projects in Macau, and the deep integration of the Hong Kong and Macau regions with the Guangdong-Hong Kong-Macau Greater Bay Area, as well as the launch of various development projects by countries along the "Belt and Road", such as Middle East and Southeast Asia countries, will bring numerous project opportunities for the Group. Amidst the vast market opportunities, the Group will accelerate its layout in potential global markets.

Business and Development Strategies

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

The building-integrated photovoltaics (BIPV) will undoubtedly be a new growth point for the Group's future facade business. The Group devotes to exploring the blue ocean field of photovoltaic facade and will create demonstration projects in first-tier high-class cities to lead the development of green buildings in the industry. The Group has already implemented BIPV projects in Hong Kong and the Chinese Mainland, which can drive public and private institutions to further develop environmentally-friendly and energy-saving buildings, creating a win-win situation. The Group also relies on the abundant construction project resources within the CSCEC system, leveraging the strong technical and manufacturing advantages of its main facade contracting business, as well as the construction advantages of the Group's members, enabling more BIPV projects to be implemented in the future.

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

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

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

FINAL DIVIDEND

The Board recommends a final dividend of HK2.8 cents per share (2023 final dividend: HK3.2 cents per share), payable on Tuesday, 8 July 2025, to shareholders whose names appear on the register of members of the Company on Friday, 27 June 2025. Together with the interim dividend of HK7.0 cents per share, the full year dividend will amount to HK9.8 cents per share (2023 full year dividend: HK8.7 cents per share). The proposed final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

ANNUAL GENERAL MEETING

The 2025 annual general meeting of the Company (“AGM”) will be held on Thursday, 19 June 2025. The notice of the AGM, which constitutes part of the circular to the shareholders of the Company, and the 2024 Annual Report, will be available on the websites of the Company (www.cscd.com.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) in due course.

CLOSURE OF REGISTER OF MEMBERS

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

- (a) For the purpose of determining shareholders’ right to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 13 June 2025.
- (b) For the purpose of determining shareholders’ entitlement to the final dividend, the register of members of the Company will be closed on Thursday, 26 June 2025 and Friday, 27 June 2025 (both days inclusive). In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 25 June 2025.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has made any purchase, sale or redemption of any of the Company's listed securities.

EVENT AFTER THE END OF THE REPORTING PERIOD

The Group has no material event subsequent to the year ended 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2024 with all applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have complied with the Model Code in their securities transactions throughout the year ended 31 December 2024.

REVIEW OF ACCOUNTS

The audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors.

SCOPE OF WORK OF ERNST & YOUNG

The financial figures on page 2 to page 14 of this announcement have been agreed by the Company's external auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2024. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

APPRECIATION

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

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

Hong Kong, 17 March 2025

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