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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 2022

FINANCIAL HIGHLIGHTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total revenue	7,722,064	7,534,258
Profit/(loss) attributable to shareholders of the Company	121,999	(184,506)
Basic earnings/(loss) per share	HK6.78 cents	HK(10.16) cents
Dividend per share		
– Interim	HK0.88 cent	HK0.87 cent
– Final	HK1.10 cents	–
Full year	<u>HK1.98 cents</u>	<u>HK0.87 cent</u>
Equity per share*	HK\$1.32	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 31 March 2022 and 31 March 2021 respectively.

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR			
ATTRIBUTABLE TO:			
Shareholders of the Company		121,999	(184,506)
Non-controlling interests		(14,063)	(4,579)
		<u>107,936</u>	<u>(189,085)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)			
FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		100,501	(142,879)
Non-controlling interests		(14,063)	(4,579)
		<u>86,438</u>	<u>(147,458)</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO SHAREHOLDERS			
OF THE COMPANY			
Basic and diluted	<i>10</i>	<u>6.78</u>	<u>(10.16)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		323,874	383,544
Investment properties		11,176	11,256
Right-of-use assets		178,052	181,015
Intangible assets		2,284	–
Goodwill		106,790	122,377
Investments in joint ventures		12,272	12,349
Investments in associates		543,900	375,945
Land held for property development	<i>11</i>	163,638	236,149
Debt investments at fair value through profit or loss		–	3,642
Deferred tax assets		2,592	1,648
		<hr/>	<hr/>
Total non-current assets		1,344,578	1,327,925
CURRENT ASSETS			
Land held for property development	<i>11</i>	42,676	37,887
Inventories		3,675	7,503
Contract assets		3,745,415	3,328,765
Trade receivables	<i>12</i>	718,937	783,119
Prepayments, deposits and other receivables		1,048,986	1,077,936
Income tax recoverable		27,803	38,710
Equity investments at fair value through profit or loss		5,623	1,868
Restricted cash and pledged deposits		16,009	14,294
Cash and cash equivalents		1,440,057	1,556,582
		<hr/>	<hr/>
Assets of disposal groups classified as held for sale	<i>13</i>	7,049,181	6,846,664
		<hr/>	<hr/>
Assets of disposal groups classified as held for sale		70,321	399,947
		<hr/>	<hr/>
Total current assets		7,119,502	7,246,611

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>14</i>	1,676,559	1,505,112
Contract liabilities		110,494	64,085
Other payables and accruals		852,850	863,997
Bank borrowings		2,287,112	3,179,019
Lease liabilities		26,729	30,722
Provision for construction works		115,920	103,695
Provision for litigations	<i>15</i>	5,000	272,010
Income tax payables		81,444	68,678
		5,156,108	6,087,318
Liabilities directly associated with the assets of disposal groups classified as held for sale	<i>13</i>	63,625	77,068
Total current liabilities		5,219,733	6,164,386
NET CURRENT ASSETS		1,899,769	1,082,225
TOTAL ASSETS LESS CURRENT LIABILITIES		3,244,347	2,410,150
NON-CURRENT LIABILITIES			
Bank borrowings		806,216	36,079
Lease liabilities		22,391	25,083
Deferred tax liabilities		2,043	3,703
Total non-current liabilities		830,650	64,865
Net assets		2,413,697	2,345,285
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	<i>16</i>	180,268	182,013
Reserves		2,197,195	2,105,993
		2,377,463	2,288,006
Non-controlling interests		36,234	57,279
Total equity		2,413,697	2,345,285

NOTES TO ANNUAL RESULTS

31 March 2022

1. BASIS OF PREPARATION

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 “Stock Exchange”) (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) assets of disposal groups 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.

Basis of consolidation

The consolidated financial information includes the financial information of the Company and its subsidiaries for the year ended 31 March 2022. 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 are 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 following revised HKFRSs for the first time for the current year's financial information:

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

The nature and the 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 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 based on the Hong Kong Interbank Offered Rate ("HIBOR") as at 31 March 2022. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. 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 (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

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 2022

	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	6,721,178	-	963,824	-	37,062	7,722,064
Intersegment sales	-	-	11,353	-	-	11,353
	<u>6,721,178</u>	<u>-</u>	<u>975,177</u>	<u>-</u>	<u>37,062</u>	<u>7,733,417</u>
Reconciliation:						
Elimination of intersegment sales						(11,353)
						<u>7,722,064</u>
Segment results	<u>41,232</u>	<u>185,813</u>	<u>53,713</u>	<u>2,722</u>	<u>12,917</u>	296,397
Interest income						19,483
Corporate and other unallocated expenses						(107,429)
Finance costs (other than interest on segment lease liabilities)						(71,487)
Profit before tax						136,964
Income tax						(29,028)
Profit for the year						<u>107,936</u>
Other segment information:						
Share of profits of joint ventures	562	-	-	-	-	562
Share of profits of associates	2,604	3,835	-	2,722	-	9,161
Depreciation of property, plant and equipment	(43,027)	(1,542)	(8,316)	-	(1,078)	(53,963)
Depreciation of right-of-use assets	(19,112)	(5,172)	(6,448)	-	(1,692)	(32,424)
Amortisation of intangible assets – unallocated assets						(216)
Loss on disposal of property, plant and equipment, net	(60)	-	(130)	-	-	(190)
Gain on disposal of right-of-use assets	871	-	-	-	-	871
Written down of land held for property development to net realisable value	-	(73,769)	-	-	-	(73,769)
Impairment of goodwill	(15,593)	-	-	-	-	(15,593)
Impairment of contract assets	(2,420)	-	-	-	-	(2,420)
Reversal of impairment of trade receivables	158	-	-	-	-	158
Write-off of property, plant and equipment	(6)	-	-	-	-	(6)
Write-off of investment in an associate	-	(59)	-	-	-	(59)
Write-off of inventories	(2,795)	-	-	-	-	(2,795)
Write-off of prepayment, deposits and other receivables	(609)	-	-	-	-	(609)
Write-off of debt investments at fair value through profit or loss – unallocated assets						(3,642)

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 profits of joint ventures	3,532	–	–	–	–	3,532
Share of (losses)/profits of associates	(6,253)	15,187	–	6,044	–	14,978
Depreciation 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 property, plant and equipment, net	(3,711)	–	(66)	–	–	(3,777)
Written down of inventories to net realisable value	(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 property, plant and equipment	(357)	–	–	–	–	(357)
Write-off of investment in an associate	–	(3,556)	–	–	–	(3,556)

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 2022 and 2021 was derived from Hong Kong.

(b) Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	769,822	804,012
Mainland China	170,926	–
The UAE	163,638	236,149
Other jurisdictions	130,810	160,097
	<u>1,235,196</u>	<u>1,200,258</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 2022 and 2021, is set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A:		
Contribution to construction services segment	4,178,159	3,979,233
Contribution to professional services segment	392,482	391,432
	<u>4,570,641</u>	<u>4,370,665</u>

4. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers	7,722,064	7,533,324
Revenue from another source – Gross rental income from assets leasing	–	934
	<u>7,722,064</u>	<u>7,534,258</u>

5. OTHER INCOME AND GAINS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Interest income	19,483	26,170
Dividend income	162	–
Other rental income	1,116	319
Other service income	3,696	873
Profit guarantee income	–	14,044
Management fee income	2,709	2,699
Government subsidies*	2,899	247,525
Sundry income	23,770	12,260
	<u>53,835</u>	<u>303,890</u>
Gains, net		
Gains on sales of property interests through disposal of subsidiaries	117,681	11,515
Gains on deregistration of subsidiaries, net	643	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 right-of-use assets	871	–
Fair value gain of equity investments at fair value through profit or loss	668	–
Fair value gain of debt investments at fair value through profit or loss	–	97
	<u>119,863</u>	<u>23,657</u>
Other income and gains, net	<u><u>173,698</u></u>	<u><u>327,547</u></u>

* The amount represented subsidies received under the Anti-epidemic Fund and other support scheme in Hong Kong. All conditions relating to these grants have been fulfilled.

6. FINANCE COSTS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on:		
Bank borrowings	55,596	59,651
Lease liabilities	2,050	2,300
	<hr/>	<hr/>
Total interest expenses	57,646	61,951
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	16,553	19,011
	<hr/>	<hr/>
Total finance costs	74,199	80,962
Less: Amount included in cost of construction work	(1,369)	(1,911)
	<hr/>	<hr/>
	72,830	79,051
	<hr/> <hr/>	<hr/> <hr/>

7. PROFIT/(LOSS) BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of construction work	6,334,643	6,336,764
Cost of construction-related consultancy services provided	53,486	31,153
Cost of goods sold	13,088	5,764
Direct operating expenses (including repairs and maintenance) arising on rental-earning assets	–	1,307
Cost of security, tunnel and other facility management services provided	870,596	848,279
	<hr/>	<hr/>
Depreciation of property, plant and equipment	53,963	55,178
Less: Amount included in cost of sales	(43,510)	(46,737)
	<hr/>	<hr/>
	10,453	8,441
	<hr/>	<hr/>
Depreciation of right-of-use assets	32,424	31,948
Less: Amount included in cost of sales	(5,414)	(7,802)
	<hr/>	<hr/>
	27,010	24,146
	<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Amortisation of intangible assets		216	–
Lease payments not included in the measurement of lease liabilities		68,521	80,764
Less: Amount included in cost of sales		(67,772)	(80,233)
		749	531
Auditor's remuneration		5,280	5,120
Foreign exchange loss, net		–	245
Fair value loss of investment properties, net		–	600
Fair value (gain)/loss of equity investments at fair value through profit or loss		(668)	210
Losses on disposal of other subsidiaries		–	349
Loss on disposal of property, plant and equipment, net		190	3,777
Impairment of goodwill		15,593	–
Written down of land held for property development to net realisable value	<i>11</i>	73,769	–
Written down of inventories to net realisable value		–	380
Impairment/(reversal of impairment) of financial assets and contract assets:			
Contract assets		2,420	2,396
Trade receivables		(158)	432
Other receivables		–	5,116
		2,262	7,944
Write-off of property, plant and equipment		6	357
Write-off of investment in an associate		59	3,556
Write-off of debt investments at fair value through profit or loss		3,642	–
Write-off of inventories		2,795	–
Write-off of prepayment, deposits and other receivables		609	–

8. INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	16,718	15,705
Under/(over)-provision in prior years	1,472	(15,804)
	<u>18,190</u>	<u>(99)</u>
Current – Mainland China		
Charge for the year	12,658	43
Current – Elsewhere		
Charge for the year	784	1,009
Under-provision in prior years	–	1,032
	<u>784</u>	<u>2,041</u>
Deferred	(2,604)	389
Total tax expense for the year	<u>29,028</u>	<u>2,374</u>

Note: Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 (2021: 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim – HK0.88 cent (2021: HK0.87 cent) per ordinary share	15,921	15,880
Proposed final – HK1.10 cents (2021: Nil) per ordinary share	19,821	–
	<u>35,742</u>	<u>15,880</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) 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 earnings/(loss) per share amount presented as the share options of the Company outstanding during each of the years ended 31 March 2022 and 2021 had no diluting effect on the basic earnings/(loss) per share amount presented.

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

Earnings/(Loss)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(loss) for the year attributable to shareholders of the Company, used in the basic and diluted earnings/(loss) per share calculation	<u>121,999</u>	<u>(184,506)</u>

Number of shares

	2022	2021
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 earnings/(loss) per share calculation	<u>1,800,188,943</u>	<u>1,816,611,009</u>

11. LAND HELD FOR PROPERTY DEVELOPMENT

The Group's land held for property development is leasehold land or land use rights acquired by the Group for future property development for sale. During the year, the provision for write-down of land in the UAE to net realisable value amounted to HK\$73,769,000 (2021: Nil).

12. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	719,207	783,551
Impairment	<u>(270)</u>	<u>(432)</u>
	<u>718,937</u>	<u>783,119</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.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are neither past due nor impaired relate to customers that have good credit quality with reference to the respective settlement history.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	509,321	558,522
1 to 2 months	104,442	73,707
2 to 3 months	27,380	26,441
Over 3 months	77,794	124,449
	718,937	783,119

13. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

- (a) 石家莊俊景房地產開發有限公司 (“Shijiazhuang JunJing”, a then 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 had been in negotiation with interested parties for the sale of the Group's controlling interest in Shijiazhuang JunJing during the year ended 31 March 2021 and a memorandum of understanding was entered into between the Group and an independent third party before 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 (equivalent to HK\$219,780,000). Shijiazhuang JunJing holds the Group's properties under development and properties held for sale in Mainland China. The transaction was completed on 18 November 2021.

- (b) Due to the under-performance of JA & Associate Corporation (“JA”), a 50.99% owned subsidiary of the Group, and its subsidiaries (the “JA Group”), the management had been in negotiation with the non-controlling equity holder of JA for the sale of the JA Group and therefore the JA Group was accounted for as a disposal group classified as held for sale as at 31 March 2022.

Subsequent to the end of the reporting period, on 30 May 2022, the Group entered into a sale and purchase agreement with the aforementioned non-controlling equity holder for the disposal of the JA Group. The transaction was completed on the same date.

14. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables other than retention payables	988,458	885,774
Retention payables	<u>688,101</u>	<u>619,338</u>
	<u><u>1,676,559</u></u>	<u><u>1,505,112</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	284,993	325,061
1 to 2 months	198,600	154,365
2 to 3 months	143,419	100,455
Over 3 months	<u>361,446</u>	<u>305,893</u>
	<u><u>988,458</u></u>	<u><u>885,774</u></u>

15. PROVISION FOR LITIGATIONS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of year	272,010	–
Additional provision	–	272,010
Amount utilised during the year	(93,250)	–
Reversal of provision	<u>(173,760)</u>	<u>–</u>
At end of year	<u><u>5,000</u></u>	<u><u>272,010</u></u>

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\$272.0 million in aggregate as at 31 March 2021.

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. In order to stay the execution of the enforcement of the Judgments pending appeal, the Group also made the applications for stay of execution of the Judgments on 2 July 2021 and 8 July 2021 accordingly. The stay of execution would be determined on paper and all submissions were filed to the Court in end December of 2021. The Notice of Appeal for the two proceedings and all applications relating to the stay of execution of the Judgments filed to the Court of Appeal are collectively hereinafter referred to as the “Legal Actions”.

On 24 March 2022, the Group and the plaintiff entered into an agreement in full and final settlement of the Legal Actions and all related matters with a settlement amount of HK\$93.3 million. Pursuant to the settlement agreement, the Group and the plaintiff have been fully and absolutely discharged from all or any liabilities and claims and/or counterclaims, remedies, cause of action of whatever nature, interests, costs, rights and entitlements arising out of or in connection with the Legal Actions, all related applications and appeals as well as the subject matter of the Legal Actions.

16. SHARE CAPITAL

	Number of ordinary shares in issue	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	1,838,325,847	183,833	760,071	943,904
Cancellation of repurchased shares (<i>note</i>)	<u>(18,198,000)</u>	<u>(1,820)</u>	<u>(9,171)</u>	<u>(10,991)</u>
At 31 March 2021 and 1 April 2021	1,820,127,847	182,013	750,900	932,913
Cancellation of repurchased shares (<i>note</i>)	<u>(17,450,000)</u>	<u>(1,745)</u>	<u>(8,526)</u>	<u>(10,271)</u>
At 31 March 2022	<u>1,802,677,847</u>	<u>180,268</u>	<u>742,374</u>	<u>922,642</u>

Note: During the year, the Company repurchased 17,450,000 (2021: 18,198,000) ordinary shares in total on the Stock Exchange at an aggregate consideration of approximately HK\$10,271,000 (2021: HK\$10,991,000) and all these shares were subsequently cancelled on or before the year end date. The premium of approximately HK\$8,526,000 (2021: HK\$9,171,000) paid over the nominal value of the shares repurchased was debited to the share premium account. The repurchases were effected by the Directors 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 financial information, 798,000 ordinary shares in total were repurchased by the Company on the Stock Exchange for an aggregate consideration of HK\$462,840 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
– subsidiaries	963,631	1,022,183
– joint operations	96,044	107,285
– a joint venture	41,173	40,445
	<u>1,100,848</u>	<u>1,169,913</u>
Guarantees issued to financial institutions to secure credit facilities granted to associates (<i>note (ii)</i>)	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 (<i>note (iii)</i>)	–	14,835
	<u>2,114,412</u>	<u>2,712,023</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 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 consolidated statement of financial position in respect of these financial guarantee contracts.
- (ii) At 31 March 2022, the banking facilities granted to associates and guaranteed by the Group were utilised to the extent of HK\$692,911,000 (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 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 was 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 entitled to take over the legal title and possession of the related properties through taking legal actions. The Group's guarantee period started 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 was not significant and the Directors considered that in the event of default on payments, the net realisable value of the related properties could cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision had been made for the guarantees.

(b) Litigations

The legal proceedings arose from four sets of Sale and Purchase Agreement dated 4 August 2011 and 3 March 2012 respectively (the "SPAs"), pursuant to which the Group purchased four flat top barges (the "Vessels") from a plaintiff. The SPAs stipulated that the plaintiff should buy back the Vessels from the Group in the total consideration of HK\$15,150,000 (the "Buyback") after 36 months from the Vessels' respective delivery dates (the "Buyback Dates"). The Buyback did not take place on the Buyback Dates nor after rounds of negotiations in 2015. In May 2018, the Group disposed of the Vessels to a third party.

In June 2021, the plaintiff commenced the legal proceedings alleging that the Group was in breach of the SPAs and claims, *inter alia*, for (i) loss of rental charges beyond the Buyback Dates and (ii) loss of difference between the market price and the buyback price of the Vessels.

The Group counterclaims against the plaintiff for, *inter alia*, (i) the difference between the buyback prices under the SPAs and the selling price to the third party and (ii) the costs of maintaining the Vessels beyond the Buyback Dates until disposal to the third party.

The plaintiff is now claiming loss and damages in the sum of approximately HK\$9,511,000 against the Group while the Group is counterclaiming loss and damages in the sum of approximately HK\$17,496,000.

As advised by the legal advisers to the Group, the Group has a reasonable chance of success in counterclaiming against the plaintiff.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property, plant and equipment	81,170	83,453
Investment properties	11,176	11,256
Right-of-use assets	119,308	123,963
Bank deposits	16,009	14,294
	<u>227,663</u>	<u>232,966</u>

In addition to the above, as at 31 March 2022 and 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 13(b) and 16 to this financial information, there is no significant event occurred subsequent to the reporting period.

BUSINESS REVIEW

The Group performed stably during the Year, with total revenue amounting to approximately HK\$7.72 billion (2021: HK\$7.53 billion). Net profit attributable to shareholders of the Company (the “Shareholders”) for the Year was approximately HK\$122.0 million (2021: net loss attributable to Shareholders of HK\$184.5 million), under the challenges to numerous industries, a testimony to the Group’s long-term strategy and the management’s agility during such challenging times.

Over the past 12 months, the operating environment has remained tough, owing to the effects of the Covid-19 pandemic, which included global logistics disruptions that led to construction project delays, greater operating expenses and lower productivity. According to the latest Policy Address, the Chief Executive stated that infrastructure investment will be a major countercyclical measure for stimulating the economy. The Hong Kong government, therefore, maintained its commitment to investing in infrastructure projects, pushed forward on public housing developments and offered various subsidies to reduce the pandemic-related headwinds plaguing the construction industry. The Group will pay close attention to the relevant opportunities going forward.

Construction

During the Year, the construction segment, which operates under the “Chun Wo” brand, contributed HK\$6.72 billion (2021: HK\$6.57 billion) in revenue. Though impact of the pandemic and related logistics issues resulted in high operating costs, the segment still recorded a profit of HK\$41.2 million (2021: HK\$58.6 million). The Group possessed contracts with an aggregate value of HK\$30.05 billion at the end of the Year, HK\$15.82 billion of which were ongoing contracts.

Rely on experience in construction industry, the Group secured 30 new projects during the Year, including the Urban Renewal Authority’s residential development project at Ash Street, Tai Kok Tsui. This is one of the first concrete modular integrated construction (“MiC”) high-rise residential projects in Hong Kong. Other projects include the construction of a primary school at Anderson Road, Kwun Tong, and the Main Contract Works for Proposed Modular Social Housing at 5-7 Yip Shing Street, Kwai Chung, all of which employ MiC technology. It also won the Main Contract for the Multi-Level Carpark and Footbridge and the Direct Contract for Alteration and Addition Works at the Hub Area for the Members’ Main Entrance Redevelopment and Multi-Level Carpark at Shatin Racecourse for The Hong Kong Jockey Club; and the In-situ Reprovisioning of Sha Tin Water Treatment Works (South Works) – Administration Building. Furthermore, the Group has been entrusted with the Development of Lok Ma Chau Loop: Main Works Package 1 – Contract 3 Direct Road Link Phase 2.

With respect to ongoing projects, the Group is engaged in 70 projects during the Year, including 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 (Shek Wu San Tsuen North to Lung Yeuk Tau); Hong Kong Disneyland Resort Project – Arendelle Completion Package; and Construction of Public Housing Development at Hiu Ming Street.

During the Year, the Group completed several notable projects, including the Central – Wan Chai Bypass: Tunnel (North Point Section) and Island Eastern Corridor Link – Design and Construction of Fortress Hill 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; Construction of Reprovisioning Facilities at Hong Ning Road Park and Ngau Tau Kok Fresh Water Services Reservoir.

The construction sector continued to face a number of challenges during the Year. The supply chain remaining affected by the ongoing Covid-19 pandemic and the resultant border closure, which in turn impacted the availability of raw materials and caused project delays. The fifth wave of Covid-19 caused a severe shortage of labour and staff during February and March 2022, and the materials shortage became a major issue from April 2022 onwards, materials supply from the Mainland China was impacted as well. Although the government has exempted contractors from liquidated damages for delays, the overhead costs are borne by contractors. The prices of raw materials also surged due to both local supply chain issues and global logistics disruptions. However, given that the Group was engaged in a large number of public sector projects, the impact could be offset by the price fluctuation compensation.

Property Development and Assets Leasing

The property development and assets leasing segment accounted for a segment profit of HK\$185.8 million (2021: loss of HK\$272.0 million) for the Year. The result was mainly attributable to the one-off provision for compensation of approximately HK\$272.0 million for legal litigation was made for the year ended 31 March 2021, but such litigation was settled and part of provision was reversed during the Year.

Sales activity at “128 Waterloo”, a premium residential property development located on Waterloo Road, Ho Man Tin, continued throughout the Year and received an occupation permit in November 2021. As at the date of this announcement, a total of 39 units were sold with contracted sales revenue reaching approximately HK\$845.8 million in which 36 units have been handed over to purchasers. The Group has a 40% interest in this development project.

The sales of the hybrid residential and retail building located in Soy Street, Mongkok, “SOYO”, has commenced and received favourable market response in the second half of the fiscal year. As at the date of this announcement, the contracted sales of 67 units generated sales revenue of approximately HK\$296.3 million. The Group has a 40% interest in this development project.

Among the other projects, a joint venture group in which the Group owns 40% equity interest acquired a residential site with retail shops located at 437-441 Castle Peak Road in Cheung Sha Wan. It has a net site area of approximately 3,675 square feet and is close to Cheung Sha Wan and Lai Chi Kok MTR stations. In addition, the land exchange application for the residential land parcel in Tung Chung was approved in June 2022 during the District Land Conference and the land premium negotiation is in progress. The disposal of 51% interest in the commercial development project at Shijiazhuang in Hebei Province, the People’s Republic of China was completed.

Professional Services

The professional services segment, operated by City Services Group Limited, provides security, tunnel and other facility management services for its clients. For the Year, the segment recorded revenue of HK\$963.8 million (2021: HK\$952.2 million) and profit of HK\$53.7 million (2021: HK\$157.0 million). Core segment profit actually increased by 14% year-on-year if one-off subsidies were excluded.

The security and facility management business secured several prominent clients during the Year, including The Hong Kong Jockey Club, Hong Kong Palace Museum and Hong Kong Customs and Excise Department. The property management division, in particular, has developed a new income stream during the Year by provision of catering services in the Customs Headquarters Building. The tunnel management operation, meanwhile, has continued to make steady contributions to the Group's overall performance, with the management contracts for six tunnels in Hong Kong, namely 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 ("Chun Wo Bus Services"), has continued to provide a stable profit to the Group. For the Year, the operation contributed HK\$2.7 million in segment profit (2021: HK\$6.0 million).

Despite the ongoing border closures, Chun Wo Bus Services recorded a steady performance for the Year. It continued to focus on provision of scheduled services, such as shuttle bus services for employees, residents and students, and secured and maintained sizeable contracts with various renowned organisations, institutions and property management companies, including a new contract with a prestigious international school. Though the shuttle bus service was affected by school closures in the first quarter of 2022, it has since resumed operation following their recent reopening.

Medical Technology and Healthcare

Hong Kong Cyclotron Laboratories Limited ("HKCL") specialises in the research and development and production of positron emission tomography ("PET") radiopharmaceuticals and operates one of the largest PET radiopharmacy distribution networks in Hong Kong. HKCL, which was acquired in late 2020, has integrated into the Group smoothly and has performed well during the Year, with a revenue of HK\$37.1 million (2021: HK\$13.9 million) and a profit of HK\$12.9 million (2021: HK\$3.3 million). In addition to the Hospital Authority, which is an ongoing major client, the business secured a number of new clients during the Year, including CUHK Medical Centre and a few private imaging centres.

Other Business

The online building materials procurement and management platform continued to progress well. During the Year, a major contractor collaborated with the Group to enable more comprehensive use of such procurement platform, effectively accelerating the digitalisation processes used in construction materials management and procurement. This in turn has made the construction process more efficient, while also benefitting industry participants and promoting the industry's growth.

OUTLOOK AND PROSPECTS

Construction

With the pandemic showing signs of subsiding, business operations are gradually returning to pre-pandemic normality, and the government has introduced a series of supportive policies that will create opportunities for the industry in the wake of Covid-19. During the most recent legislative session, funding approved by the Finance Committee for capital works projects reached a record high of HK\$220 billion. Land development projects such as the Northern Metropolis and the Lantau Tomorrow Vision will generate massive infrastructure projects such as new railway extensions and large-scale urban development works. The government's increasing investment in infrastructure will present significant prospects to the market going forward.

The government has set aside 350 hectares of land for the construction of approximately 333,000 public housing units, and made commitment to increase the land and housing supply, expecting that an average of 19,000 private residential units will be completed annually in the next five years, which in line with demand over the next 10 years, continuing to create opportunities for the industry. Current initiatives include accelerating public housing development by streamlining processes, increasing the provision of public housing and transitional housing units, identifying land for development purposes, and launching additional redevelopment opportunities with the Urban Renewal Authority. The administration is also encouraging the use of advanced construction technologies, with methods such as MiC being promoted to shorten construction times, reduce manpower and costs, and enhance construction site safety. With its status as a renowned enterprise and its advanced construction technologies, the Company is confident to capture aforesaid opportunities.

Property Development and Assets Leasing

With an expected interest rate rise and the introduction of policies aimed at increasing land and housing supply in the short to medium term, Hong Kong's property market continues to face much uncertainty. In response to this potential volatility, combined with weak market sentiment and purchasing power as a result of the epidemic and resultant lockdown in the Mainland China, the management will monitor the market closely and maintain a prudent operating strategy as well as review and adjust its property portfolio in a timely manner and wait for the opportunities to continue with the sale of the Group's property development projects in order to achieve the best possible prices and generate the greatest returns for the Shareholders.

Professional Services

The Group will continue to provide quality professional services to new and existing clients while seeking new opportunities. The Group is in confidence of expanding its market share of the tunnel management sector in the near future.

Non-Franchised Bus Services

The Group plans to extend the local shuttle bus service routes in order to broaden its customer base. With schools having reopened in the second quarter of 2022, and hopefully the resumption of traveller clearance in the near future, the Group is looking forward to seizing the related opportunities and achieving a better performance.

Medical Technology and Healthcare

Following the satisfactory performance of HKCL during the Year, the management is optimistic about the prospects for this segment going forward and is exploring an expansion plan. HKCL will continue to deliver top notch services to its clients and strive to maintain its leading position in the industry.

Other Business

The management will continue to nurture the Group's other businesses and look for suitable growth opportunities. It will also seek new ventures to diversify its operations, expand its income streams and ultimately stimulate long-term growth.

Conclusion

With the pandemic subsiding, the management is confident that the Hong Kong economy will gradually recover in 2022. The Group will therefore focus on further developing its core businesses and actively seek new opportunities that will help shape a better future and facilitate sustainable development, such as those pertaining to medical technology and environmental conservation. The management will also maintain its commitment to improving operational efficiency and consolidating the Group's strong industry position, while ensuring it is well prepared to grasp opportunities arising from the recovery of the market.

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 2022, the total net debts of the Group amounted to approximately HK\$1,686.3 million, representing total debts of approximately HK\$3,142.4 million less total of cash and bank balances of approximately HK\$1,456.1 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2022, is analysed as follows:

	As at 31 March 2022 <i>HK\$ million</i>	As at 31 March 2021 <i>HK\$ million</i>
Bank borrowings and lease liabilities repayable:		
Within one year or on demand	2,307.7	1,161.0
After one year, but within two years		
– On demand shown under current liabilities	0.6	1,260.3
– Remaining balances	794.9	21.1
After two years, but within five years		
– On demand shown under current liabilities	2.0	784.6
– Remaining balances	13.5	20.1
Over five years		
– On demand shown under current liabilities	3.5	3.8
– Remaining balances	20.2	20.0
	<hr/>	<hr/>
Total debts	3,142.4	3,270.9

The Group has continued to implement a prudent financial management policy, at 31 March 2022, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to Shareholders, was 0.71 (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 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 6,150 employees as at 31 March 2022. Total remuneration of employees for the Year amounted to approximately HK\$1,786.0 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 has recommended the payment of a final dividend of HK1.10 cents per share for the Year (the “Final Dividend”) (2020/21: Nil), amounting to approximately HK\$19.8 million (2020/21: Nil), to the Shareholders whose names appear on the register of members of the Company on 5 September 2022. The proposed Final Dividend will be paid on 13 September 2022 subject to approval by the Shareholders at the forthcoming annual general meeting (the “AGM”). Together with the interim dividend of HK0.88 cent per share paid in January 2022, the proposed Final Dividend will result in a full-year dividend of HK1.98 cents for the Year per share (2020/21: HK0.87 cent).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the AGM and the entitlement of the proposed Final Dividend (subject to approval of the Shareholders at the AGM), the register of members of the Company will be closed during the following periods respectively:

(1) For determining the entitlement to attend and vote at the AGM:

Latest time to lodge transfer documents for registration 4:30 p.m. on Monday,
22 August 2022

Closure of register of members Tuesday, 23 August 2022 to
Friday, 26 August 2022
(both days inclusive)

(2) For determining the entitlement of the proposed Final Dividend:

Latest time to lodge transfer documents for registration 4:30 p.m. on Wednesday,
31 August 2022

Closure of register of members Thursday, 1 September 2022 to
Monday, 5 September 2022
(both days inclusive)

In order to be eligible to attend and vote at the AGM and be eligible for the entitlement to the proposed Final 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 for registration not later than the respective latest time as stated above for registration.

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

During the Year, the Company repurchased 17,450,000 shares of the Company at an aggregate consideration of HK\$10,271,360 (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 <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration paid (before expenses) <i>HK\$</i>
2021				
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
October	1,206,000	0.60	0.59	721,200
December	2,110,000	0.60	0.59	1,250,900
2022				
January	460,000	0.60	0.59	273,900
February	974,000	0.60	0.60	584,400
March	3,260,000	0.60	0.59	1,923,900
Total	<u>17,450,000</u>			<u>10,271,360</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 2021/22 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, 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 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, 27 June 2022

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.