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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 2019

FINANCIAL HIGHLIGHTS

	2019
	HK$'000
Total revenue	**8,076,048**
Profit attributable to shareholders of the Company	**136,648**
Basic earnings per share	**HK7.37 cents**
Dividend per share	
– Interim	**HK1.26 cents**
– Final	**HK0.84 cent**
Full year	**HK2.10 cents**
Equity per share*	**HK$1.31**

* *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 2019.*

RESULTS

The Board of Directors (the "Board" or the "Directors") of Asia Allied Infrastructure Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2019, together with the relevant comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
REVENUE	*4*	**8,076,048**	8,231,055
Cost of sales		**(7,621,505)**	(7,846,341)
Gross profit		**454,543**	384,714
Fair value gain of investment properties, net	*5*	**26,623**	261,900
Other income and gains, net		**312,701**	88,669
Selling expenses		**(19,856)**	(16,117)
Administrative expenses		**(456,345)**	(403,817)
Other expenses, net		**(65,653)**	(23,237)
Finance costs	*6*	**(91,920)**	(66,838)
Share of profits and losses of joint ventures		**6,400**	797
Share of profits and losses of associates		**(1,332)**	4,129
PROFIT BEFORE TAX	*7*	**165,161**	230,200
Income tax	*8*	**(24,066)**	(66,523)
PROFIT FOR THE YEAR		**141,095**	163,677
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Translation of foreign operations		**(39,656)**	70,019
Reclassification adjustments for gains included in profit or loss upon deregistration of subsidiaries		**–**	(15,408)
Share of movement in the exchange fluctuation reserve of a joint venture		**7**	(421)
Share of movements in the exchange fluctuation reserves of associates		**(209)**	404
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF INCOME TAX OF NIL		**(39,858)**	54,594
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**101,237**	218,271

	Note	2019 HK$'000	2018 HK$'000
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**136,648**	150,176
Non-controlling interests		**4,447**	13,501
		141,095	163,677
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**96,790**	204,770
Non-controlling interests		**4,447**	13,501
		101,237	218,271
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*10*	**HK cents**	HK cents
Basic		**7.37**	8.83
Diluted		**7.36**	8.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**284,608**	256,896
Investment properties	5	**166,173**	14,263
Goodwill		**45,994**	47,561
Investments in joint ventures		**423,362**	315,104
Investments in associates		**499,768**	384,089
Deposits paid for acquisition of items of property, plant and equipment and an investee		**55,574**	–
Deferred tax assets		**897**	6,775
Total non-current assets		**1,476,376**	1,024,688
CURRENT ASSETS			
Land held for property development		**532,565**	550,103
Properties under development		**–**	667,994
Properties held for sale		**2,829**	6,651
Amounts due from contract customers		**–**	1,966,743
Trade receivables	11	**983,990**	1,668,172
Contract assets		**2,752,909**	–
Prepayments, deposits and other receivables	12	**598,726**	572,387
Sales deposits received held in an escrow account	13	**–**	144,093
Income tax recoverable		**22,049**	10,859
Equity investments at fair value through profit or loss		**65**	80
Restricted cash and pledged deposits		**26,149**	37,330
Cash and cash equivalents		**1,829,856**	1,979,852
Total current assets		**6,749,138**	7,604,264
CURRENT LIABILITIES			
Amounts due to contract customers		**–**	796,012
Trade payables	14	**1,840,192**	1,519,774
Contract liabilities		**33,905**	–
Other payables and accruals		**891,599**	480,480
Sales deposits received for sale of a property interest	13	**–**	297,360
Bank borrowings		**1,058,582**	2,705,454
Guaranteed bonds		**–**	39,000
Hire purchase contract and finance lease payables		**5,742**	10,838
Provision for contract works		**133,128**	–
Income tax payables		**89,038**	80,048
Total current liabilities		**4,052,186**	5,928,966
NET CURRENT ASSETS		**2,696,952**	1,675,298
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,173,328**	2,699,986

	Note	**2019**	2018
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Other payables		**–**	147,603
Bank borrowings		**1,695,564**	5,515
Hire purchase contract and finance lease payables		**1,438**	5,969
Deferred tax liabilities		**2,176**	16,817
Total non-current liabilities		**1,699,178**	175,904
Net assets		**2,474,150**	2,524,082
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*15*	**186,339**	187,553
Reserves		**2,255,263**	2,318,250
		2,441,602	2,505,803
Non-controlling interests		**32,548**	18,279
Total equity		**2,474,150**	2,524,082

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 "Listing Rules"). It has been prepared under the historical cost convention except for investment properties and equity investments at fair value through profit or loss which have been measured at fair value. This financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand 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 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial information:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 2, HKFRS 9, HKFRS 15, HKAS 40 and HK(IFRIC)-Int 22, the adoption of the above new and revised standards has had no significant financial effect on this financial information.

(a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has applied HKFRS 9 from the date of initial application, i.e., 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

Upon the adoption of HKFRS 9, on 1 April 2018, the Group:

(i) continued to classify the listed equity investments as at 31 March 2018 as financial assets at fair value through profit or loss;
(ii) reclassified a loan advanced to a joint venture which had a carrying amount of HK$313,993,000 as at 31 March 2018 as a financial asset at fair value through profit or loss;
(iii) reclassified other loans and receivables as at 31 March 2018 as financial assets at amortised cost; and
(iv) continued to classify all financial liabilities as at 31 March 2018 as financial liabilities at amortised cost.

Other than the above-mentioned loan advanced to a joint venture which is measured at fair value under HKFRS 9 instead of at amortised cost under HKAS 39, there was no change in the measurement of the Group's financial assets and liabilities as at 31 March 2018 upon the adoption of HKFRS 9.

Impairment

The Group did not recognise additional impairment loss allowance against financial assets upon initial application of HKFRS 9 on 1 April 2018 as the amounts involved are insignificant.

(c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and they apply, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including the disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed its accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

The Group's principal activities that are within the scope of HKFRS 15 comprise construction services, development and sale of properties and provision of security and facility management solutions. The impacts arising from the adoption of HKFRS 15 on the Group are described below:

(i) Construction services

Identification of performance obligations

The Group considered HKFRS 15's guidance on identification of performance obligations in a construction contract, contract combinations, contract modifications and resulting variation consideration arising from variation orders and claims. In particular, the Group provides warranties to customers in relation to the provision of construction services for general repairs of defects occurring during a defect liability period which generally lasts for one to two years after completion of the construction work. The Group considered that this is a kind of assurance-type warranties granted by the Group and does not constitute a separate service or goods to be transferred to customers. Based on the results of the assessment, the Group concluded that, in general, a construction contract or a work order contains one single performance obligation for accounting purpose.

Timing of revenue recognition

The Group has assessed that, as the Group's performance under a construction contract creates or enhances an asset that the customer controls as the asset is created or enhanced, therefore the Group satisfies the performance obligation under a construction contract and recognises related revenue over time during the course of construction by the Group.

Revenue from the Group's construction contracts is recognised over time under an output method. The progress towards complete satisfaction of a performance obligation of a construction contract is measured with reference to the certificates issued by the internal or external surveyors on the performance or work completed to date.

Contract assets

Upon the adoption of HKFRS 15, unbilled revenue is recognised when the Group performs by transferring goods or services to customers and the Group's right to consideration is conditional on the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers, and such balance was reclassified from amounts due from contract customers under previous HKFRS to contract assets under HKFRS 15.

Retention receivables

Before the adoption of HKFRS 15, retention receivables arising from construction contracts, that were conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, were included in trade receivables. Upon the adoption of HKFRS 15, retention receivables were reclassified to contract assets.

The Group also assessed whether there is a significant financing component in a construction contract, particularly taking into account the reasons for the difference in timing between the transfer of control of goods and services to customers and timing of related payments. Retention receivables represented withholding of a specified percentage of each milestone payment, which is intended to protect the customers from the Group's failure to adequately complete its obligations under the contracts. Accordingly, retention receivables are not adjusted for the effects of a significant financing component.

(ii) Development and sale of properties

Regarding the revenue arising from the development and sale of properties, the Group has assessed that, based on the terms of the sale agreements entered into between the Group and customers, the Group does not have an enforceable right to payment for performance completed to date. Accordingly, the criteria set out in HKFRS 15 for recognising revenue over time are not met for the sale of properties. On account of this, the Group continues to recognise the sale of properties until the point in time at which the Group delivers the properties to the customers.

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as sales deposits received for sale of a property interest. Under HKFRS 15, the amounts are classified as contract liabilities.

(iii) Provision of security and facility management solutions

Regarding the revenue arising from the provision of security and facility management solutions, the accounting policy under the previous HKFRS for revenue recognition of the service income over time when services are provided is still an appropriate method under HKFRS 15, because the customer simultaneously receives and consumes the benefits provided by the Group.

(d) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

(e) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 *The Effects of Changes in Foreign Exchange Rates* to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on this financial information as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

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 three reportable operating segments:

- Construction work – provision of services in areas of civil engineering, electrical and mechanical engineering, foundation and building construction
- Property development and assets leasing – development, sale of properties and leasing of assets
- Professional services – provision of security and facility management solutions

Segment revenue and results

Segment results represent the gross profit generated from each segment, net of selling expenses and administrative expenses directly attributable to each segment without allocation of corporate expenses, interest income and finance costs. 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 2019

	Construction work *HK$'000*	Property development and assets leasing *HK$'000*	Professional services *HK$'000*	Total *HK$'000*
Segment revenue *(note 4)***:**				
Sales to external customers	**7,305,894**	**7,109**	**763,045**	**8,076,048**
Intersegment sales	**51,211**	**–**	**19,135**	**70,346**
	7,357,105	**7,109**	**782,180**	**8,146,394**
Reconciliation:				
Elimination of intersegment sales				**(70,346)**
				8,076,048
Segment results	**150,410**	**180,255**	**28,800**	**359,465**
Interest income				**23,478**
Corporate and other unallocated expenses				**(125,862)**
Finance costs				**(91,920)**
Profit before tax				**165,161**
Income tax				**(24,066)**
Profit for the year				**141,095**
Other segment information:				
Share of profits and losses of joint ventures	**6,400**	**–**	**–**	**6,400**
Share of profits and losses of associates	**–**	**(1,332)**	**–**	**(1,332)**
Depreciation	**(35,517)**	**(8,196)**	**(5,503)**	**(49,216)**
Fair value gain of investment properties, net	**–**	**26,623**	**–**	**26,623**
Gain on disposal of items of property, plant and equipment, net	**1,880**	**–**	**31**	**1,911**
Impairment of items of property, plant and equipment	**–**	**(7,500)**	**–**	**(7,500)**
Impairment of an investment deposit and partial consideration paid for a rescinded acquisition transaction: Unallocated assets				**(54,800)**

Year ended 31 March 2018

	Construction work *HK$'000*	Property development and assets leasing *HK$'000*	Professional services *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	7,679,501	3,601	547,953	8,231,055
Intersegment sales	242,496	–	25,147	267,643
	7,921,997	3,601	573,100	8,498,698
Reconciliation:				
Elimination of intersegment sales				(267,643)
				8,231,055
Segment results	116,336	197,707	26,662	340,705
Interest income				15,827
Corporate and other unallocated expenses				(59,494)
Finance costs				(66,838)
Profit before tax				230,200
Income tax				(66,523)
Profit for the year				163,677
Other segment information:				
Share of profit of a joint venture	797	–	–	797
Share of profits and losses of associates	–	4,129	–	4,129
Depreciation	(36,460)	(6,236)	(2,003)	(44,699)
Fair value gain of investment properties, net	–	261,900	–	261,900
Loss on disposal of items of property, plant and equipment, net	(416)	(49)	(205)	(670)
Impairment of items of property, plant and equipment	–	(10,000)	–	(10,000)

Segment assets and liabilities

Segment assets and liabilities information is not disclosed as they are not regularly reviewed by the CODM.

Geographical information

(a) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**8,020,627**	8,092,338
Macau	**22,827**	84,815
Mainland China	**2,112**	1,800
The United Arab Emirates	**330**	974
Other jurisdictions	**30,152**	51,128
	8,076,048	8,231,055

The revenue information disclosed above is based on the locations of the customers.

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**1,034,643**	569,192
The United States of America (the "USA")	**313,993**	313,993
Mainland China	**6,107**	4,116
Other jurisdictions	**74,742**	83,051
	1,429,485	970,352

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 major customers

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 2019 and 2018 is set out below:

	2019	2018
	HK$'000	*HK$'000*
Customer A:		
Contribution to construction work segment	**4,674,049**	5,289,650
Contribution to professional services segment	**248,521**	2,709
	4,922,570	5,292,359

4. REVENUE

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

	2019	2018
	HK$'000	*HK$'000*
Construction work	**7,281,136**	7,629,573
Rendering of construction-related consultancy service income	**24,758**	49,928
Sales of properties	**2,112**	1,800
Gross rental income from assets leasing	**4,997**	1,801
Rendering of security and facility management solutions services	**763,045**	547,953
	8,076,048	8,231,055

5. FAIR VALUE GAIN OF INVESTMENT PROPERTIES, NET

On 7 March 2018, the Group sold 60% interest in a residential development project (the "Waterloo Project") at No. 128 Waterloo Road, Kowloon, Hong Kong to Top Spring Chun Wo Development Holdings Limited, a 40% owned associate of the Group formed by the Group and an independent third party for the sole purpose of holding the Waterloo Project, for a total cash consideration of HK$476,721,000. As a result of the transaction, the Waterloo Project was derecognised and, with reference to the transaction price, a fair value gain of approximately HK$266 million for the remeasurement of the Waterloo Project immediately before the completion of the transaction was recognised in profit or loss during the year ended 31 March 2018.

6. FINANCE COSTS

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

	2019	2018
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**83,584**	81,445
Hire purchase contract and finance lease payables	**442**	679
Convertible bonds	**–**	11,725
Guaranteed bonds	**2,263**	2,417
	86,289	96,266
Imputed interest on:		
Convertible bonds	**–**	15,420
Interest-free loans from a non-controlling equity holder of a subsidiary	**2,035**	6,781
	2,035	22,201
Total interest expenses	**88,324**	118,467
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	**15,327**	6,607
Total finance costs	**103,651**	125,074
Less: Amount included in cost of construction work	**(4,265)**	(12,433)
Amount capitalised in properties under development	**(7,466)**	(15,132)
Amount capitalised in an investment property under construction	**–**	(30,671)
	91,920	66,838

7. PROFIT BEFORE TAX

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

	Notes	2019 *HK$'000*	2018 *HK$'000*
Cost of construction work		**6,891,365**	7,312,822
Cost of construction-related consultancy services provided		**19,284**	37,223
Cost of properties sold		**2,983**	1,800
Direct operating expenses (including repairs and maintenance) arising on rental-earning assets		**16,714**	14,489
Cost of security and facility management solutions services provided		**691,159**	480,007
Depreciation		**49,216**	44,699
Less: Amount included in cost of construction work		**(28,228)**	(29,809)
		20,988	14,890
(Gain)/loss on sale of property interests through disposal of subsidiaries	*13*	**(257,674)***	264
(Gain)/loss on disposal of items of property, plant and equipment, net		**(1,911)***	670
Impairment of items of property, plant and equipment		**7,500**	10,000
Impairment of an investment deposit and partial consideration paid for a rescinded acquisition transaction	*12*	**54,800**	–

* These amounts are included in "Other income and gains, net" on the face of the consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX

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

	2019 *HK$'000*	2018 *HK$'000*
Current – Hong Kong		
Charge for the year	**27,166**	51,837
Under/(over)-provision in prior years	**3,279**	(2,192)
	30,445	49,645
Current – Mainland China		
Charge for the year	**90**	808
Withholding tax on dividend distributed *(note b)*	**–**	23,806
Under-provision in prior years	**–**	649
	90	25,263
Current – Elsewhere		
Charge for the year	**2,817**	2,262
Under/(Over)-provision in prior years	**669**	(5,054)
	3,486	(2,792)
Deferred	**(9,955)**	(5,593)
Total tax expense for the year	**24,066**	66,523

Notes:

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Commencing from the year ended 31 March 2019, the assessable profits of a Hong Kong incorporated subsidiary (as elected by the directors) are subject to the two-tiered profits tax rates regime which was effective on 28 March 2019 that the first HK$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK$2 million will be 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.

(b) Amount represented withholding tax of the People's Republic of China (the "PRC") levied at the rate of 10% on dividend income of HK$238 million distributed by two subsidiaries of the Company established in Mainland China during the year ended 31 March 2018.

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim – HK1.26 cents (2018: HK1.23 cents) per ordinary share	**23,479**	23,069
Proposed final – HK0.84 cent (2018: HK1.09 cents) per ordinary share	**15,652**	20,425
	39,131	43,494

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 PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares used in the basic earnings per share calculation; and (ii) the weighted average number of ordinary shares assumed to have been awarded at no consideration on the deemed exercise of all rights of shares held under the Company's share award scheme. The share options of the Company outstanding during the years ended 31 March 2019 and 2018 had no diluting effect on the basic earnings per share amounts presented.

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

Earnings

	2019	2018
	HK$'000	*HK$'000*
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**136,648**	150,176

Number of shares

	2019	2018
Weighted average number of ordinary shares in issue during the year less the weighted average number of ordinary shares held under the share award scheme during the year, used in the basic earnings per share calculation	**1,853,952,921**	1,701,591,975
Effect of dilution of shares held under the share award scheme – weighted average number of ordinary shares	**1,869,239**	4,353,098
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	**1,855,822,160**	1,705,945,073

11. TRADE RECEIVABLES

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Trade receivables other than retention receivables	*(a)*	**983,990**	1,128,938
Retention receivables	*(b)*	**–**	539,234
		983,990	1,668,172

Notes:

(a) Except for the rental income from leasing of assets which are settled in accordance with the terms of the relevant agreements, 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 (other than retention receivables) as at the end of the reporting period, based on the invoice date, is as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Within 1 month	**788,550**	998,857
1 to 2 months	**92,052**	64,730
2 to 3 months	**33,362**	15,892
Over 3 months	**70,026**	49,459
	983,990	1,128,938

(b) Upon the adoption of HKFRS 15, on 1 April 2018, retention receivables are reclassified to contract assets.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables as at 31 March 2019 was an investment deposit and partial consideration of HK$148,000,000 in total (before an impairment loss made) 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 Target Company at a cash consideration of HK$660,000,000 (the "Acquisition"). At the material time, the Target Company held 50% equity interest in each of two PRC construction companies, 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 such 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 of the Acquisition.

The Acquisition was 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, 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 fulfill 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 Supplemental Agreement was approved at the Company's special general meeting held on 31 October 2016.

The Group was able to recoup HK$50 million as part of the refund of the Deposit, as disclosed by the Company on 31 March 2017. But the larger portion of the Deposit, being HK$148 million (the "Outstanding Amount"), remained unpaid at the date of approval of this financial information, despite the Group's repeated efforts to pursue the Vendor for refund.

The Group had commenced legal proceedings on 16 May 2017 at the High Court of Hong Kong against the Vendor and its shareholder for breach of the Original Agreement and the Supplemental Agreement (including the Vendor's failure to repay the Outstanding Amount to the Group), as disclosed in the Company's announcement of 16 May 2017.

For the purpose of recouping the Outstanding Amount, the Group entered into a series of agreements (the "Series of Agreements") with the Vendor, its fellow and affiliated companies and other parties on 26 June 2017, in respect of a disposal of a joint venture entity which held certain parcels of land in the USA. The sale of the joint venture entity did not materialised and therefore the Group initiated the legal proceedings against the Vendor and various parties for breaching the Series of Agreements. In April 2019, the Group had obtained from the High Court of Hong Kong an order as the final judgement against the Vendor in the sum of HK$148 million (which is equivalent to the Outstanding Amount), as disclosed in the Company's announcement of 20 June 2019. However, the Group has not yet been able to enforce such order and recoup any part of the Outstanding Amount.

Subsequent to the reporting period, on 19 June 2019, for the purpose of recovering the Outstanding Amount, the Group has entered into two conditional sale and purchase agreements (the "Sale Agreements") with an independent third party, Hua Bao Xing International Limited ("Hua Bao Xing"). The entering into of the Sale Agreements was announced by the Company on 20 June 2019. In one of the Sale Agreements, the Group agreed to sell to Hua Bao Xing the shares of a subsidiary of the Company which holds the equity interest in CCCC Thirteenth for a total consideration of HK$74 million. Hua Bao Xing has already paid a deposit of RMB10 million under such Sale Agreement.

In the second Sale Agreement, the Group agreed to sell the shares of the Target Company to Hua Bao Xing 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 within two years from 19 June 2019, the consideration will be reduced.

The management took into account of (i) its previous actions taken to recover the Outstanding Amount which included the entering into of the Supplemental Agreement and the Series of Agreements; (ii) the outcome of such actions and the difficulties in implementing the actions, which included the breaches of such agreements by the Vendor and the other relevant parties; (iii) the legal proceedings commenced by the Group against the Vendor and other related persons and the difficulties in enforcing the Court judgements against the Vendor and those persons to recover the Outstanding Amount; and (iv) the Sale Agreements and the possible reduction in consideration in the second Sale Agreement as mentioned above and the costs incurred in the above-mentioned actions and agreements. It is of the view that a total of HK$54.8 million out of the Outstanding Amount is not expected to be recoverable and hence an impairment loss against this amount was recognised in profit or loss during the year.

13. SALES DEPOSITS RECEIVED HELD IN AN ESCROW ACCOUNT/SALES DEPOSITS RECEIVED FOR SALE OF A PROPERTY INTEREST

The balances as at 31 March 2018 related to the deposits received from an independent third party in connection with the sale of the Group's 60% interest in a residential development project (the "T PLUS Project") located at No. 2 Tsing Min Path, Tuen Mun, Hong Kong to the independent third party in accordance with a provisional agreement for sale and purchase entered on 19 June 2017. Pursuant to the agreement, all deposit payments received shall be held in an escrow account and can only be applied for payments of construction costs and professional fees in connection with the T PLUS Project. The sale transaction was completed on 26 September 2018 and a gain on disposal of subsidiaries in the amount of HK$257,674,000 was recognised in profit or loss during the year ended 31 March 2019.

14. TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables other than retention payables	**1,240,777**	915,321
Retention payables	**599,415**	604,453
	1,840,192	1,519,774

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:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**798,297**	558,920
1 to 2 months	**111,700**	111,492
2 to 3 months	**59,626**	88,366
Over 3 months	**271,154**	156,543
	1,240,777	915,321

15. ISSUED CAPITAL

	Number of ordinary shares in issue	Issued capital
		HK$'000
At 1 April 2017	1,619,293,787	161,929
Issue of shares upon exercise of convertible bonds	256,240,060	25,624
At 31 March 2018 and 1 April 2018	1,875,533,847	187,553
Cancellation of repurchased shares *(note)*	(12,142,000)	(1,214)
At 31 March 2019	1,863,391,847	186,339

Note: During the year, the Company repurchased 12,142,000 ordinary shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately HK$8,569,000 and all these shares were subsequently cancelled before the year end date. The repurchases were effected by the directors with a view to benefiting the shareholders as a whole by enhancing the Company's net assets value and earnings per share.

16. 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

	2019	2018
	HK$'000	*HK$'000*
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
– subsidiaries	**1,038,576**	1,032,206
– joint operations	**113,255**	165,766
– a joint venture	**40,445**	40,446
	1,192,276	1,238,418
Guarantees issued to financial institutions to secure credit facilities granted to associates and a joint venture *(note (ii))*	**1,210,530**	935,390
Guarantees for property development projects given to banks which granted facilities to purchasers of the Group's properties held for sale	**65,660**	103,144
	2,468,466	2,276,952

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

Notes:

(i) In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that 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 2019, the banking facilities granted to associates and a joint venture and guaranteed by the Group were utilised to the extent of HK$460,670,000 (2018: HK$490,980,000). The other shareholder of an associate provides to the Group a counter-guarantee in respect of the amount of banking facilities in excess of the Group's pro rata share based on the Group's equity interest in an associate.

(b) Litigations

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

The above two cases were heard together before a Judge at the High Court Building, No. 38 Queensway, Hong Kong between 15 January 2019 and 31 January 2019. The Court has completed to hear all the factual evidence. The two cases are now adjourned to be heard until 19 August 2019 (4 days reserved) for expert valuation evidence. The Court will hear the parties' closing submission on 16 October 2019.

Based on the existing legal documents after having performed management's internal critical assessment of the aforesaid cases and seeking advice from an independent legal advisor, the directors of the Company are of the opinion that the Group has a reasonable ground of defence on the merits and the cases would be successfully defended, therefore, no material adverse financial impact on the Group is expected.

Besides, in or about April 2014, another plaintiff commenced legal proceedings against the Subsidiary alleging that the Subsidiary's termination of a proposed transaction in relation to the sale of the commercial development at No. 8 Clear Water Bay Road was wrongful and sought damages from the Subsidiary.

Both the plaintiff and the defendant have completed the stages of disclosure, preparation of witness statements. The pre-trial review is fixed on 3 September 2019. The above case will be heard before a Judge at the High Court Building, No. 38 Queensway, Hong Kong between 10 December 2019 and 23 December 2019.

Based on the existing legal documents after having performed management's internal critical assessment of the aforesaid case and seeking advice from an independent legal advisor, the directors of the Company are of the opinion that the Group has a reasonable ground of defence on the merits and the case would be successfully defended, therefore, no material adverse financial impact on the Group is expected.

17. PLEDGE OF ASSETS

The carrying amounts 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:

	2019	2018
	HK$'000	*HK$'000*
Property, plant and equipment	**8,749**	20,675
Investments properties	**163,074**	–
Properties under development	**–**	667,994
Bank deposits	**19,831**	30,405
	191,654	719,074

In addition to the above, as at 31 March 2018, the Group had pledged the equity interest in a non-wholly-owned subsidiary to secure a banking facility granted to the Group. The pledge was released upon disposal of the relevant subsidiary during the year.

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the following significant events occurred:

(a) On 30 November 2018, Chun Wo Bus Services Limited ("CW Bus"), an indirect non-wholly-owned subsidiary of the Company, as the purchaser, and certain vendors entered into an asset purchase agreement, pursuant to which CW Bus conditionally agreed to purchase, and the vendors conditionally agreed to sell, 47 non-franchised buses owned by the vendors and the related passenger service licences granted by the relevant government department in favour of the vendors (the "Related Passenger Service Licences") at the consideration of HK$175,920,000. As at 31 March 2019, a total deposit of HK$35,184,000 was paid to the vendors and the remaining balance was settled upon the completion of the transaction in April 2019. Details are set out in the announcement of the Company dated 30 November 2018.

As at the date of this announcement, the Group had further purchased 41 non-franchised buses and the Related Passenger Service Licences from certain vendors at the total consideration of approximately HK$143,576,000. As at 31 March 2019 and subsequent to the reporting period, deposits of approximately HK$9,890,000 and approximately HK$7,887,600 were paid by the Group, respectively, and the remaining balances were/would be settled upon the completion of the transactions which is subject to certain conditions precedent as stipulated in the respective asset purchase agreements. The completion of all transactions is expected to take place before the end of August 2019.

The applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of each transaction with each vendor is not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(b) On 4 December 2018, a direct wholly-owned subsidiary of the Company, as the offeror and an offeree/vendor entered into an offer to purchase for the proposed acquisition of certain issued share capital of a target company, which provides consultancy and structural engineering services. On 1 April 2019, the Company, through its another indirect wholly-owned subsidiary of the Company, as the purchaser, and the vendor entered into a sale and purchase agreement, pursuant to which the vendor agreed to transfer 40% of the issued share capital of the target company to the purchaser at the consideration of approximately HK$22,000,000. The applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transaction is not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As at 31 March 2019, a total deposit of HK$10,500,000 was paid by the purchaser and the remaining balance was settled on 8 April 2019.

(c) On 9 May 2019, the Company, as the subscriber, and SFund International Investment Fund Management Limited, as the issuer, entered into a subscription agreement, pursuant to which the Company has conditionally agreed to subscribe for, and the issuer has conditionally agreed to issue to an indirect wholly-owned subsidiary of the Company, promissory notes in the principal amount of HK$180,000,000 for a term of 364 days with an interest rate of 5% per annum and arrangement fee of 3%. Completion of the subscription took place on 10 May 2019. Details are set out in the announcement of the Company dated 9 May 2019.

Since the above transactions were all effected shortly before the date of approval of this financial information, the Group is not yet in a position to disclose any financial impact of these transactions on the Group.

(d) On 19 June 2019, the Group entered into two conditional agreements with an independent third party to sell the target shares and the interests in the target group held by the Group to such third party. Details are set out in Note 12 to the results.

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 2019, the total net debts of the Group amounted to approximately HK$905.3 million, representing total debts of approximately HK$2,761.30 million less total of cash and bank balances of approximately HK$1,856.0 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2019, is analysed as follows:

	As at 31 March 2019 *HK$ million*	As at 31 March 2018 *HK$ million*
Borrowings and obligations under hire purchase contract and finance leases repayable:		
Within one year or on demand	**1,061.7**	2,677.5
After one year, but within two years		
– On demand shown under current liabilities	**2.8**	37.5
– Remaining balances	**1,310.3**	5.9
After two years, but within five years		
– On demand shown under current liabilities	**–**	1.3
– Remaining balances	**385.2**	1.6
Over five years	**1.3**	4.0
	2,761.3	2,727.8
Guaranteed bonds		
– Repayable within one year	**–**	39.0
Total debts	**2,761.3**	2,766.8

The Group has continued to implement a prudent financial management policy, at 31 March 2019, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to shareholders of the Company, was 0.37 (2018: 0.30). The current ratio of the Group is increased by 30% to 1.67 (2018: 1.28), reflecting a healthy financial position to finance its operation.

To minimise exposure on foreign exchange fluctuations, the Group's 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 borrowings have not been hedged by any interest rate financial instruments.

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 17 to the results.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 16 to the results.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 6,595 employees as at 31 March 2019. Total remuneration of employees for the year ended 31 March 2019 (the "Year") amounted to approximately HK$2,033.9 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 of the Company (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 of Hong Kong Limited (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 HK0.84 cent per share for the Year (the "Final Dividend") (2017/18: HK1.09 cents), amounting to approximately HK$15.6 million (2017/18: HK$20.4 million), to the Shareholders whose names appear on the register of members of the Company on 2 September 2019. The proposed Final Dividend will be paid on 12 September 2019, subject to approval by the Shareholders at the forthcoming annual general meeting (the "AGM"). Together with the interim dividend of HK1.26 cents per share paid in January 2019, the proposed Final Dividend will result in a full-year dividend of HK2.10 cents for the Year per share (2017/18: HK2.32 cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the AGM, and the entitlement to 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 Thursday, 15 August 2019
Closure of register of members	Friday, 16 August 2019 to Thursday, 22 August 2019 (both days inclusive)

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Tuesday, 27 August 2019
Closure of register of members	Wednesday, 28 August 2019 to Monday, 2 September 2019 (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 not later than the respective latest time as stated above for registration.

BUSINESS REVIEW

The Group recorded a total revenue of HK$8.08 billion (2018: HK$8.23 billion) and a net profit attributable to Shareholders of HK$137 million (2018: HK$150 million) for the Year. The results were due mainly to the relatively weaker performance of the construction sector during the Year. The Company's net asset value per share amounted to HK$1.33 as at 31 March 2019 (2018: HK$1.35).

Construction

The Group's construction operation, which falls under the respected "Chun Wo" brand, represents its primary business. As such, the segment has continued to be the Group's key revenue generator, contributing HK$7.31 billion in revenue (2018: HK$7.68 billion) and HK$150.4 million (2018: HK$116.3 million) in segmental profit for the Year. As at 31 March 2019, the Group possessed contracts with an aggregate value of HK$26.99 billion, of which projects with contracts valued at HK$11.64 billion in total were ongoing.

During the Year, the Group has secured 17 new projects, among which include such prominent projects as the Construction of Public Housing Development at Hiu Ming Street; Development of Anderson Road Quarry Site – Road Improvement Works and Pedestrian Connectivity Facilities Works Phase 2A; and Subcontract for the Engineering, Procurement and Construction of South East New Territories Landfill Extension.

In respect of ongoing projects, the Group is presently conducting 37 projects, the majority of which require a level of technical expertise and construction capabilities that Chun Wo is renowned for. These projects include Hong Kong International Airport – Terminal 2 Foundation and Substructure Works; Design and Construction of the Novaliches – Balara Aqueduct 4; Construction of Public Rental Housing Redevelopment at Pak Tin Estate Phases 7 & 8 and Phase 11; Phase 1 Redevelopment of Ming Wah Dai Ha; and Main Contract for Subsidised Sale Flats Project at Shatin Area 36C.

The Year also marked the conclusion of several major projects, among which include the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities – Passenger Clearance Building; Wan Chai Development Phase II: Central-Wan Chai Bypass at Wan Chai East; Liantang/Heung Yuen Wai Boundary Control Point, Site Formation and Infrastructure Works – Contract 3; MTR Contract No. 1107 – Shatin to Central Link: Diamond Hill to Kai Tak Tunnels; MTR Contract No. 1108 – Shatin to Central Link: Kai Tak Station and Associated Tunnels; Design and Construction of Redevelopment of Kwai Chung Hospital (Phase 1); and Superstructure Works for Proposed Residential Development at R.B.L. 270, No. 17 Shek O Road, Shek O, Hong Kong.

Though the construction segment remains intensely competitive and is dragged down by the slow funding approval process for public works projects, the management will continue to actively pursue opportunities on several fronts. Considering the housing market continues to be benefited from the strong private market demand and the Governments' initiatives to allocate land for residential housing, especially public housing, which will bring opportunities to the Group. Another area that the Group has its sights is on the Lantau reclamation project introduced in the Chief Executive's 2018 Policy Address. This landmark proposal aimed at addressing the pressing housing problem in Hong Kong and acting as a "Double Gateway" to the world and other Guangdong-Hong Kong-Macao Bay Area (the "Greater Bay Area") cities, which will become a major development area well into the future. Another significant project that the Group's expertise would be eyeing on is the construction of the Three-Runway System for the Hong Kong International Airport, which will offer a precious opportunity for the Group to demonstrate its eminent technique. Hence, the Group has continued to closely monitor developments to seize relevant opportunities.

To capitalise on current and upcoming opportunities, the Group has continued to invest in research and development, the fruits of which include the introduction of Rapid Repairing Mortar Materials (R^2M^2) that raises the efficiency of repair works for old buildings. Also, the Group is at the forefront of artificial intelligence technology for enhancing the construction safety and efficiency of works.

While seeking business growth, the Group is also committed to corporate social responsibility. The launch of Carbon Emission Offset Program in cooperation with Shell Hong Kong Limited, has made Chun Wo becoming the first and only engineering company to neutralise the carbon released from construction sites and achieve zero carbon dioxide emission in Hong Kong.

Property Development and Assets Leasing

The property development and assets leasing segment contributed a profit of HK$180.3 million (2018: HK$197.7 million) during the Year.

During the Year, the Group recorded a gain from the disposal of its residential project located at No. 2 Tsing Min Path, Tuen Mun, known as "T PLUS". The transaction highlights the Group's market acumen and prompt action to fully capitalise on market developments. Given that the property market is continuing to undergo adjustments, the Group will adhere to its practice of seizing opportunities that bring long-term gains, as well as establishing joint ventures and forming partnerships to mitigate risk.

Among the local property development projects that the Group, with strategic partners, is currently engaged in include two residential properties located at Waterloo Road, Ho Man Tin and Prince Edward Road West, respectively. Also, the Group is involved in the property re-development at No. 35 Cameron Road, which is a commercial building, and will also commence development planning on a land parcel located in Tung Chung in the coming fiscal year, hence will be able to provide diverse revenue streams.

In view of several factors that have led uncertainty to the property market, including interest rate hikes and the unresolved US-China trade dispute, the Group will continue to take a cautious approach towards identifying and acquiring suitable development projects in Hong Kong, and will also continuously review and adjust its property portfolio to realise maximum gains.

Professional Services

The professional services segment, of which the security and facility management business operated by City Services Group Limited ("City Services") is the principal constituent, continued to perform satisfactorily. With increasing contribution from the tunnel management business, we believe segment results will continue to bloom. The segment recorded a revenue of HK$763 million (2018: HK$548 million) and profit of HK$28.8 million (2018: HK$26.7 million) during the Year.

During the Year, City Services was able to renew contracts with numerous prominent clients, thus ensuring stable revenue for the security and management business. In respect of the tunnel management business, a four-year contract of the Central-Wan Chai Bypass Tunnel was secured in August 2018, which is the latest secured contract. In May 2018, the Group was awarded two six-year management contracts for the Shing Mun Tunnels and Tseung Kwan O Tunnel, and Kai Tak Tunnel and Lion Rock Tunnel, respectively. The Group now totally manages 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.

Other Business

The Group is constantly seeking opportunities to develop new income streams that possess the potential to become standalone businesses. In recent years, this has led to the establishment of a premium safe deposit box leasing business, the provision of construction financing services, and the management of an online building materials procurement platform. Besides, in order to tap growing demand from travellers using the Hong Kong-Zhuhai-Macao Bridge and the Express Rail Link for travelling to and from Hong Kong, the Group has commenced to provide non-franchised bus services through CW Bus.

OUTLOOK AND PROSPECTS

Construction

The Group holds guarded optimism towards the Hong Kong construction sector in the coming years, given that the local government has demonstrated its commitment to increasing land and housing supply as exemplified by the proposed reclamation project near Lantau, which is set to be a significant long-term development scheme. The Group will, therefore, seek to bolster its leading position in the Hong Kong construction sector by leveraging its professionalism, knowledge, technologies and experience, as well as by co-operating with mainland enterprises that possess relevant experience and resources.

Close ties with mainland enterprises will allow the Group to diversify its construction business both within and outside the area as well as expand its footprint into the Greater Bay Area, which represents another major government-led initiative that is set to bring enormous opportunities to the construction sector. Mindful of this, the Group will proactively grow its footprint in this key region through investing in companies that enhance its leading industry position and working in partnerships that create the expressways for enhancing market penetration.

Property Development and Assets Leasing

As market adjustments are expected to be the trend in the coming year, the Group will continue to take a prudent approach towards property development and assets leasing business and capitalise on opportunities arising from various development projects. Consistent with its prudent approach, the Group will duly seek partnerships and joint ventures that allow it to mitigate risk as well as better utilise its financial resources.

Professional Services

For the professional services segment, the Group will continue to strengthen its solid foundation of the security and facility management business, while looking for the opportunity of infrastructure management business.

Other Business

With sound financial health, ample experience and solid reputation, the Group will utilise such strengths to further explore opportunities and expand its scope of operations. At the same time, the Group will expedite the development of those businesses which are still at early stages of growth to broaden its return, in particular, the non-franchised bus services business in view of encouraging prospects. The Group will look to expand the operations of CW Bus, both in terms of bus fleet and routes.

Overview

In the coming year, the Group will seek to advance the construction business, its key operation, by seizing collaborative opportunities involving major infrastructure projects, particularly those pertaining to the Greater Bay Area. Also, the Group will seek opportunities to penetrate in this area's education sector since it is set to be greatly benefit from the expected boom across this region.

The Group will examine opportunities to take part in development projects in major Asian markets as well, particularly those along the Belt and Road route, which is another China-led initiative that will benefit the construction sector.

As always, the Group will take a measured approach towards business development and business management to move closer towards realising its vision of becoming an acclaimed contractor and developer in Asia with dynamic growth.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 18 to the results.

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

During the Year, the Company repurchased 12,142,000 shares of the Company at an aggregate consideration of HK$8,569,160 (before expenses) on the Stock Exchange. All repurchased shares were cancelled during the Year.

Particulars of the repurchase during the Year are as follows:

Months of share repurchase	**Number of shares repurchased**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate consideration paid (before expenses)** *HK$*
July	1,672,000	0.77	0.71	1,225,720
September	774,000	0.78	0.74	583,240
October	9,696,000	0.73	0.65	6,760,200
Total	12,142,000			8,569,160

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 2018/19 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.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Board (the "Audit Committee") comprises three members, namely Mr. Wu William Wai Leung (Chairman of the Audit Committee), Mr. Lam Yau Fung, Curt and Mr. Ho Gilbert Chi Hang, all being 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, 24 June 2019

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Xu Jianhua, Ir Dr. Pang Yat Bond, Derrick, JP, Mr. Shea Chun Lok, Quadrant, Madam Li Wai Hang, Christina and Madam Han Li, and the independent non-executive directors of the Company are Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt and Mr. Ho Gilbert Chi Hang.