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亞洲聯合基建控股有限公司

ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 00711.HK)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS		
	Included the one-off provision (reported in financial information)# HK\$'000	Excluded the one-off provision (non-HKFRS measure)# HK\$'000
Total revenue	7,534,258	7,534,258
(Loss)/profit attributable to shareholders of the Company	(184,506)	87,504
Basic (loss)/earnings per share	HK(10.16) cents	HK4.82 cents
Dividend per share		
— Interim	HK0.87 cent	HK0.87 cent
— Full year	HK0.87 cent	HK0.87 cent
#	<i>One-off provision for compensation of approximately HK\$272.0 million for litigations (see Note 15 to the financial information).</i>	

ANNUAL RESULTS

The Board of Directors (the “Board” or the “Directors”) of Asia Allied Infrastructure Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2021 (the “Year”), together with the relevant comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
REVENUE	4	7,534,258	8,000,800
Cost of sales		<u>(7,223,267)</u>	<u>(7,489,203)</u>
Gross profit		310,991	511,597
Other income and gains, net	5	327,547	186,477
Selling expenses		(4,748)	(3,688)
Administrative expenses		(467,254)	(453,048)
Provision for litigations	15	(272,010)	–
Other expenses, net		(20,696)	(21,588)
Finance costs	6	(79,051)	(124,788)
Share of profit of a joint venture		3,532	670
Share of profits and losses of associates		<u>14,978</u>	<u>18,308</u>
(LOSS)/PROFIT BEFORE TAX	7	(186,711)	113,940
Income tax	8	(2,374)	(13,267)
(LOSS)/PROFIT FOR THE YEAR		<u>(189,085)</u>	<u>100,673</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences:			
Translation of foreign operations		42,431	(45,977)
Reclassification adjustments for losses/(gains) included in profit or loss upon:			
Deconsolidation of subsidiaries		–	4,784
Disposal of a subsidiary		106	(30)
Deregistration of subsidiaries		(3,003)	3,660
Share of movement in the exchange fluctuation reserve of a joint venture		511	118
Share of movements in the exchange fluctuation reserves of associates		<u>1,582</u>	<u>(895)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX OF NIL		<u>41,627</u>	<u>(38,340)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u><u>(147,458)</u></u>	<u><u>62,333</u></u>

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
(LOSS)/PROFIT FOR THE YEAR			
ATTRIBUTABLE TO:			
Shareholders of the Company		(184,506)	101,432
Non-controlling interests		(4,579)	(759)
		<u>(189,085)</u>	<u>100,673</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME			
FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		(142,879)	63,092
Non-controlling interests		(4,579)	(759)
		<u>(147,458)</u>	<u>62,333</u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO SHAREHOLDERS			
OF THE COMPANY			
		HK cents	<i>HK cents</i>
Basic and diluted	<i>10</i>	<u>(10.16)</u>	<u>5.51</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		383,544	291,097
Investment properties		11,256	–
Right-of-use assets		181,015	182,184
Goodwill		122,377	43,211
Investments in joint ventures		12,349	8,306
Investments in associates		375,945	448,803
Land held for property development		236,149	235,480
Debt investments at fair value through profit or loss		3,642	–
Deferred tax assets		1,648	891
		<hr/>	<hr/>
Total non-current assets		1,327,925	1,209,972
CURRENT ASSETS			
Land held for property development		37,887	35,162
Properties under development		–	293,990
Properties held for sale		–	1,028
Inventories		7,503	–
Contract assets		3,328,765	3,333,744
Trade receivables	<i>11</i>	783,119	951,828
Prepayments, deposits and other receivables		1,077,936	877,872
Promissory notes		–	180,000
Income tax recoverable		38,710	21,984
Equity investments at fair value through profit or loss		1,868	59
Restricted cash and pledged deposits		14,294	10,314
Cash and cash equivalents		1,556,582	1,134,824
		<hr/>	<hr/>
		6,846,664	6,840,805
Non-current asset and assets of a disposal group classified as held for sale	<i>12</i>	399,947	103,481
		<hr/>	<hr/>
Total current assets		7,246,611	6,944,286
		<hr/>	<hr/>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>13</i>	1,505,112	1,809,724
Contract liabilities		64,085	33,105
Other payables and accruals		863,997	668,247
Bank borrowings	<i>14</i>	3,179,019	1,623,620
Lease liabilities		30,722	27,971
Provision for construction works		103,695	130,323
Provision for litigations	<i>15</i>	272,010	–
Income tax payables		68,678	92,179
		6,087,318	4,385,169
Liabilities directly associated with the assets of a disposal group classified as held for sale		77,068	–
Total current liabilities		6,164,386	4,385,169
NET CURRENT ASSETS		1,082,225	2,559,117
TOTAL ASSETS LESS CURRENT LIABILITIES		2,410,150	3,769,089
NON-CURRENT LIABILITIES			
Bank borrowings		36,079	1,229,585
Lease liabilities		25,083	37,293
Deferred tax liabilities		3,703	3,469
Total non-current liabilities		64,865	1,270,347
Net assets		2,345,285	2,498,742
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	<i>16</i>	182,013	183,833
Reserves		2,105,993	2,278,405
		2,288,006	2,462,238
Non-controlling interests		57,279	36,504
Total equity		2,345,285	2,498,742

NOTES TO ANNUAL RESULTS

31 March 2021

1. BASIS OF PREPARATION AND PRESENTATION

This financial information has 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 (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). It has been prepared under the historical cost convention except for (i) investment properties and financial assets at fair value through profit or loss which have been measured at fair value; and (ii) non-current asset and assets of a disposal group classified as held for sale which are stated at the lower of their carrying amounts and fair values less costs to sell. This financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

Current liabilities of the Group as at 31 March 2021 amounted to approximately HK\$6.2 billion, comprising, inter alia, bank borrowings of approximately HK\$3.2 billion which are repayable within one year or on demand. Despite this, the directors of the Company consider that the Group will have adequate funds available to enable it to operate as a going concern after taking into account, inter alia, the historical operating performance of the Group and the consent from relevant banks to waive the requirement on the Group to comply with certain financial covenants for the year ended 31 March 2021. Accordingly, this financial information has been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

Basis of consolidation

The consolidated financial information includes the financial information of the Company and its subsidiaries for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) and the following revised HKFRSs for the first time for the current year's financial information:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> beyond 30 June 2021 (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

- (a) The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

- (d) Amendment to HKFRS 16 issued in June 2020 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease (the “2020 Amendment”). In April 2021, the HKICPA issued another amendment to HKFRS 16 to extend the availability of the practical expedient for any reduction in lease payments that affects only payments originally due on or before 30 June 2022 (the “2021 Amendment”). The 2020 Amendment and 2021 Amendment are effective retrospectively for annual periods beginning on or after 1 June 2020 and 1 April 2021, respectively, with earlier application permitted. The Group early adopted these amendments from the accounting period beginning on 1 April 2020 and these amendments did not have any impact on the financial position and performance of the Group.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group’s operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group’s operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

The chief operating decision maker of the Group has been identified as the executive directors of the Company and certain senior management (collectively referred to as the “CODM”). For the purpose of performance assessment and resource allocation by the CODM, the Group’s business activities are categorised under the following five reportable operating segments:

- Construction services — provision of construction and consultancy services in areas of civil engineering, electrical and mechanical engineering, foundation and building construction mainly in Hong Kong
- Property development and assets leasing — development and sale of properties, and leasing of assets in Hong Kong, Mainland China and the United Arab Emirates (the “UAE”)
- Professional services — provision of security, tunnel and other facility management services in Hong Kong
- Non-franchised bus services — provision of non-franchised bus services in Hong Kong
- Medical technology and healthcare — production and sale of positron emission tomography radiopharmaceuticals for medical use in Hong Kong (a new business line acquired during the year ended 31 March 2021)

Segment revenue and results

Segment results represent the profit generated from each segment, net of selling expenses and administrative expenses directly attributable to each segment without allocation of corporate expenses, interest income, gain on disposal of a self-occupied office premise, non-lease-related finance costs and interest on unallocated lease liabilities. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable operating segment:

Year ended 31 March 2021

	Construction services <i>HK\$'000</i>	Property development and assets leasing <i>HK\$'000</i>	Professional services <i>HK\$'000</i>	Non- franchised bus services <i>HK\$'000</i>	Medical technology and healthcare <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 4):						
Sales to external customers	6,566,473	1,676	952,194	-	13,915	7,534,258
Intersegment sales	-	-	15,912	-	-	15,912
	<u>6,566,473</u>	<u>1,676</u>	<u>968,106</u>	<u>-</u>	<u>13,915</u>	<u>7,550,170</u>
Reconciliation:						
Elimination of intersegment sales						(15,912)
						<u>7,534,258</u>
Segment results	<u>58,646</u>	<u>(271,978)</u>	<u>156,983</u>	<u>6,044</u>	<u>3,273</u>	<u>(47,032)</u>
Interest income						26,170
Corporate and other unallocated expenses						(88,348)
Finance costs (other than interest on segment lease liabilities)						(77,501)
Loss before tax						(186,711)
Income tax						(2,374)
Loss for the year						<u>(189,085)</u>
Other segment information:						
Share of profit of a joint venture	3,532	-	-	-	-	3,532
Share of (losses)/profits of associates	(6,253)	15,187	-	6,044	-	14,978
Depreciation of items of property, plant and equipment	(44,367)	(1,542)	(8,875)	-	(394)	(55,178)
Depreciation of right-of-use assets	(21,204)	(5,165)	(5,211)	-	(368)	(31,948)
Fair value loss of investment properties, net	(600)	-	-	-	-	(600)
Loss on disposal of items of property, plant and equipment, net	(3,711)	-	(66)	-	-	(3,777)
Impairment of inventories	(380)	-	-	-	-	(380)
Impairment of contract assets	(2,396)	-	-	-	-	(2,396)
Impairment of trade receivables	(432)	-	-	-	-	(432)
Impairment of other receivables	(5,116)	-	-	-	-	(5,116)
Write-off of investment in an associate	-	(3,556)	-	-	-	(3,556)

Year ended 31 March 2020

	Construction services <i>HK\$'000</i>	Property development and assets leasing <i>HK\$'000</i>	Professional services <i>HK\$'000</i>	Non- franchised bus services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 4):					
Sales to external customers	7,024,827	8,799	921,536	45,638	8,000,800
Intersegment sales	–	–	19,909	1,030	20,939
	<u>7,024,827</u>	<u>8,799</u>	<u>941,445</u>	<u>46,668</u>	<u>8,021,739</u>
Reconciliation:					
Elimination of intersegment sales					<u>(20,939)</u>
					<u>8,000,800</u>
Segment results	<u>129,409</u>	<u>(49,300)</u>	<u>63,869</u>	<u>15,859</u>	159,837
Interest income					45,089
Gain on disposal of a self-occupied office premise					109,479
Corporate and other unallocated expenses					(76,531)
Finance costs (other than interest on segment lease liabilities)					<u>(123,934)</u>
Profit before tax					113,940
Income tax					<u>(13,267)</u>
Profit for the year					<u>100,673</u>
Other segment information:					
Share of profit of a joint venture	670	–	–	–	670
Share of (losses)/profits of associates	(608)	18,916	–	–	18,308
Depreciation of items of property, plant and equipment	(35,811)	(7,170)	(8,203)	(4,867)	(56,051)
Depreciation of right-of-use assets	(20,209)	(7,918)	(1,832)	(303)	(30,262)
Gain on disposal of a self-occupied office premise (unallocated asset)					109,479
Gain/(loss) on disposal of other items of property, plant and equipment, net	1,885	–	93	(168)	1,810
Impairment of right-of-use assets	–	(10,167)	–	–	(10,167)
Impairment of other receivables (unallocated asset)					<u>(5,877)</u>

Segment assets and liabilities

Information about segment assets and liabilities is not disclosed as it is not regularly reviewed by the CODM.

Geographical information

(a) Revenue from external customers

No geographical information of revenue from external customers is presented as more than 90% of revenue during each of the years ended 31 March 2021 and 2020 was derived from Hong Kong.

(b) Non-current assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	804,012	813,606
The UAE	236,149	235,480
Other jurisdictions	160,097	116,784
	<u>1,200,258</u>	<u>1,165,870</u>

The non-current asset information disclosed above is based on the locations of the assets and excludes goodwill, financial assets and deferred tax assets.

Information about a major customer

A summary of revenue earned from an external customer, which contributed more than 10% of the Group's revenue for each of the years ended 31 March 2021 and 2020, is set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A:		
Contribution to construction services segment	3,979,233	4,096,319
Contribution to professional services segment	391,432	390,680
	<u>4,370,665</u>	<u>4,486,999</u>

4. REVENUE

An analysis of the Group's revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers	7,533,324	7,995,052
Revenue from another source —		
Gross rental income from assets leasing	934	5,748
	<u>7,534,258</u>	<u>8,000,800</u>

5. OTHER INCOME AND GAINS, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income		
Interest income	26,170	45,089
Other rental income	319	302
Other service income	873	–
Profit guarantee income	14,044	–
Guarantee income	–	4,325
Management fee income	2,699	1,708
Government subsidies*	247,525	–
Sundry income	12,260	10,904
	<u>303,890</u>	<u>62,328</u>
Gains, net		
Gain on sale of a property interest through disposal of subsidiaries	11,515	–
Gain on deconsolidation of subsidiaries	–	9,270
Gains on deregistration of subsidiaries, net	5,689	–
Gain on deregistration of a joint operation	2,863	–
Gain on remeasurement of a pre-existing interest in an associate	3,493	–
Gain on disposal of an associate	–	2,995
Gain on disposal of a self-occupied office premise included in property, plant and equipment and right-of-use assets	–	109,479
Gain on disposal of other items of property, plant and equipment, net	–	1,810
Fair value gain of the debt investments at fair value through profit or loss	97	–
Foreign exchange gain, net	–	595
	<u>23,657</u>	<u>124,149</u>
Other income and gains, net	<u><u>327,547</u></u>	<u><u>186,477</u></u>

* The amount represented subsidies received under the Employment Support Scheme in Hong Kong which required the Group to undertake not to implement employment redundancy measures during the subsidy period and are restricted to be used for the payment of salaries and wages. All conditions relating to these grants have been fulfilled.

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on:		
Bank borrowings	59,651	107,544
Lease liabilities	2,300	1,901
	<u>61,951</u>	<u>109,445</u>
Total interest expenses	61,951	109,445
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	19,011	18,123
	<u>80,962</u>	<u>127,568</u>
Total finance costs	80,962	127,568
Less: Amount included in cost of construction work	(1,911)	(2,780)
	<u>79,051</u>	<u>124,788</u>

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of construction work	6,336,764	6,596,762
Cost of construction-related consultancy services provided	31,153	26,428
Cost of goods sold	5,764	3,045
Direct operating expenses (including repairs and maintenance) arising on rental-earning assets	1,307	15,508
Cost of security, tunnel and other facility management services provided	848,279	811,562
Cost of non-franchised bus services provided	–	35,898
	<u>55,178</u>	<u>56,051</u>
Depreciation of items of property, plant and equipment	55,178	56,051
Less: Amount included in cost of sales	(46,737)	(47,564)
	<u>8,441</u>	<u>8,487</u>
	<u>31,948</u>	<u>30,262</u>
Depreciation of right-of-use assets	31,948	30,262
Less: Amount included in cost of sales	(7,802)	(14,674)
	<u>24,146</u>	<u>15,588</u>
Foreign exchange loss/(gain), net	245	(595)
Fair value loss of investment properties, net	600	–
(Gain)/loss on sale of property interests through disposal of subsidiaries	(11,515)	1,078
Loss on disposal of other subsidiaries	349	402
(Gain)/loss on deregistration of subsidiaries, net	(5,689)	5,046
Impairment of right-of-use assets	–	10,167
Impairment of inventories	380	–
Impairment of financial assets and contract assets:		
Contract assets	2,396	–
Trade receivables	432	–
Other receivables	5,116	5,877
	<u>7,944</u>	<u>5,877</u>
Write-off of items of property, plant and equipment	357	113
Write-off of investment in an associate	3,556	–
	<u>3,556</u>	<u>–</u>

8. INCOME TAX

An analysis of the Group's income tax is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	15,705	20,631
(Over)/under-provision in prior years	(15,804)	1,185
	(99)	21,816
Current — Mainland China		
Charge for the year	43	646
Current — Elsewhere		
Charge for the year	1,009	1,361
Under/(over)-provision in prior years	1,032	(11,854)
	2,041	(10,493)
Deferred	389	1,298
Total tax expense for the year	2,374	13,267

Note: Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of the assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

9. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim — HK0.87 cent (2020: HK1.20 cents) per ordinary share	15,880	22,159
Proposed final — Nil (2020: HK0.40 cent per ordinary share)	—	7,334
	15,880	29,493

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 March 2021.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to shareholders of the Company and the weighted average number of ordinary shares used in the calculation is (i) the weighted average number of ordinary shares in issue during the year; less (ii) the weighted average number of ordinary shares held under the share award scheme of the Company during the year.

No adjustment has been made to the basic (loss)/earnings per share amount presented as the share options of the Company outstanding during the each of the years ended 31 March 2021 and 2020 had no diluting effect on the basic (loss)/earnings per share amount presented.

The calculation of the basic and diluted (loss)/earnings per share amounts is based on the following data:

(Loss)/earnings

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss)/profit for the year attributable to shareholders of the Company, used in the basic and diluted (loss)/earnings per share calculation	<u>(184,506)</u>	<u>101,432</u>

Number of shares

	2021	2020
Weighted average number of ordinary shares in issue during the year less weighted average number of ordinary shares held under the share award scheme during the year, used in the basic and diluted (loss)/earnings per share calculation	<u>1,816,611,009</u>	<u>1,839,870,526</u>

11. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	783,551	951,828
Impairment	<u>(432)</u>	<u>–</u>
	<u>783,119</u>	<u>951,828</u>

The Group generally allows a credit period of not exceeding 60 days to its customers. Interim applications for progress payments on construction contracts are normally submitted on a monthly basis and are normally settled within one month.

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	558,522	733,517
1 to 2 months	73,707	80,575
2 to 3 months	26,441	25,677
Over 3 months	<u>124,449</u>	<u>112,059</u>
	<u>783,119</u>	<u>951,828</u>

12. NON-CURRENT ASSET AND ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

石家莊俊景房地產開發有限公司 (“Shijiazhuang JunJing”, a wholly owned subsidiary of the Group) was accounted for as a disposal group classified as held for sale as at 31 March 2021 as the management has been in negotiation with interested parties for the sale of the Group’s controlling interest in Shijiazhuang JunJing during the year and a memorandum of understanding has been entered into between the Group and an independent third party before 31 March 2021.

Subsequent to the reporting period, on 6 April 2021, the Group entered into a share transfer agreement with an independent third party for the disposal of 51% equity interest in Shijiazhuang JunJing for a total cash consideration of RMB180 million. Shijiazhuang JunJing holds the Group’s properties under development in Mainland China and certain of the Group’s properties held for sale in Mainland China. As at the date of this announcement, the completion of the transaction is subject to fulfillment of all conditions precedent.

13. TRADE PAYABLES

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Trade payables other than retention payables	885,774	1,215,459
Retention payables	<u>619,338</u>	<u>594,265</u>
	<u><u>1,505,112</u></u>	<u><u>1,809,724</u></u>

The Group’s trade payables (other than retention payables) are non-interest bearing and are normally settled on 30-day terms.

An ageing analysis of the Group’s trade payables (other than retention payables) as at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Within 1 month	325,061	609,415
1 to 2 months	154,365	191,662
2 to 3 months	100,455	82,510
Over 3 months	<u>305,893</u>	<u>331,872</u>
	<u><u>885,774</u></u>	<u><u>1,215,459</u></u>

14. BANK BORROWINGS

At 31 March 2021, the Group did not comply with certain financial covenants of bank loans with an aggregate principal amount of HK\$2,620 million (2020: a syndicated bank loan of HK\$864 million) and hence these bank borrowings were repayable on demand and classified as current liabilities. Consent waivers of non-compliance with financial covenants have been received by the Group subsequent to the reporting period (2020: the term of the bank loan with a financial covenant not complied has been revised on 12 May 2020).

15. PROVISION FOR LITIGATIONS

In or about December 2013 and March 2014, a plaintiff commenced two separate legal proceedings against the Group alleging that the Group's termination of a proposed transaction in relation to the sale of a commercial development at No. 8 Clear Water Bay Road and 49% interest in the car park development at No. 8 Clear Water Bay Road (collectively, the "Properties") was wrongful and in breach of a memorandum entered into between the plaintiff and the Group in September 2013 (the "MOU"). The plaintiff claimed against the Group for the loss of capital appreciation of the Properties.

In prior years, as advised by the legal advisers to the Group, having considered the facts and submissions made in relation to the two cases, the Group had a reasonable prospect in successfully defending the claims and therefore, in the prior years' financial information, no provision for these litigations has been provided and contingent liabilities in respect of these litigations were disclosed.

Subsequent to the reporting period, on 16 June 2021, the Court of First Instance in Hong Kong handed down its judgments on the two legal proceedings against the Group and decided that the Group's termination of the proposed transaction in relation to the sale of the Properties was wrongful and in breach of terms and conditions of the MOU. The court therefore ordered the Group to compensate the plaintiff's loss in the sum of HK\$164.0 million plus interest and the plaintiff's legal costs incurred (the "Compensation"), which is estimated to be approximately HK\$272.0 million in aggregate as at 31 March 2021.

In accordance with HKAS 10 *Events after the Reporting Period*, the court judgements are considered as adjusting events and, therefore, the Group recorded the Compensation in profit or loss during the year.

16. SHARE CAPITAL

	Number of ordinary shares in issue	Issued capital HK\$'000
At 1 April 2019	1,863,391,847	186,339
Cancellation of repurchased shares (<i>note</i>)	<u>(25,066,000)</u>	<u>(2,506)</u>
At 31 March 2020 and 1 April 2020	1,838,325,847	183,833
Cancellation of repurchased shares (<i>note</i>)	<u>(18,198,000)</u>	<u>(1,820)</u>
At 31 March 2021	<u>1,820,127,847</u>	<u>182,013</u>

Note: During the year, the Company repurchased 18,198,000 (2020: 25,066,000) ordinary shares in total on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK\$10,991,000 (2020: HK\$15,609,000) and all these shares were subsequently cancelled on or before the year end date. The repurchases were effected by the directors of the Company with a view to benefiting the shareholders of the Company as a whole by enhancing the Company's net asset value and earnings per share. Subsequent to the reporting period and up to the date of this announcement, 610,000 ordinary shares in total were repurchased by the Company on the Stock Exchange at an aggregate consideration of HK\$360,400 and all these shares were cancelled accordingly.

17. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had the following contingent liabilities, which have not been provided for in the financial information:

(a) Corporate guarantees and performance bonds given

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
— subsidiaries	1,022,183	1,028,495
— joint operations	107,285	118,611
— a joint venture	40,445	40,445
	<u>1,169,913</u>	<u>1,187,551</u>
Guarantees issued to financial institutions to secure credit facilities granted to a joint venture and associates (<i>note (ii)</i>)	1,527,275	1,515,530
Guarantees for property development projects given to banks which granted facilities to purchasers of the Group's properties held for sale (<i>note (iii)</i>)	14,835	18,216
	<u>2,712,023</u>	<u>2,721,297</u>

In addition to the above, corporate guarantees were provided by the Group to two parties to indemnify them any losses and liabilities that they may incur in connection with certain construction work of the Group in which the two parties have involvement, however, the financial impact of the contingent liabilities that may arise from these arrangements is not disclosed as, in the opinion of the directors of the Company, the estimate of which is not practicable to do so.

Notes:

- (i) In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the possibility of the default of the parties involved is remote. Accordingly, no value has been recognised in the consolidated statement of financial position in respect of these financial guarantee contracts.
- (ii) At 31 March 2021, the banking facilities granted to associates (2020: a joint venture and associates) and guaranteed by the Group were utilised to the extent of HK\$1,045,605,000 (2020: HK\$762,473,000). The other shareholder of an associate provides to the Group a counter-guarantee in respect of the amount of banking facilities in excess of the Group's pro rata share based on the Group's equity interest in the associate.
- (iii) At 31 March 2021 and 2020, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties.

Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties through taking legal actions. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and discharges upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers; and (ii) the fully repayment of the relevant mortgage loans by the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in the financial information for the guarantees.

(b) Litigations

Further details of the contingent liabilities as at 31 March 2020 in respect of litigations were set out in note 15 to this financial information.

18. PLEDGE OF ASSETS

The carrying amount of the assets pledged by the Group to secure the banking facilities granted to the Group as at the end of the reporting period are summarised as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Property, plant and equipment	83,453	44,277
Investment properties	11,256	–
Right-of-use assets	123,963	122,032
Bank deposits	14,294	7,677
	<u>232,966</u>	<u>173,986</u>

In addition to the above, as at 31 March 2021, the Group has pledged the equity interest in a wholly-owned subsidiary to secure a banking facility granted to an associate.

19. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in notes 12, 15 and 16 to this financial information, there is no significant event occurred subsequent to the reporting period.

BUSINESS REVIEW

During the Year, total revenue of approximately HK\$7.53 billion (2020: HK\$8.00 billion) has been recorded by the Group, with net loss attributable to the shareholders of the Company (the “Shareholders”) amounting to HK\$184.5 million (2020: net profit attributable to Shareholders of HK\$101.4 million). Excluding a one-off provision for compensation related to the legal proceedings of approximately HK\$272.0 million, the Group is profitable on operational level with a net profit attributable to Shareholders of HK\$87.5 million. Based on the existing financial performance, the Group has sufficient cash flow to maintain the ongoing operation.

Easing of filibustering at the Legislative Council from second half year led to more projects rolled out and greater opportunities for the construction sector. With respect to the Group, it was able to leverage its renowned “Chun Wo” brand and reputation for technological prowess to secure several prominent infrastructure projects. In addition, owing to the Group sound business fundamentals and strategies, the banking community continued its strong support to the Group through the concluding HK\$1.3 billion term loan and revolving credit facilities agreement in February 2021, the funds of which will enhance financial flexibility and funding capacity.

Construction

The construction segment under the “Chun Wo” brand delivered HK\$6.57 billion (2020: HK\$7.02 billion) in revenue during the Year. However, due to the pandemic which inevitably slowed down project approvals and work progresses, segmental profit dropped to HK\$58.6 million (2020: HK\$129.4 million). As at 31 March 2021, the Group held contracts with an aggregate value of HK\$27.86 billion, among which HK\$15.09 billion were ongoing contracts.

Amid the challenging business conditions, the Group was able to win 33 new projects by capitalising on its reputation for quality, excellence and innovation in the construction sector. Among the new projects secured include Fanling North New Development Area, Phase 1: Fanling Bypass Eastern Section (Shek Wu San Tsuen North to Lung Yeuk Tau); In-situ Reprovisioning of Shatin Water Treatment Works (South Works) — Water Treatment Works and Ancillary Facilities; and Main Contract for the Proposed Composite Development at Nos. 12–30 Hang On Street, Kwun Tong, Kowloon.

As at 31 March 2021, the Group was engaged in 65 ongoing projects, which mainly include Site Formation and Infrastructure Works for Development of Anderson Road Quarry Site; Shek Wu Hui Effluent Polishing Plant — Main Works Stage 1 — Civil Works for Sludge Treatment Facilities and 132kV Primary Substation; Kwu Tung North New Development Area, Phase 1 — Roads and Drainage between Kwu Tung North New Development Area and Shek Wu Hui; Construction of Public Housing Development at Hiu Ming Street; Hong Kong Disneyland Resort Project — Arendelle Completion Package; Tseung Kwan O — Lam Tin Tunnel — Tseung Kwan O Interchange and Associated Works; and Hong Kong International Airport — Terminal 2 Foundation and Substructure Works.

Several projects were concluded during the Year, including Construction of Public Rental Housing Redevelopment at Pak Tin Estate Phases 7 and 8; Phase 1 Redevelopment of Ming Wah Dai Ha; Queen's Hill Development — Road and Drainage Works; In-situ Reprovisioning of Shatin Water Treatment Works (South Works) — Advance Works; and Foundation for Public Housing Development at Tuen Mun Area 29 West.

To explore more opportunities related to construction segment, the Group during the Year concluded equity investment with Century Elite Technology Group, an expert in solar energy systems, which is currently an approved contractor of Hong Kong International Airport, CLP Power Hong Kong Limited, and The Hongkong Electric Company, Limited for providing electrical and mechanical engineer services. The development of the business is progressing smoothly in renewable energy market and brings synergistic effect to the construction segment.

The Group believes opportunities remain in the construction sector, owing to a shortage in housing supply driven by robust public and private demand and the rollout of public infrastructure projects. However, rising cost of raw materials in the wake of the Covid-19 pandemic, has indeed put pressure on the Group's margin. Looking forward, this will call for careful monitoring and vetting of projects to optimise profits in prudent approach. Another persistent challenge the construction sector encountered is the shortage of professional talents. The Group has been proactively recruiting young talent while at the same time focusing on retaining staff through enhanced training and retention programs.

Property Development and Assets Leasing

The property development and assets leasing segment recorded HK\$1.7 million (2020: HK\$8.8 million) in revenue to the Group during the Year. In the first half of the Year, the Group disposed the interest in a residential development site located on Prince Edward Road West, Ho Man Tin. Further, sales activity of “128 Waterloo”, a premium residential development project located on Waterloo Road, Ho Man Tin, has commenced, with the demand of property picking up again in the second half of the Year, the management is confident in the sales of this project in the year ahead.

Other development projects include a land exchange application for a residential land parcel in Tung Chung. It is believed that with the rapid development of Tung Chung, the residential development project will have excellent prospects. And the foundation works of the commercial development at Nos. 35 and 37 Cameron Road, Tsim Sha Tsui has been commenced. In addition, the Group recently purchased a site located at Nos. 61–67 Soy Street, Mongkok in a joint venture, which is planned to be redeveloped as a hybrid residential and retail building. Meanwhile, the Group has entered into a share transfer agreement with an independent third party for the disposal of certain interests in the properties located in Shijiazhuang, the PRC. The completion of the transaction is subject to fulfillment of all conditions precedent and this transaction is expected to bring reasonable returns and further strengthen the liquidity position of the Group.

Subsequent to the reporting period, the court decided that the Group's termination of a proposed transaction in relation to the sale of the commercial development at No. 8 Clear Water Bay Road and 49% interest in the car park development at No. 8 Clear Water Bay Road was wrongful and in breach of terms and conditions of the memorandum entered into between the plaintiff and the Group in September 2013. The court ordered the Group to compensate the plaintiff's loss plus interest and the plaintiff's legal costs incurred. The Company therefore has made a one-off provision for compensation related to the legal proceedings of approximately HK\$272.0 million during the Year.

The Group's focus for the segment will remain in Hong Kong. In view of current developments of the Hong Kong property market, it will continue to take a prudent approach, characterised by the regular review and timely adjustment of its property portfolio, as well as partnership arrangement for synergies and risk diversification.

Professional Services

The professional services segment operated by City Services Group Limited ("City Services"), provides the services of security, tunnel and other facility management. During the Year, professional services segment performed steadily, generated a revenue of HK\$952.2 million (2020: HK\$921.5 million) and a profit of HK\$157.0 million (2020: HK\$63.9 million). In terms of the security and facility management, quality services allow City Services to secure the renewal of contracts with several reputable clients during the Year. With respect to the tunnel management operation, the Group holds management contracts for six tunnels in Hong Kong, including the Cross-Harbour Tunnel, the Shing Mun Tunnels, the Tseung Kwan O Tunnel, the Kai Tak Tunnel, the Lion Rock Tunnel and the Central-Wan Chai Bypass Tunnel.

Non-franchised Bus Services

The non-franchised bus services segment operated by Chun Wo Bus Services Limited recorded a segmental profit of HK\$6.0 million (2020: HK\$15.9 million) during the Year. Due to the decline in inbound visitors to Hong Kong, the Group shrewdly redirected the business focus from tourist-related to scheduled services. Through the securing of sizeable contracts with various renowned organisations, schools and property management companies, the non-franchised bus services business has been able to enlarge the customer group and broaden the business opportunities.

It is worth noting as well that the non-franchised bus services business has earned the ISO 9001 certification. This achievement highlights the Group's ability to align its Quality Management Systems with the framework set by the ISO international standard, which is ultimately aimed at delivering services that meet the requirements and expectations of customers and other stakeholders in the most efficient manner.

Medical Technology and Healthcare

During the Year, the Group has ventured into the medical technology and healthcare sector through the acquisition of Hong Kong Cyclotron Laboratories Limited (“HKCL”). HKCL specialises in the production of positron emission tomography (“PET”) drugs and operates one of the largest PET radiopharmacy distribution networks in Hong Kong, being a key supplier for hospitals and imaging centers. Further to the acquisition, the management is actively seeking opportunities to increase market share in Hong Kong by gradually expanding its production capacity.

Other Business

Online building materials procurement and management platform and construction financing businesses both continued to progress well. The Group will continue to direct efforts toward developing these businesses, with a view to enhance their positions in supporting the core businesses and expanding income streams.

OUTLOOK AND PROSPECTS

Construction

While weary of downside risks, the Group remains cautiously optimistic about the construction industry in view of economic, social and political clarity in Hong Kong. Moreover, the Hong Kong Government’s commitment to increasing housing supply and investments in public infrastructure will continue to create opportunities for the industry as a whole. Specifically, the Group will be strategically targeting opportunities in large-scale projects such as the Tung Chung New Town Extension, the Lok Ma Chau Loop and the extension of the MTR network. Furthermore, the Group will be leveraging its industry leading patents and technology in the Modular Integrated Construction space to expand its building portfolio. The Group has expanded its orders on hand due to winning new contracts, which echoes its belief of opportunities in construction industry.

Property Development and Assets Leasing

In early 2021, investor confidence in the property market has gradually rebounded. Such confidence will be further strengthened as the impact of Covid-19 pandemic dissipates, resulting in the relaxation of travel restrictions and the return of inbound visitors which is vital for revitalising the economy, and which the property sector will be a major benefactor. Regardless of market trends, the Group will continue to exercise prudence when examining opportunities, as reflected by its practice of seeking partnerships to both generate synergies and to mitigate risk.

Professional Services

As a stable and dependable source of income, professional services has proved to be less susceptible to economic and social fluxes. The Group will continue to seek new contracts and opportunities for the security, tunnel and other facility management businesses to facilitate their sustainable developments and will maintain its commitment to providing quality professional services to existing clients to build trust and ongoing support. At the same time, the Group will continue to explore the feasibility of various proposals, including the spin-off and separate listing of this segment on the Stock Exchange.

Non-franchised Bus Services

Having achieved a turnaround since affected by local and external developments, the non-franchised bus services segment will be actively extending the local routes of shuttle bus services to enlarge the customer base. In addition, the Group will make preparations for seizing opportunities after pandemic, including the revival of local tourism.

Medical Technology and Healthcare

With respect to this new segment, while ramping up the integration of HKCL into the Group and increasing its market share, the management is seeking to expand the operation through looking into other relevant business opportunities in this industry.

Other Business

The management maintains the belief in its other businesses play a contributory role to overall advancement of the Group. In line with this belief, the Group will nurture the development of existing businesses while at the same time continue to look for suitable opportunities so as to diversify operations, expand income streams and create long term sustainable growth.

Conclusion

While being a leading member of the construction industry, the Group remains committed to strengthening its position across all of its business interests. The Group is also adamant about seizing opportunities that can benefit people from all walks of life. The recent equity investments in the medical technology sector and renewable energy fields put the Group's determination into practice, and will bring the Group more opportunities to enter into the Greater Bay Area as well. We believe that the development of the advanced "wall connection technology" applicable to the Concrete "Modular Integrated Construction" solution under "Inno@ChunWo" initiatives collaborated with universities announced during the Year will bring advancement to the Group and society concurrently. By raising the Group's technological prowess, it can promote industry development, leading ultimately to social progress.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly relies upon internally generated funds as well as bank borrowings to finance its operations and expansion, which is supplemented by equity funding when it is required.

At 31 March 2021, the total net debts of the Group amounted to approximately HK\$1,700.0 million, representing total debts of approximately HK\$3,270.9 million less total of cash and bank balances of approximately HK\$1,570.9 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2021, is analysed as follows:

	As at 31 March 2021 <i>HK\$ million</i>	As at 31 March 2020 <i>HK\$ million</i>
Bank borrowings and lease liabilities repayable:		
Within one year or on demand	1,161.0	1,632.6
After one year, but within two years		
— On demand shown under current liabilities	1,260.3	7.0
— Remaining balances	21.1	255.4
After two years, but within five years		
— On demand shown under current liabilities	784.6	12.0
— Remaining balances	20.1	1,008.7
Over five years		
— On demand shown under current liabilities	3.8	—
— Remaining balances	20.0	2.8
	<u>3,270.9</u>	<u>2,918.5</u>
Total debts		

The Group has continued to implement a prudent financial management policy, at 31 March 2021, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to Shareholders, was 0.74 (2020: 0.72).

Bank borrowings financial covenants fall into non-compliance due to the one-off provision related to legal proceedings, triggering certain bank borrowings being classified as current liabilities. These bank borrowings were included in the “On demand shown under current liabilities” under “After one year, but within two years” and “After two years, but within five years” time bands disclosed above. Consent waivers of non-compliance with financial covenants have been received subsequent to reporting period.

To minimise exposure on foreign exchange fluctuations, the Group’s bank borrowings and cash balances are primarily denominated in Hong Kong dollars or Renminbi which are the same as the functional currency of the relevant group entities. The Group has no significant exposure to foreign exchange rate fluctuations and shall use derivative contracts to hedge against its exposure to currency risk only when it is required. Furthermore, the Group’s bank borrowings have not been hedged by any interest rate financial instruments.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 17 to the annual results.

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 18 to the annual results.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 6,500 employees as at 31 March 2021. Total remuneration of employees for the Year amounted to approximately HK\$1,786.7 million. Employees are remunerated according to their nature of work and the market trend, with merit-based components incorporated in the annual increment review to reward and motivate individual performance. Employee bonus is distributable based on the performance of the respective divisions and the employees concerned. Moreover, the Group also provides in-house training program and sponsorship for external training courses which are complementary to their job functions.

With a view to providing incentive for employees to achieve performance goals and aligning the interests of employees directly to the Shareholders through ownership of shares of the Company, the Company adopted the restricted share award scheme on 1 August 2017, pursuant to which the Company may grant to eligible participants restricted shares of the Company. Such grant shares are acquired by the scheme trustee on the market of the Stock Exchange and held upon trust for the benefit of the grantees and shall become vested in the grantees upon satisfaction of specified vesting criteria.

In addition, the Company had also adopted a share option scheme (the “Share Option Scheme”), under which the Directors are authorised to grant share options to the eligible participants to subscribe for shares of the Company for the purpose of, among other things, providing incentives and rewards to, and recognising the contributions of, the eligible participants. The Share Option Scheme is valid and effective for a period of 10 years commencing on 3 September 2012.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2019/20: HK0.40 cent per share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed during the following period:

Latest time to lodge transfer documents for registration 4:30 p.m. on Thursday,
26 August 2021

Closure of register of members Friday, 27 August 2021 to
Wednesday, 1 September 2021
(both days inclusive)

In order to be eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the latest time as stated above for registration.

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

During the Year, the Company repurchased 18,198,000 shares of the Company at an aggregate consideration of HK\$10,991,440 (before expenses) on the Stock Exchange. All repurchased shares were cancelled during the Year.

Particulars of the repurchase during the Year are as follows:

Months of share repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid (before expenses) HK\$
2020				
April	3,798,000	0.66	0.64	2,437,080
August	558,000	0.61	0.61	340,380
September	6,450,000	0.60	0.57	3,825,200
October	1,862,000	0.60	0.60	1,117,200
December	1,126,000	0.59	0.58	662,080
2021				
January	3,256,000	0.60	0.59	1,926,560
February	586,000	0.59	0.59	345,740
March	562,000	0.60	0.60	337,200
Total	<u>18,198,000</u>			<u>10,991,440</u>

The Directors considered that the repurchases were made with a view to enhancing the net asset value per share and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Year.

Further information of the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2020/21 Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, after a specific enquiry made by the Company, that they have fully complied with the required standard set out in the Model Code throughout the Year.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 19 to the annual results.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Board (the "Audit Committee") comprises five members, namely Mr. Wu William Wai Leung (Chairman of the Audit Committee), Ms. Wong Wendy Dick Yee, Mr. Lam Yau Fung, Curt, Mr. Ho Gilbert Chi Hang and Dr. Yim Yuk Lun, Stanley, all being Non-executive Director or Independent Non-executive Directors. The Audit Committee has reviewed with the management and given its consent to the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the annual results of the Group for the Year.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Company's auditor 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 the Company's auditor on the preliminary announcement.

By Order of the Board
**ASIA ALLIED INFRASTRUCTURE
HOLDINGS LIMITED**
Pang Yat Ting, Dominic
Chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Xu Jianhua, Ir Dr. Pang Yat Bond, Derrick, JP, Mr. Shea Chun Lok, Quadrant, Madam Li Wai Hang, Christina, the non-executive directors of the Company are Ms. Wong Wendy Dick Yee and Ir Dr. Wong Nai Keung, Philco, and the independent non-executive directors of the Company are Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt, Mr. Ho Gilbert Chi Hang and Dr. Yim Yuk Lun, Stanley BBS JP.