

What's Hot Today:

► CSCD (830.HK) – 2023 revenue +13%, ambitious 15th FYP announced

- The curtain wall contractor's 2023 revenue +13%, mainly driven by HK & Macau (+27% YoY)
- Mgt sets its 15th FYP to target at least HK\$2.5bn of revenue, representing a CAGR of 16%

Revenue +13% in 2023. China State Construction Development (CSCD) the curtain wall company under CSCI (3311 HK). During 2023, CSCD achieved a revenue of HK\$8.67bn (+13% YoY) and a net profit of HK\$580mn (+38% YoY) with 6.7% NPM (+1.2pp YoY). The revenue growth was mainly driven by contracts in HK& Macau as the region contributed HK\$4.58bn (+27% YoY), accounting for 53% of group sales. For 2H23, CSCD's revenue stood at HK\$3.95bn (+2% YoY) with a net profit of HK\$144mn (+44% YoY). The company declared a final dividend of 3.2 HK cents for a full-year payout of 34%.

Ambitious 15th FYP target. The Mgt revealed its 15th Five Year Plan (2026-2030) targeting a revenue of HK\$25bn+ and net profit of HK\$3bn+ for the period. This translated to some 16% annualized growth in revenue between 2024-2030. The Mgt explains that the growth will come from traditional curtain wall business and innovative projects (incl. BIPV). The Mgt reiterated that its 14th FYP (2021-2025) is on track to complete the net profit target of HK\$1bn.

Our view: Benefiting from CSCI, the firm strengthens its competence in HK & Macau markets. Although the region is facing increasing vacancy rate in recent years (Office in central: 9.9% in 2023 vs 1.7% in 2017), it is believed that the demand will gradually recover. Also, the Northern Metropolis in HK is expected to cost about HK\$3tn, which will be a substantial driver for infrastructure spendings. The company is trading at 9.4x FY23 P/E and 4% yield.

Risks: 1) weaker-than-expected economy (Research Department)

China & HK Indices	CLOSE	1D	YTD
HSI	16,499	-2.2%	-3.2%
HSCBI	5,757	-2.5%	-0.2%
HSCCI	3,485	-2.1%	4.0%
CSI300	3,545	-1.0%	3.3%
Shanghai A	3,195	-0.9%	10.2%
Shanghai B	255	-0.3%	10.2%
Shenzhen A	1,864	-1.2%	-3.0%
Shenzhen B	1,082	-0.6%	0.2%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	39,475	-0.8%	4.7%
S&P 500	5,234	-0.1%	9.7%
Nasdaq	16,428	0.2%	9.4%
Nikkei Index	40,797	-0.2%	21.9%
FTSE Index	7,930	0.6%	2.6%
CAC Index	8,151	-0.3%	8.1%
DA X Index	18,205	0.1%	8.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	2,165	-0.7%	5.0%
STEEL (US\$/oz.)	2,125	-0.0%	-4.4%
SILVER (US\$/oz.)	24	-0.3%	3.6%
CRUDE OIL (US\$/bbl)	80	-10.3%	13.0%
COFFER (US\$/oz.)	8,866	-0.7%	3.6%
ALUMINIUM (US\$/oz.)	2,309	1.6%	-3.1%
PLATINUM (US\$/oz)	898	-1.1%	-9.2%
ZINC (US\$/oz.)	2,484	-1.0%	-6.5%
WHEAT (US\$/bu)	554	1.5%	-11.3%
CORN (US\$/bu)	439	-0.3%	-9.3%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,192	-1.6%	-8.7%
PVC (US\$/t)	N/A	N/A	11.7%
CRB	285	0.1%	3.0%
BDI		-3.9%	4.9%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.822	0.925	151.410	0.898	7.229
HKD	0.128		0.118	19.361	11.473	0.924
EUR	1.081	8.453		163.670	1.031	7.814
JPY	0.007	5.165	0.611		0.592	0.048
CHF	1.114	8.714	1.031	168.930		8.056
RMB	0.138	1.082	0.128	20.951	0.124	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland		83
Italy		139
Portugal		207
Spain		108
VIX		13

Source: Bloomberg

Latest Research Reports		
Date	Company	Analyst
29/02/2024	Xinyi Solar (968.HK)	Research Department
29/02/2024	Xinyi Energy (3868.HK)	Research Department
26/02/2024	Conant Optical (2276.HK)	Research Department
05/01/2024	Aeon Credit (900 HK)	Ensley Liu
13/10/2023	Aeon Credit (900 HK)	Howard Wong
17/04/2023	Xtep International (1368 HK)	Eason Cui
14/04/2023	Perfect Medical (1830 HK)	Research Department
03/04/2023	Meidong Auto (1268 HK)	Eason Cui
31/03/2023	Prosperous Industrial (1731 HK)	Research Department
28/03/2023	Yongda (3669 HK)	Eason Cui
17/03/2023	361 Degrees (1361 HK)	Eason Cui
13/03/2023	DONGFANG ELECTRIC (1072 HK)	Eason Cui
01/03/2023	Xinyi Energy (3868 HK)	Eason Cui
28/02/2023	Xinyi Glass (868 HK)	Ken Li
13/02/2023	Auto monthly update	Eason Cui
10/02/2023	Yuexiu Property (123 HK)	Ken Li
18/01/2023	Yongda (3669 HK)	Eason Cui
17/01/2023	Xtep (1368 HK)	Eason Cui
04/01/2023	Auto monthly update	Eason Cui
02/12/2022	Perfect Medical (1830 HK)	Research Department
01/12/2022	XPeng (9868 HK)	Eason Cui

Fig 1: CSCD's financial summary

HK\$ mn	2019	2020	2021	2022	2023
Revenue	4,619	4,536	6,295	7,669	8,666
Growth	9%	-2%	39%	22%	13%
Gross profit	544	488	677	825	973
Gross profit margin	11.8%	10.8%	10.8%	10.8%	11.2%
Operating profit	316	288	425	559	732
Operating profit margin	6.8%	6.3%	6.8%	7.3%	8.4%
Net profit	176	194	292	422	580
Net profit margin	3.8%	4.3%	4.6%	5.5%	6.7%
EPS (HK\$)	0.0814	0.0902	0.1355	0.1911	0.2573
P/E	29.9	26.9	17.9	12.7	9.4

Source: Company report, Sunwah Kingsway Research

Fig 2: CSCD's business breakdown

HK\$ mn	2022	2023	YoY%	1H22	2H22	1H23	2H23	YoY%
Revenue	7,669	8,666	13%	3,806	3,863	4,716	3,950	2%
Façade Contracting	5,784	6,665	15%	2,899	2,885	3,648	3,017	5%
General Contracting	895	1,054	18%	305	590	515	539	-9%
Operating Management	990	947	-4%	602	388	554	393	1%
Gross profit	825	973	18%	536	290	675	298	3%
Façade Contracting	696	882	27%	388	308	556	326	6%
General Contracting	4	1	-75%	5	-1	1	0	-59%
Operating Management	125	90	-28%	143	-17	118	-28	63%
SG&A	-291	-288	-1%	-162	-129	-160	-128	-1%
Operating profit	559	732	31%	385	174	533	199	14%
Net profit	422	580	38%	322	100	437	144	44%
Gross profit margin	10.8%	11.2%	0.5pp	14.1%	7.5%	14.3%	7.5%	0pp
Façade Contracting	12.0%	13.2%	1.2pp	13.4%	10.7%	15.2%	10.8%	0.2pp
General Contracting	0.5%	0.1%	-0.4pp	1.6%	-0.1%	0.3%	0.0%	0.1pp
Operating Management	12.7%	9.5%	-3.2pp	23.7%	-4.5%	21.4%	-7.2%	-2.7pp
Operating profit margin	7.3%	8.4%	1.2pp	10.1%	4.5%	11.3%	5.0%	0.5pp
Net profit margin	5.5%	6.7%	1.2pp	8.5%	2.6%	9.3%	3.6%	1pp

Source: Company report, Sunwah Kingsway Research

Fig 3: CSCD's 15th FYP Target



Source: Company presentation, Sunwah Kingsway Research

Fig 4: Vacancy rate of HK office

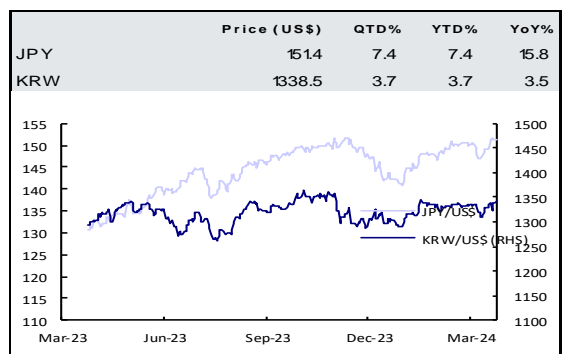
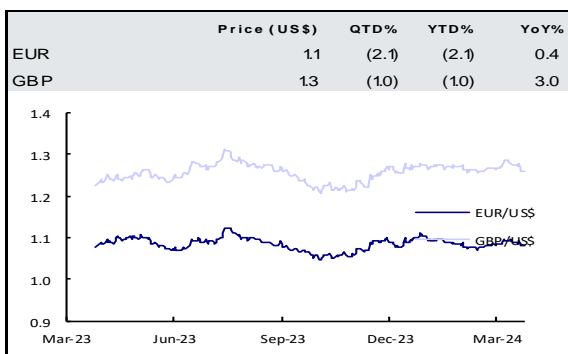
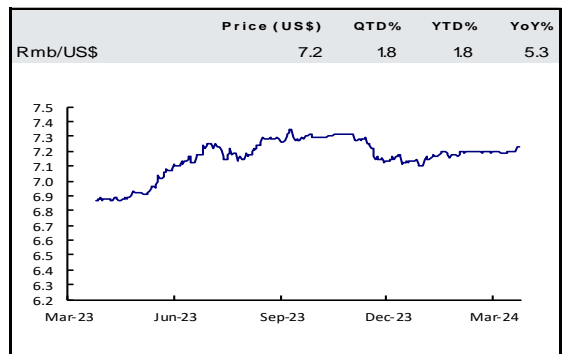
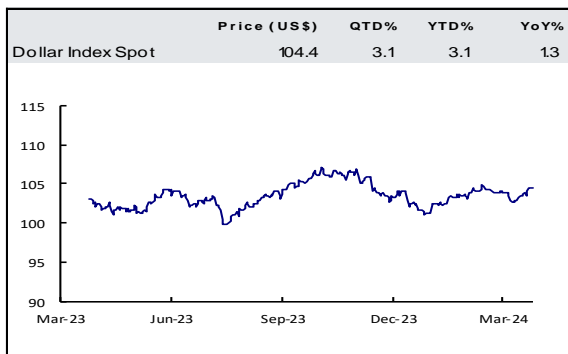
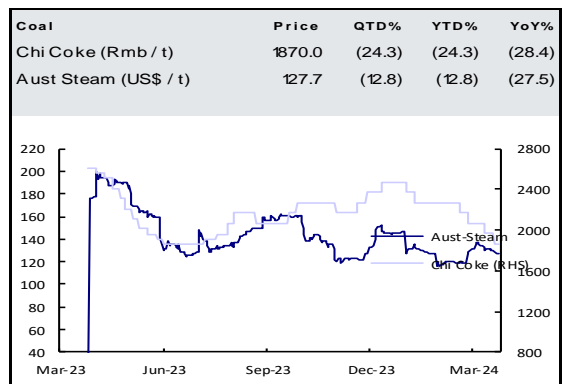
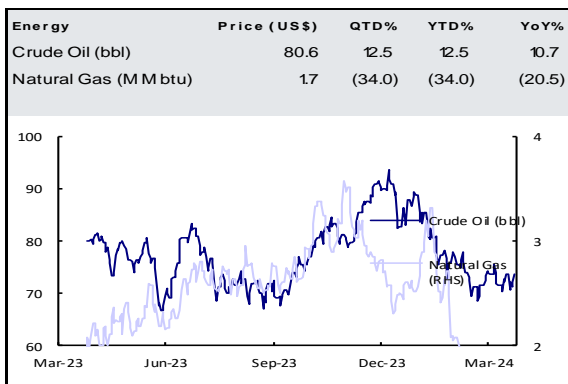
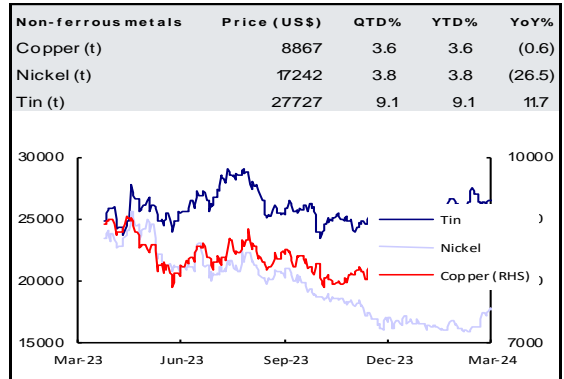
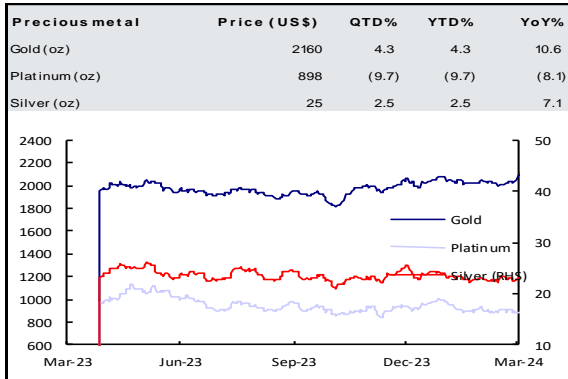
Vacancy Rate (HK Grade A office)	2017	2018	2019	2020	2021	2022	2023
Overall	5.1%	4.2%	6.0%	8.9%	9.6%	12.1%	12.8%
Central	1.7%	1.8%	3.6%	7.3%	8.0%	8.8%	9.9%
Wanchai/ Causeway Bay	3.0%	1.7%	4.1%	7.9%	9.6%	10.2%	9.9%
Hong Kong East	3.9%	1.7%	2.7%	5.1%	7.5%	11.1%	13.5%
Tsim sha tsui	2.2%	1.5%	4.2%	9.1%	10.3%	11.0%	9.5%
Kowloon East	12.5%	9.6%	13.1%	14.1%	13.3%	19.5%	18.7%
Avg. monthly rent	72.0	76.2	72.5	58.8	55.8	55.3	52.0

Source: JLL, Sunwah Kingsway Research

Kingsway coverage list

Name	Ticker	Market Cap (HK\$m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend FY2	Absolute performance			Latest update date
								Hist	FY1	FY2		5D%	1M%	3M%	
HANG SENG INDEX	HSI		16,499.47	(2.2)				8.8	8.7	7.5	4.6%	(1.3)	(1.4)	1.0	
HANG SENG CHINA ENT IND	HSCEI		5,757.67	(2.5)				8.1	7.8	6.7	4.2%	(1.1)	(0.1)	4.9	
CSI 300 INDEX	SHSZ300		3,545.00	(1.0)				13.1	13.1	9.9	2.9%	(0.7)	1.6	5.9	
FUYAO GLASS	3606 HK	115,168	38.35	1.1	LONG	41.50	8.2	16.4	14.4	12.2	4.5%	(7.4)	(0.3)	2.3	1-Sep-20
BEUR	3718 HK	1,761	0.50	(1.0)	LONG	1.80	263.6	5.7	4.7	3.7	7.5%	(2.9)	(1.0)	5.3	30-Mar-21
BINJIANG SERVICES	3316 HK	4,627	16.74	(2.6)	LONG	23.50	40.4	10.7	8.1	6.3	9.0%	0.2	0.2	7.3	N/A
BYDE	285 HK	69,173	30.70	0.3	NEUTRAL	17.60	(42.7)	23.4	16.7	12.5	1.2%	4.1	6.4	(9.7)	N/A
CHINA LILANG	1234 HK	5,760	4.81	(1.0)	LONG	5.32	10.6	10.0	8.6	7.8	8.5%	9.1	13.4	16.2	N/A
CHINASOFT INTL	354 HK	14,419	4.96	(5.0)	LONG	12.80	158.1	24.2	15.5	11.8	1.1%	(6.1)	(2.9)	(14.8)	27-Oct-20
CHINA TIAN LUN GAS	1600 HK	4,703	4.79	(0.6)	LONG	8.70	81.6	9.5	7.1	6.1	4.6%	3.5	10.4	37.6	26-Feb-20
DUIBA GROUP	1753 HK	323	0.30	(3.2)	LONG	5.55	1750.0	7.6	N/A**	N/A**	N/A**	11.1	5.3	9.1	N/A
EDVANTAGE GROUP	382 HK	2,786	2.44	(7.6)	LONG	4.50	84.4	4.0	3.5	3.2	8.7%	(7.9)	(2.0)	2.1	3-May-22
EVERGREEN PG	1962 HK	334	0.51	3.0	LONG	1.75	243.1	6.5	N/A**	N/A**	N/A**	0.0	0.0	2.0	26-Jan-21
HUAHONG SEMI	1347 HK	35,423	15.78	(4.4)	NEUTRAL	26.30	66.7	9.8	24.3	12.2	0.0%	(7.1)	(1.5)	(11.8)	29-Jul-21
KINGDEE INTL	268 HK	33,779	9.40	(4.2)	NEUTRAL	17.62	87.4	N/A**	N/A**	110.0	0.0%	2.7	16.5	(12.8)	20-Aug-20
MEIDONG AUTO	1268 HK	4,079	3.03	(2.9)	LONG	19.76	552.1	16.6	27.7	7.9	5.9%	2.0	(5.6)	(28.4)	3-Apr-23
MINGYUAN CLOUD	909 HK	4,895	2.52	(5.3)	NEUTRAL	28.00	1011.1	N/A**	N/A**	101.3	0.6%	8.6	3.7	(7.0)	N/A
PLOVER BAY TECH	1523 HK	2,597	2.36	(2.9)	LONG	1.70	(28.0)	11.8	10.1	8.9	1.2%	3.5	3.7	23.0	6-Aug-20
POU SHENG INTL	3813 HK	3,675	0.69	0.0	LONG	2.80	305.8	6.7	5.3	4.4	7.4%	0.0	15.0	1.5	16-Nov-20
Q TECH	1478 HK	3,826	3.23	(1.8)	NEUTRAL	4.97	53.9	134.4	25.7	10.6	0.6%	(0.9)	3.2	(23.3)	10-Aug-22
SUNNY OPTICAL	2382 HK	47,929	43.70	(6.7)	LONG	160.80	268.0	40.1	20.0	15.1	1.1%	(17.4)	(14.6)	(37.7)	17-Aug-22
TRYLY INTL	732 HK	2,308	0.73	(2.7)	LONG	2.80	283.6	N/A**	N/A**	N/A**	N/A**	2.8	1.4	1.4	8-Apr-21
XINYI ENERGY	3868 HK	9,247	1.12	(3.4)	LONG	1.62	44.6	8.8	7.6	6.7	7.4%	(3.4)	1.8	(18.2)	29-Feb-24
XINYI GLASS	868 HK	35,343	8.37	(5.0)	LONG	18.60	122.2	6.5	6.1	6.2	8.1%	(8.6)	13.7	0.0	28-Feb-23
XINYI SOLAR	968 HK	56,212	6.31	(0.2)	LONG	7.20	14.1	13.4	10.7	8.4	5.5%	1.9	55.0	51.3	29-Feb-24
XTEP INTL	1368 HK	12,864	4.87	(0.4)	LONG	11.91	144.6	11.0	9.7	8.4	5.7%	3.0	13.3	10.2	17-Apr-23
YONGDA AUTO	3669 HK	4,780	2.48	(3.9)	LONG	6.73	171.4	3.9	5.3	4.0	9.0%	(2.7)	8.8	(10.5)	28-Mar-23
YUEXU PROPERTY	123 HK	17,994	4.47	(4.3)	LONG	13.00	190.8	3.1	3.9	3.6	9.8%	(9.1)	(19.5)	(27.8)	10-Feb-23
WEIMOB	2013 HK	5,729	2.05	(6.8)	LONG	14.40	602.4	N/A**	N/A**	1894.9	0.0%	(3.3)	(1.9)	(23.8)	25-Nov-21

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
New home Sales	MoM		25-Mar-24
Durable Goods Orders	MoM		26-Mar-24
Consumer Confidence	MoM		26-Mar-24
Initial Jobless Claims	WoW		28-Mar-24
GDP	QoQ		28-Mar-24
Wholesale Inventories	MoM		29-Mar-24
Personal Income & Spending	MoM		29-Mar-24
ISM Manufacturing PMI	MoM		1-Apr-24
Factory Orders	MoM		2-Apr-24
Trade Balance	MoM		4-Apr-24
Employment Report	MoM		5-Apr-24
CPI	MoM		10-Apr-24
PPI	MoM		11-Apr-24
Business Inventories	MoM		15-Apr-24
Retail Sales	MoM		15-Apr-24
Housing Starts / Building Permits	MoM		16-Apr-24
Industrial Production	MoM		16-Apr-24
Existing Home Sales	MoM		18-Apr-24
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Mar-24
Foreign Exchange Reserves	QoQ		7-Apr-24
Money Supply - M2	MoM		9-Apr-24
PPI	MoM		11-Apr-24
CPI	MoM		11-Apr-24
Trade Balance	MoM		12-Apr-24
Retail Sales	MoM		16-Apr-24
Industrial Production	MoM		16-Apr-24
GDP	YoY		16-Apr-24

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		26-Mar-24
Money Supply - M2	MoM		28-Mar-24
Retail Sales	MoM		3-Apr-24
PMI	MoM		5-Apr-24
Foreign Currency Reserve	MoM		9-Apr-24
Unemployment Rate	MoM		18-Apr-24
CPI	MoM		23-Apr-24
GDP	QoQ		2-May-24
Producer Prices Index	QoQ		14-Jun-24
Industrial Production	QoQ		14-Jun-24
Composite Interest Rate	MoM		

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