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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
Total revenue	**3,819,920**	3,833,408
Profit attributable to shareholders of the Company	**56,134**	56,271
Basic earnings per share	**HK3.11 cents**	HK3.09 cents
Dividend per share	**HK0.88 cent**	HK0.87 cent
	30 September 2021	31 March 2021
Equity per share*	**HK$1.30**	HK$1.26

* *Equity per share refers to equity attributable to shareholders of the Company divided by the total number of issued ordinary shares as at 30 September 2021 and 31 March 2021 respectively.*

INTERIM RESULTS

The Board of Directors (the "Board" or the "Directors") of Asia Allied Infrastructure Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2021 (the "Review Period"), together with the relevant comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**3,819,920**	3,833,408
Cost of sales		**(3,528,191)**	(3,713,472)
Gross profit		**291,729**	119,936
Other income and gains, net		**34,125**	176,941
Selling expenses		**(760)**	(246)
Administrative expenses		**(225,034)**	(212,566)
Provision for litigations		**(7,040)**	–
Other expenses, net		**(6,729)**	(3,706)
Finance costs	*5*	**(35,220)**	(41,815)
Share of profit of a joint venture		**1,662**	1,499
Share of profits and losses of associates		**6,113**	26,108
PROFIT BEFORE TAX	*6*	**58,846**	66,151
Income tax	*7*	**(8,758)**	(3,180)
PROFIT FOR THE PERIOD		**50,088**	62,971
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Translation of foreign operations		**7,828**	25,804
Share of movement in the exchange fluctuation reserve of a joint venture		**(609)**	432
Share of movements in the exchange fluctuation reserves of associates		**(30)**	1,671
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX OF NIL		**7,189**	27,907
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**57,277**	90,878

	Note	Six months ended 30 September 2021 (Unaudited) HK$'000	2020 (Unaudited) HK$'000
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**56,134**	56,271
Non-controlling interests		**(6,046)**	6,700
		50,088	62,971
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**63,323**	84,178
Non-controlling interests		**(6,046)**	6,700
		57,277	90,878
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*	***HK cents***	*HK cents*
Basic and diluted		**3.11**	3.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021

	Notes	**30 September 2021 (Unaudited)** ***HK$'000***	31 March 2021 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**363,116**	383,544
Investment properties		**11,171**	11,256
Right-of-use assets		**177,162**	181,015
Goodwill		**121,940**	122,377
Intangible assets		**2,469**	–
Investments in joint ventures		**13,403**	12,349
Investments in associates		**397,986**	375,945
Land held for property development		**236,428**	236,149
Debt investments at fair value through profit or loss		**3,642**	3,642
Deferred tax assets		**2,489**	1,648
Total non-current assets		**1,329,806**	1,327,925
CURRENT ASSETS			
Land held for property development		**39,318**	37,887
Inventories		**7,325**	7,503
Contract assets		**3,640,654**	3,328,765
Trade receivables	*10*	**814,219**	783,119
Prepayments, deposits and other receivables	*11*	**1,061,007**	1,077,936
Income tax recoverable		**35,865**	38,710
Equity investments at fair value through profit or loss		**11,410**	1,868
Restricted cash and pledged deposits		**13,161**	14,294
Cash and cash equivalents		**1,200,451**	1,556,582
		6,823,410	6,846,664
Assets of a disposal group classified as held for sale	*12*	**425,801**	399,947
Total current assets		**7,249,211**	7,246,611

	Notes	**30 September 2021 (Unaudited) *HK$'000***	31 March 2021 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade payables	*13*	**1,706,382**	1,505,112
Contract liabilities		**52,922**	64,085
Other payables and accruals		**891,261**	863,997
Bank borrowings		**969,737**	3,179,019
Lease liabilities		**25,931**	30,722
Provision for construction works		**131,578**	103,695
Provision for litigations	*14*	**279,050**	272,010
Income tax payables		**74,121**	68,678
		4,130,982	6,087,318
Liabilities directly associated with the assets of a disposal group classified as held for sale	*12*	**98,985**	77,068
Total current liabilities		**4,229,967**	6,164,386
NET CURRENT ASSETS		**3,019,244**	1,082,225
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,349,050**	2,410,150
NON-CURRENT LIABILITIES			
Bank borrowings		**1,925,062**	36,079
Lease liabilities		**24,911**	25,083
Deferred tax liabilities		**2,609**	3,703
Total non-current liabilities		**1,952,582**	64,865
Net assets		**2,396,468**	2,345,285
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**181,460**	182,013
Reserves		**2,172,142**	2,105,993
		2,353,602	2,288,006
Non-controlling interests		**42,866**	57,279
Total equity		**2,396,468**	2,345,285

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2021 (Unaudited)

1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

2 SIGNIFICANT ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information has been prepared on the historical cost basis, 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 assets 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.

The accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 September 2021 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's condensed consolidated interim financial information:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the Singapore Interbank Offered Rate as at 30 September 2021. Since the interest rates of these borrowings are not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

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
- 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

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, 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:

For the six months ended 30 September 2021

	Construction services (Unaudited) *HK$'000*	Property development and assets leasing (Unaudited) *HK$'000*	Professional services (Unaudited) *HK$'000*	Non-franchised bus services (Unaudited) *HK$'000*	Medical technology and healthcare (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue *(note 4)*:						
Sales to external customers	3,330,601	–	471,405	–	17,914	3,819,920
Intersegment sales	–	–	6,390	–	–	6,390
	3,330,601	–	477,795	–	17,914	3,826,310
Reconciliation:						
Elimination of intersegment sales						(6,390)
						3,819,920
Segment results	109,586	(19,190)	27,375	1,179	6,774	125,724
Interest income						10,805
Corporate and other unallocated expenses						(43,107)
Finance costs (other than interest on segment lease liabilities)						(34,576)
Profit before tax						58,846
Income tax						(8,758)
Profit for the period						50,088
Other segment information:						
Share of profit of a joint venture	1,662	–	–	–	–	1,662
Share of profits of associates	2,323	2,611	–	1,179	–	6,113
Depreciation of items of property, plant and equipment	(21,457)	(771)	(4,153)	–	(512)	(26,893)
Depreciation of right-of-use assets	(10,744)	(2,586)	(2,855)	–	(488)	(16,673)
Loss on disposal of items of property, plant and equipment, net	(517)	–	(130)	–	–	(647)
Gain on disposal of right-of-use assets, net	597	–	–	–	–	597
Impairment of other receivables	(5,593)	–	–	–	–	(5,593)
Write-off of items of property, plant and equipment	(6)	–	–	–	–	(6)
Write-off of investment in an associate	–	(59)	–	–	–	(59)

For the six months ended 30 September 2020

	Construction services (Unaudited) *HK$'000*	Property development and assets leasing (Unaudited) *HK$'000*	Professional services (Unaudited) *HK$'000*	Non-franchised bus services (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue *(note 4)***:**					
Sales to external customers	3,346,080	1,652	485,676	–	3,833,408
Intersegment sales	–	–	8,849	–	8,849
	3,346,080	1,652	494,525	–	3,842,257
Reconciliation:					
Elimination of intersegment sales					(8,849)
					3,833,408
Segment results	23,712	32,646	82,608	2,997	141,963
Interest income					14,415
Corporate and other unallocated expenses					(49,189)
Finance costs (other than interest on segment lease liabilities)					(41,038)
Profit before tax					66,151
Income tax					(3,180)
Profit for the period					62,971
Other segment information:					
Share of profit of a joint venture	1,499	–	–	–	1,499
Share of (losses)/profits of associates	(5,685)	28,796	–	2,997	26,108
Depreciation of items of property, plant and equipment	(20,232)	(474)	(4,405)	–	(25,111)
Depreciation of right-of-use assets	(9,724)	(2,889)	(2,514)	–	(15,127)
Loss on disposal of items of property, plant and equipment, net	(3,530)	–	–	–	(3,530)

Segment assets and liabilities

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

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 periods ended 30 September 2021 and 2020, is set out below:

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A:		
Contribution to construction services segment	**2,034,747**	2,024,805
Contribution to professional services segment	**196,241**	196,415
	2,230,988	2,221,220

4 REVENUE

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

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers	**3,819,920**	3,832,474
Revenue from another source		
– Gross rental income from assets leasing	**–**	934
	3,819,920	3,833,408

5 FINANCE COSTS

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

	Six months ended 30 September 2021 (Unaudited) *HK$'000*	2020 (Unaudited) *HK$'000*
Interest on:		
Bank borrowings	**26,582**	33,503
Lease liabilities	**943**	1,150
Total interest expenses	**27,525**	34,653
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	**8,269**	7,965
Total finance costs	**35,794**	42,618
Less: Amount included in cost of construction work	**(574)**	(803)
	35,220	41,815

6 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September 2021 (Unaudited) *HK$'000*	2020 (Unaudited) *HK$'000*
Cost of construction work	**3,074,369**	3,271,912
Cost of construction-related consultancy services provided	**24,161**	12,979
Cost of goods sold	**6,016**	681
Direct operating expenses (including repairs and maintenance) arising on rental-earning assets	**–**	1,308
Cost of security, tunnel and other facility management services provided	**423,645**	426,592
Depreciation of items of property, plant and equipment	**26,893**	25,111
Less: Amount included in cost of sales	**(21,808)**	(21,708)
	5,085	3,403
Depreciation of right-of-use assets	**16,673**	15,127
Less: Amount included in cost of sales	**(2,885)**	(4,337)
	13,788	10,790
Amortisation of intangible assets	**31**	–
Impairment of other receivables	**5,593**	–
Write-off of items of property, plant and equipment	**6**	–
Write-off of investment in an associate	**59**	–

7 INCOME TAX

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

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**9,959**	1,554
Mainland China	**–**	234
Elsewhere	**927**	912
(Over)/under-provision in prior years:		
Hong Kong	**(675)**	(491)
Mainland China	**504**	27
Elsewhere	**(24)**	744
Deferred	**(1,933)**	200
Total tax expense for the period	**8,758**	3,180

Note: Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, 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 (six months ended 30 September 2020: HK$2,000,000) of the assessable profits of this subsidiary are 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.

8 DIVIDENDS

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend recognised as distribution during the period in respect of 2021 of Nil (2020: HK0.40 cent) per ordinary share	**–**	7,334
Interim dividend declared in respect of six months ended 30 September 2021 of HK0.88 cent (six months ended 30 September 2020: HK0.87 cent) per ordinary share	**15,923**	15,880
	15,923	23,214

9 EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period 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 period; less (ii) the weighted average number of ordinary shares held under the share award scheme of the Company during the period.

In respect of the financial period ended 30 September 2021 and 2020, no adjustment has been made to the basic earnings per share amount presented as the share options of the Company outstanding during the financial period had no diluting effect on the basic earnings per share amount presented.

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

Earnings

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**56,134**	56,271

Number of shares

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period less weighted average number of ordinary shares held under the share award scheme during the period, used in the basic and diluted earnings per share calculation	**1,805,271,880**	1,821,987,891

10 TRADE RECEIVABLES

	30 September 2021 (Unaudited)	31 March 2021 (Audited)
	HK$'000	*HK$'000*
Trade receivables	**814,647**	783,551
Impairment	**(428)**	(432)
	814,219	783,119

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:

	30 September 2021 (Unaudited)	31 March 2021 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**583,218**	558,522
1 to 2 months	**108,266**	73,707
2 to 3 months	**29,681**	26,441
Over 3 months	**93,054**	124,449
	814,219	783,119

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables as at 30 September 2021 was an investment deposit and partial consideration of HK$74 million (31 March 2021: HK$74 million) in total (before an impairment loss made) which was paid in connection with the acquisition of the entire issued share capital of CCCC Development Limited (the "Target Company").

On 4 November 2015, the Group entered into a sale and purchase agreement (the "Original Agreement") with China Chengjian Investment Limited (the "Vendor"), pursuant to which the Group conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire issued share capital of the Target Company at a cash consideration of HK$660 million (the "Acquisition"). At the material time, the Target Company held 50% equity interest in each of the two People's Republic of China (the "PRC") construction companies, namely 中城建第四工程局集團有限公司 ("CCCC Fourth") and 中城建第十三工程局有限公司 ("CCCC Thirteenth"). The Target Company and the two construction companies were principally engaged in municipal construction, building construction, and construction of build-transfer, build-operate-transfer, public-private partnership projects, property development and investment in the PRC. An investment deposit and partial consideration (collectively, the "Deposit") of HK$198 million in total was paid to the Vendor at the original completion date of the Acquisition.

The Acquisition was subsequently rescinded on 31 March 2017 pursuant to a supplemental agreement (the "Supplemental Agreement") which was entered into between the Group and the Vendor on 25 August 2016, and was approved at the Company's special general meeting on 31 October 2016. In accordance with the Supplemental Agreement, the Vendor shall refund the Deposit to the Group and the Group was entitled to take steps to protect its interest, including selling the shares of the Target Company in part or in whole to a third party and claiming any shortfall, loss or damages directly against the Vendor and its shareholder (as guarantor in the Acquisition) should the Vendor fail to fulfil its obligations to repay the Deposit to the Group. Further details of the Supplemental Agreement are set out in the Company's announcement and circular dated 25 August 2016 and 30 September 2016, respectively.

The Group was able to recoup HK$50 million as part of the refund of the Deposit, but the larger portion of the Deposit, being HK$148 million (the "Outstanding Amount"), remained unpaid as at 31 March 2019, despite the Group's repeated efforts to pursue the Vendor for refund.

On 19 June 2019, for the purpose of recovering the Outstanding Amount, the Group entered into two conditional sale and purchase agreements (the "Sale Agreement(s)") with an independent third party (the "Buyer"). In one of the Sale Agreements, the Group agreed to sell to the Buyer the shares of a subsidiary of the Company which holds the equity interest in CCCC Thirteenth for a total consideration of HK$74 million. The transaction was completed and the consideration was fully settled during the prior year.

In the second Sale Agreement, the Group agreed to sell the shares of the Target Company to the Buyer for a maximum consideration of HK$74 million. If the Group is not able to procure the equity interest in CCCC Fourth to be placed under a subsidiary of the Target Company on or before 24 June 2023 (as extended pursuant to a supplemental agreement dated 24 June 2021), the consideration will be reduced to HK$22.2 million.

In prior years, after taking into account the Sale Agreements and the possible reduction in consideration in the second Sale Agreement as mentioned above and the costs incurred to execute the actions and agreements, the Directors are of the view that a total of HK$52.5 million was not expected to be recoverable out of the Outstanding Amount and hence an impairment loss against this amount was recognised in profit or loss for the year ended 31 March 2019.

12 A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As the management has been in negotiation with interested parties for the sale of the Group's controlling interest in 石家莊俊景房地產開發有限公司 ("Shijiazhuang JunJing", a wholly-owned subsidiary of the Group), which held the Group's properties under development and held for sales in Mainland China, during the prior year and a memorandum of understanding has been entered into between the Group and an independent third party before 31 March 2021. Accordingly, the properties under development and held for sale of the Group, which represented a comprehensive commercial development project and car parking spaces in Mainland China, were included in a disposal group classified as held for sale in the condensed consolidated statement of financial position from the year ended 31 March 2021.

On 6 April 2021, the Group entered into a share transfer agreement with the independent third party for the disposal of 51% equity interest in Shijiazhuang JunJing for a total cash consideration of RMB180 million. Subsequent to the reporting period, the transfer of 51% equity interest in Shijiazhuang JunJing was completed on 18 November 2021 pursuant to a supplementary agreement entered into between the parties on 15 November 2021.

After taking into account the consideration, net asset value of Shijiazhuang JunJing and the related transaction costs, it is estimated that an unaudited gain of approximately HK$50 million will be recorded in respect of the disposal.

13 TRADE PAYABLES

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Trade payables other than retention payables	**1,027,791**	885,774
Retention payables	**678,591**	619,338
	1,706,382	1,505,112

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:

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Within 1 month	**354,677**	325,061
1 to 2 months	**100,111**	154,365
2 to 3 months	**212,201**	100,455
Over 3 months	**360,802**	305,893
	1,027,791	885,774

14 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.

On 16 June 2021, the Court of First Instance in Hong Kong (the "Court") 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 "Judgments"). 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, which was estimated to be approximately HK$279.1 million and HK$272.0 million in aggregate as at 30 September 2021 and 31 March 2021, respectively.

As advised by the legal advisers to the Group, having considered the Judgments, the Group has a merit in successfully appealing against the Judgments, and, therefore lodged the Notice of Appeal for the two proceedings to the Court of Appeal on 13 July 2021 and 14 July 2021 accordingly. The appeal proceedings are in progress. In order to stay of execution for the enforcement of the Judgments pending appeal, the Group has also made the applications for stay of execution of the Judgments on 2 July 2021 and 8 July 2021 accordingly. The stay of execution shall be determined on paper and all submissions shall be filed to the Court by end of December 2021.

15 CONTINGENT LIABILITIES

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

(a) Corporate guarantees and performance bonds given

	30 September 2021 (Unaudited) *HK$'000*	31 March 2021 (Audited) *HK$'000*
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
– subsidiaries	**980,461**	1,022,183
– joint operations	**85,722**	107,285
– a joint venture	**41,173**	40,445
	1,107,356	1,169,913
Guarantees issued to financial institutions to secure credit facilities granted to associates *(note (ii))*	**1,013,564**	1,527,275
Guarantees for property development projects given to banks which granted facilities to purchasers of the Group's properties held for sale *(note (iii))*	**15,091**	14,835
	2,136,011	2,712,023

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 works 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, the estimate of which is not practicable to do so.

Notes:

(i) In the opinion of the Directors, 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 condensed consolidated statement of financial position in respect of these financial guarantee contracts.

(ii) At 30 September 2021, the banking facilities granted to associates and guaranteed by the Group were utilised to the extent of HK$624,364,000 (31 March 2021: HK$1,045,605,000). As at 31 March 2021, 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 30 September 2021 and 31 March 2021, 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 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 statements for the guarantees.

(b) Litigations

Further details of the contingent liabilities as at 30 September 2021 and 31 March 2021 in respect of litigations are set out in note 14 to the condensed consolidated interim financial information.

16 PLEDGE OF ASSETS

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

	30 September 2021 (Unaudited) *HK\$'000*	31 March 2021 (Audited) *HK\$'000*
Property, plant and equipment	**81,930**	83,453
Investment properties	**11,171**	11,256
Right-of-use assets	**121,724**	123,963
Bank deposits	**13,161**	14,294
	227,986	232,966

In addition to the above, as at 30 September 2021 and 31 March 2021, the Group has pledged the equity interest in a wholly-owned subsidiary to secure a banking facility granted to an associate.

17 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period and up to the date of this condensed consolidated interim financial information, 1,206,000 ordinary shares in total were repurchased by the Company at the consideration of HK$721,200 on the Stock Exchange. Such shares together with 3,914,000 shares, which were repurchased during the reporting period, were cancelled accordingly.

Save as disclosed above and in note 12 to the condensed consolidated interim financial information, there are no other significant events occurred subsequent to the reporting period.

BUSINESS REVIEW

Amid a general recovery of the economy, the Group's overall financial performance has remained stable during the Review Period, recording a total revenue of approximately HK$3.82 billion (2020: HK$3.83 billion) and a net profit attributable to the shareholders of the Company (the "Shareholders") of approximately HK$56.1 million (2020: HK$56.3 million). The Group's construction, professional services, non-franchised bus services and medical technology and healthcare businesses have all performed encouragingly and profitably. The management remains cautiously optimistic about the Group's prospects as there are vast opportunities from the construction sector, as highlighted by the 2021 Policy Address of the Hong Kong Government. Further down the road, the Group will continue with its plans to tap into the Greater Bay Area once border restrictions are lifted, adhering to the development strategy of advancing people's livelihoods.

Construction

The construction segment under the distinguished "Chun Wo" brand recorded a revenue of HK$3.33 billion (2020: HK$3.35 billion) and a segmental profit of HK$109.6 million (2020: HK$23.7 million) during the Review Period, achieving progress over the same period last year. Total value of contracts on hand amounted to HK$29.46 billion, with HK$15.86 billion in contracts being ongoing.

The Group secured 19 new projects during the Review Period, including a composite development project at Ash Street, Tai Kok Tsui, Kowloon, from the Urban Renewal Authority, by leveraging the Concrete "Modular Integrated Construction" technology developed by the Group. Other new projects include Main Contract Works for Proposed Modular Social Housing at 5-7 Yip Shing Street, Kwai Chung, New Territories; Main Contract at Multi-Level Carpark and Footbridge and Direct Contract for Alteration and Addition Works at Hub Area for Members Main Entrance Redevelopment and Multi-Level Carpark at Shatin Racecourse for The Hong Kong Jockey Club; and Development of Lok Ma Chau Loop: Main Works Package 1 – Contract 1 Site Formation and Infrastructure Works inside Lok Ma Chau Loop and Western Connection Road Phase 1.

With respect to ongoing projects, the construction segment is presently engaged in 69 projects, some prominent projects include Construction of Lung Tsun Stone Bridge Preservation Corridor at Kai Tak; Construction of San Shek Wan Sewage Treatment Works, Associated Submarine Outfall and Pui O Sewerage Works; In-situ Reprovisioning of Shatin Water Treatment Works (South Works) – Water Treatment Works and Ancillary Facilities; Site Formation and Foundation Works for Campus Expansion at Ho Man Tin Slope for The Hong Kong Polytechnic University; Fanling North New Development Area, Phase 1: Fanling Bypass Eastern Section; Hong Kong Disneyland Resort Project – Arendelle Completion Package; and Construction of Public Housing Development at Hiu Ming Street.

Several projects were completed during the Review Period, including Central – Wan Chai Bypass: Tunnel (North Point Section) and Island Eastern Corridor Link – Design and Construction of Quick Win Promenade; Main Works Contract for Alterations and Additions Works of New Annex for Lam Tai Fai College; Foundation for Public Housing Development at Anderson Road Quarry Site RS-1; and Construction of Reprovisioning Facilities at Hong Ning Road Park and Ngau Tau Kok Fresh Water Services Reservoir.

Over the past six months, the Covid-19 pandemic has continued to bring challenges to the construction industry, among which has included supply chain disruptions arising from border restrictions. With the supply of raw materials affected, this in turn has led to work delays, project slowdowns and higher costs for certain raw materials. While the price hike is inevitable, the Group was less impacted since it has engaged in certain projects with the Hong Kong Government, which has policies for compensating such cost increases. Still, the construction industry has been affected by the ongoing shortage of skilled labour, which, with consistently strong demand, has kept labour costs high.

Though the construction sector has faced a range of challenges over the past six months and even earlier, there have also been fresh opportunities. The Hong Kong Government's commitment to boosting land and housing supply, as well as promoting infrastructure development, which are encouraging policies. Lantau Tomorrow Vision and Northern Metropolis Development Strategy are among the ambitious plans that the Hong Kong Government has introduced to tackle the housing challenge, with the former potentially creating up to 260,000 public and private flats while the latter providing as many as 926,000 units. Such mammoth undertakings will consequently create tremendous opportunities for the construction companies who engaged in transportation, sewage and water works, which are all traditional strengths of the Group.

Property Development and Assets Leasing

The property development and assets leasing segment performed relatively weak during the Review Period as compared with same period last year. This was primarily due to Covid-19 and the overall poor macroeconomic environment resulting in a slowdown in the sales of premium property.

During the Review Period, the Group has continued to engage in sales activities for its "128 Waterloo" premium residential property, situated at Ho Man Tin. As for the residential land parcel in Tung Chung, a land exchange application is still being processed. Construction of a hybrid residential and retail building at Nos. 61-67 Soy Street, Mongkok is progressing well and will begin pre-sale activities in December 2021. Outside Hong Kong, the Group has entered into a transaction with an independent third-party for the disposal of controlling interest in a commercial development project located at Shijiazhuang in Hebei Province, the PRC.

The Group has continued to optimise its overall investment portfolio by developing a residential development project located at Castle Peak Road through a joint venture.

Given the current business climate, the Group will direct its attention primarily to the Hong Kong property market and will take a prudent approach that includes engaging in joint ventures with highly reputable partners. The Group will also continue to timely review and adjust its property portfolio to optimise returns.

Professional Services

The professional services segment provides security, tunnel and other facility management services for its clients. During the Review Period, the segment contributed HK$471.4 million (2020: HK$485.7 million) in revenue and HK$27.4 million (2020: HK$82.6 million) in segmental profit to the Group.

In respect of the security and facility management business, the Group has been able to secure contracts with several prominent clients during the Review Period, including The Hong Kong Jockey Club, Hong Kong Palace Museum and Hong Kong Customs and Excise Department. It is worth noting that the property management division did exceptionally well in exploring new income streams by providing catering services in the Customs Headquarters Building. As the management believes that this business segment holds tremendous potential, the Group will direct greater resources to nurture its development going forward.

The tunnel management business has continued to contribute a stable source of revenue to the Group. As at the Review Period, the Group managed six tunnels in Hong Kong, comprising 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. The Group will duly examine opportunities to further bolster its market presence.

Non-franchised Bus Services

Given that border restrictions were still in effect during the Review Period, the non-franchised bus services segment still recorded a segmental profit of HK$1.2 million (2020: HK$3.0 million). The favourable performance is a testament to the success of the Group's strategy to switch its operation focus from tourist-related services to scheduled services by provision of shuttle bus services for students, employees and residents in the wake of Covid-19 pandemic. The segment has maintained sizeable contracts with various renowned organisations, schools and property management companies, and has secured a new contract with a distinguished international school in September 2021, which will enhance the segment's growth in the second half year.

Medical Technology and Healthcare

Hong Kong Cyclotron Laboratories Limited ("HKCL") joined the Group in late 2020. It has performed highly favourably during the Review Period, as reflected by increases in revenue and segmental profit, that amounted to HK$17.9 million and HK$6.8 million respectively. HKCL specialises in the production of positron emission tomography ("PET") radio-pharmaceuticals for medical use, operates one of the largest PET radiopharmacy distribution networks in Hong Kong, and is a supplier of fluorodeoxyglucose to hospitals and imaging centres in the city. In addition to broadening its client base during the Review Period, HKCL has renewed an important contract with the Hong Kong Hospital Authority.

Other Business

Construction financing business and online building materials procurement and management platform progressed well during the Review Period. The management will continue to direct efforts in developing these businesses to support the Group's core businesses and expanding income streams.

OUTLOOK AND PROSPECTS

Construction

The Group remains optimistic about the future of the construction industry owing to various favourable government policies. On the land and housing fronts, the government has given the green light to expedite public housing development by streamlining approval processes, increasing provisions for transitional housing units, identifying and unlocking developable lands, and creating more redevelopment opportunities via the Urban Renewal Authority. As for urban planning and infrastructure related works, the Northern Metropolis Development Strategy and Lantau Tomorrow Vision and associated railway infrastructure, which includes five new rail links comprising Northern Link to Huanggang, Northern Link East extension, Extension of East Rail Line to Lo Wu and Shenzhen, Hong Kong-Shenzen Western Railway and Tsim Bei Tsui to Pak Nai, will create tremendous opportunities. With its renowned brand and advanced construction technologies, the management is confident about the Group's ability to seize such opportunities and secure relevant projects in the coming years.

Property Development and Assets Leasing

With the impact of the Covid-19 pandemic continuing to moderate, such factor as the re-opening of entry points for business travellers will help to stimulate the sales of premium properties. In addition, in view of the effectiveness of the government's market stabilisation efforts and the rising demand for user driven properties, the Group remains optimistic about the prospects for the Hong Kong property development. Amid such conditions, the Group will develop projects via joint venture partnerships for greater synergies and risk mitigation. It will also continue to prudently pursue new development projects when suitable opportunities arise, as well as keep an eye out for occasions.

Professional Services

The Group will continue to provide quality professional services to its clients and explore opportunities to diversify income streams. Given the tremendous potential that catering services hold, the management will seize opportunities to generate greater income. Yet another area that holds favourable prospects is the tunnel management business which the Group will continue to explore.

Non-franchised Bus Services

The Group's strategy to direct the focus of the non-franchised bus business from tourist-related services to scheduled services proved effectual during the Review Period. To capture business opportunities, the Group will actively extend the local service routes of its bus fleet in order to enlarge the customer base. At the same time, it will prepare to capitalise on the tourist-related services once border restrictions are lifted.

Medical Technology and Healthcare

The management is optimistic about the prospects for the medical technology and healthcare segment in view of HKCL's satisfactory performance during the Review Period. Its objective in the immediate future will be to further increase the company's market share and to expand production capacity.

Other Business

The management will continue to nurture the Group's other businesses and look for suitable growth opportunities in the coming future.

Conclusion

The Group will remain focus on Hong Kong market due to ongoing border restrictions. The management will therefore seek to optimise internal operations so that the Group is well prepared for overcoming whatever changes that may occur in the business environment, including potential cost pressure arising from inflation and ongoing logistical issues. While consolidating its strengths internally, the management will at the same time capture opportunities focusing at enhancing people's livelihoods, such as advancing medical know-hows, environmental protection and conservation efforts, and supporting the development of advanced construction technologies.

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 30 September 2021, the total net debts of the Group amounted to approximately HK$1,732.0 million, representing total debts of approximately HK$2,945.6 million less total of cash and bank balances of approximately HK$1,213.6 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 30 September 2021, is analysed as follows:

	As at 30 September 2021 (Unaudited) ***HK$ million***	As at 31 March 2021 (Audited) *HK$ million*
Bank borrowings and lease liabilities repayable:		
Within one year or on demand	**970.4**	1,161.0
After one year, but within two years		
– On demand shown under current liabilities	**10.5**	1,260.3
– Remaining balances	**1,345.1**	21.1
After two years, but within five years		
– On demand shown under current liabilities	**11.0**	784.6
– Remaining balances	**585.1**	20.1
Over five years		
– On demand shown under current liabilities	**3.8**	3.8
– Remaining balances	**19.7**	20.0
Total debts	**2,945.6**	3,270.9

The Group has continued to implement a prudent financial management policy, at 30 September 2021, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to Shareholders, was 0.74 (31 March 2021: 0.74).

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 15 to the condensed consolidated interim financial information.

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 16 to the condensed consolidated interim financial information.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 6,500 employees as at 30 September 2021. Total remuneration of employees for the Review Period amounted to approximately HK$855.4 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.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.88 cent per share for the six months ended 30 September 2021 (the "Interim Dividend") (six months ended 30 September 2020: HK0.87 cent), amounting to approximately HK$15.9 million (six months ended 30 September 2020: HK$15.9 million), to the Shareholders whose names appear on the register of members of the Company on 24 December 2021. The Interim Dividend will be paid on 4 January 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the Interim Dividend, 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 Tuesday, 21 December 2021
Closure of register of members	Wednesday, 22 December 2021 to Friday, 24 December 2021 (both days inclusive)

In order to be eligible for the entitlement to the Interim Dividend, 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 not later than the latest time as stated above for registration.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 17 to the condensed consolidated interim financial information.

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

During the Review Period, the Company repurchased 9,440,000 shares of the Company at an aggregate consideration of HK$5,517,060 (before expenses) on the Stock Exchange. Among the repurchased shares, 5,526,000 shares were cancelled during the Review Period and the remaining shares were cancelled in October 2021.

Particulars of the repurchase during the Review Period are as follows:

Months of share repurchase	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration paid (before expenses)**
		HK$	*HK$*	*HK$*
April	610,000	0.60	0.59	360,400
July	4,496,000	0.60	0.55	2,611,140
August	420,000	0.59	0.59	247,800
September	3,914,000	0.60	0.58	2,297,720
Total	9,440,000			5,517,060

The Directors considered that the repurchases were made with a view to enhancing the net assets 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 Review Period.

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 Review Period.

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 Review Period.

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, Dr. Yim Yuk Lun, Stanley, Mr. Lam Yau Fung, Curt and Mr. Ho Gilbert Chi Hang, all being Non-executive Directors 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 unaudited condensed consolidated interim financial information of the Group for the Review Period.

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

Hong Kong, 26 November 2021

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Xu Jianhua, Jerry, Ir Dr. Pang Yat Bond, Derrick, JP, Mr. Shea Chun Lok, Quadrant and Madam Li Wai Hang, Christina, the non-executive directors of the Company are Ms. Wong Wendy Dick Yee and Dr. Yim Yuk Lun, Stanley BBS JP, 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. Yen Gordon.