亞洲聯合基建控股有限公司
ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)
(Stock Code: 00711.HK)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 September 2019 ***HK$'000***
Total revenue	**3,857,431**
Profit attributable to shareholders of the Company	**76,681**
Basic earnings per share	**HK4.15 cents**
Dividend per share	**HK1.20 cents**
	30 September 2019
Equity per share*	**HK$1.33**

* *Equity per share refers to equity attributable to shareholders of the Company divided by the total number of issued ordinary shares as at 30 September 2019.*

INTERIM RESULTS

The Board of Directors (the "Board" or the "Directors") of Asia Allied Infrastructure Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2019 (the "Review Period"), together with the relevant comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**3,857,431**	3,201,545
Cost of sales		**(3,651,370)**	(3,049,256)
Gross profit		**206,061**	152,289
Other income and gains, net		**149,339**	292,374
Selling expenses		**(2,642)**	(19,240)
Administrative expenses		**(205,939)**	(216,638)
Other expenses, net		**(100)**	(34,365)
Finance costs	*5*	**(56,231)**	(46,594)
Share of profit of a joint venture		**1,273**	4,190
Share of profits and losses of associates		**(1,113)**	(158)
PROFIT BEFORE TAX	*6*	**90,648**	131,858
Income tax	*7*	**(13,357)**	(45,598)
PROFIT FOR THE PERIOD		**77,291**	86,260
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Translation of foreign operations		**(33,143)**	(53,198)
Share of movement in the exchange fluctuation reserve of a joint venture		**76**	(382)
Share of movements in the exchange fluctuation reserves of associates		**(279)**	(315)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX OF NIL		**(33,346)**	(53,895)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**43,945**	32,365

	Note	Six months ended 30 September **2019** **(Unaudited)** ***HK$'000***	2018 (Unaudited) *HK$'000*
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**76,681**	84,541
Non-controlling interests		**610**	1,719
		77,291	86,260
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Company		**43,335**	30,646
Non-controlling interests		**610**	1,719
		43,945	32,365
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*	***HK cents***	*HK cents*
Basic		**4.15**	4.55
Diluted		**4.15**	4.55

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 September 2019

	Notes	**30 September 2019 (Unaudited)** ***HK$'000***	31 March 2019 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**333,891**	284,608
Right-of-use assets		**188,993**	–
Investment properties		**–**	166,173
Goodwill		**45,060**	45,994
Passenger service licences		**228,710**	–
Interests in joint ventures		**425,712**	423,362
Investments in associates		**529,375**	499,768
Deposits paid for acquisition of items of property, plant and equipment, passenger service licences and an investee		**18,247**	55,574
Deferred tax assets		**897**	897
Total non-current assets		**1,770,885**	1,476,376
CURRENT ASSETS			
Land held for property development		**272,799**	532,565
Properties under development		**290,310**	–
Properties held for sale		**2,658**	2,829
Trade receivables	*10*	**1,155,460**	983,990
Contract assets		**2,948,832**	2,752,909
Prepayments, deposits and other receivables	*11*	**580,377**	598,726
Promissory notes		**180,000**	–
Income tax recoverable		**20,602**	22,049
Equity investments at fair value through profit or loss		**58**	65
Restricted cash and pledged deposits		**11,136**	26,149
Cash and cash equivalents		**1,238,794**	1,829,856
Total current assets		**6,701,026**	6,749,138

	Note	**30 September 2019**	31 March 2019
		(Unaudited)	(Audited)
		HK$'000	*HK$'000*
CURRENT LIABILITIES			
Trade payables	*12*	**2,055,741**	1,840,192
Contract liabilities		**19,652**	33,905
Other payables and accruals		**805,301**	891,599
Bank borrowings		**1,494,864**	1,058,582
Lease liabilities		**24,410**	–
Hire purchase contract and finance lease payables		**–**	5,742
Provision for construction works		**42,461**	133,128
Income tax payables		**92,569**	89,038
Total current liabilities		**4,534,998**	4,052,186
NET CURRENT ASSETS		**2,166,028**	2,696,952
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,936,913**	4,173,328
NON-CURRENT LIABILITIES			
Bank borrowings		**1,405,384**	1,695,564
Lease liabilities		**33,198**	–
Hire purchase contract and finance lease payables		**–**	1,438
Deferred tax liabilities		**3,464**	2,176
Total non-current liabilities		**1,442,046**	1,699,178
Net assets		**2,494,867**	2,474,150
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**185,274**	186,339
Reserves		**2,276,252**	2,255,263
		2,461,526	2,441,602
Non-controlling interests		**33,341**	32,548
Total equity		**2,494,867**	2,474,150

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019 (Unaudited)

1 BASIS OF PREPARATION

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

2 SIGNIFICANT ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information has been prepared on the historical cost basis, except for investment properties and equity investments at fair value through profit or loss which have been measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 September 2019 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's condensed consolidated interim financial information:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's condensed consolidated interim financial information.

The nature and the impact of the changes are described below:

(a) Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption, if any, as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for the period beginning on 1 April 2019 and as at 31 March 2019 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities as at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the condensed consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position. This includes the leasehold land of HK$25,215,000 and the lease assets recognised previously under finance leases of HK$23,406,000 that were reclassified from property, plant and equipment.

For the leasehold land (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

— Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

— Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	(Unaudited) *HK$'000*
Assets	
Decrease in property, plant and equipment	(48,621)
Increase in right-of-use assets	79,872
Increase in total assets	31,251
Liabilities	
Increase in lease liabilities	38,431
Decrease in hire purchase contract and finance lease payables	(7,180)
Increase in total liabilities	31,251

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movements during the period are as follow:

	Right-of-use assets						
	Leasehold land	**Office**	**Plant and machinery**	**Motor vehicles**	**Sub-total**	**Investment properties**	**Lease liabilities**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2019	25,215	31,251	22,121	1,285	79,872	125,017	38,431
Additions	–	14,963	–	–	14,963	–	32,277
Depreciation charge	(1,110)	(9,331)	(1,507)	(159)	(12,107)	–	–
Disposal	(7,354)	–	–	–	(7,354)	–	–
Transfer to property, plant and equipment	–	–	(11,398)	–	(11,398)	–	–
Transfer from investment properties	125,017	–	–	–	125,017	(125,017)	–
Interest expense	–	–	–	–	–	–	664
Payments	–	–	–	–	–	–	(13,759)
Exchange realignment	–	–	–	–	–	–	(5)
As at 30 September 2019	141,768	36,883	9,216	1,126	188,993	–	57,608

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 April 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's condensed consolidated interim financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's condensed consolidated interim financial information.

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 four reportable operating segments:

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

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:

For the six months ended 30 September 2019

	Construction services (Unaudited) *HK$'000*	Property development and assets leasing (Unaudited) *HK$'000*	Professional services (Unaudited) *HK$'000*	Non-franchised bus services (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue ***(note 4)*****:**					
Sales to external customers	3,386,004	2,838	443,066	25,523	3,857,431
Intersegment sales	–	–	10,485	220	10,705
	3,386,004	2,838	453,551	25,743	3,868,136
Reconciliation:					
Elimination of intersegment sales					(10,705)
					3,857,431
Segment results	36,630	(28,389)	25,404	6,080	39,725
Interest income					20,701
Gain on disposal of an office					109,479
Corporate and other unallocated expenses					(23,026)
Finance costs					(56,231)
Profit before tax					90,648
Income tax					(13,357)
Profit for the period					77,291
Other segment information:					
Share of profit of a joint venture	1,273	–	–	–	1,273
Share of profits and losses of associates	142	(1,255)	–	–	(1,113)
Depreciation of property, plant and equipment	(16,257)	(4,706)	(3,936)	(2,216)	(27,115)
Depreciation of right-of-use assets	(8,244)	(3,151)	(561)	(151)	(12,107)
Gains on disposal of other items of property, plant and equipment, net	1,095	–	59	17	1,171
Gain on disposal of an office (unallocated asset)	–	–	–	–	109,479

For the six months ended 30 September 2018

	Construction services (Unaudited) *HK$'000*	Property development and assets leasing (Unaudited) *HK$'000*	Professional services (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue *(note 4)*:				
Sales to external customers	2,847,394	4,314	349,837	3,201,545
Intersegment sales	51,629	–	11,343	62,972
	2,899,023	4,314	361,180	3,264,517
Reconciliation:				
Elimination of intersegment sales				(62,972)
				3,201,545
Segment results	35,070	156,288	11,481	202,839
Interest income				13,370
Corporate and other unallocated expenses				(37,757)
Finance costs				(46,594)
Profit before tax				131,858
Income tax				(45,598)
Profit for the period				86,260
Other segment information:				
Share of profit of a joint venture	4,190	–	–	4,190
Share of loss of an associate	–	(158)	–	(158)
Depreciation of property, plant and equipment	(16,850)	(3,975)	(1,860)	(22,685)
Fair value loss of investment properties, net	–	(158)	–	(158)
Gains on disposal of items of property, plant and equipment, net	689	–	15	704

Segment assets and liabilities

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

Information about major customers

A summary of revenue earned from an external customer (six months ended 30 September 2018: two external customers) which individually contributed more than 10% of the Group's revenue for each of the periods ended 30 September 2019 and 2018 is set out below:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A:		
Contribution to construction services segment	**2,031,875**	1,882,435
Contribution to professional services segment	**195,384**	88,840
	2,227,259	1,971,275
Customer B:		
Contribution to construction services segment	**N/A***	319,088
Contribution to professional services segment	**N/A***	1,493
	N/A*	320,581

* The corresponding revenue of this customer is not disclosed as it did not contribute more than 10% of the Group's total revenue for the period ended 30 September 2019.

4 REVENUE

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Construction work income	**3,372,962**	2,835,363
Construction-related consultancy service income	**13,042**	12,031
Sales of properties	**–**	2,141
Gross rental income from assets leasing	**2,838**	2,173
Security and facility management solutions service income	**443,066**	349,837
Non-franchised bus services income	**25,523**	–
	3,857,431	3,201,545

5 FINANCE COSTS

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**49,703**	45,864
Lease liabilities	**664**	–
Hire purchase contract and finance lease payables	**–**	257
Guaranteed bonds	**–**	1,173
	50,367	47,294
Imputed interest on interest-free loans from a non-controlling equity holder of a subsidiary	**–**	2,035
Total interest expenses	**50,367**	49,329
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	**7,157**	8,222
Total finance costs	**57,524**	57,551
Less: Amount included in cost of construction work services	**(1,293)**	(3,491)
Amount capitalised in properties under development	**–**	(7,466)
	56,231	46,594

6 PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of construction work	**3,216,486**	2,706,305
Cost of construction-related consultancy services provided	**12,122**	12,446
Cost of properties sold	**–**	3,555
Direct operating expenses (including repairs and maintenance) arising on rental-earning assets	**9,263**	8,425
Cost of security and facility management solutions services provided	**395,590**	318,525
Cost of non-franchised bus services provided	**17,909**	–
Depreciation of property, plant and equipment	**27,115**	22,685
Less: Amount included in cost of construction work	**(15,123)**	(13,175)
	11,992	9,510
Depreciation of right-of-use assets	**12,107**	–
Less: Amount included in cost of construction work	**(2,310)**	–
	9,797	–

7 INCOME TAX

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**31,767**	45,459
Mainland China	**273**	10
Elsewhere	**2,151**	2,208
Over-provision in prior years:		
Hong Kong	**(8,128)**	–
Mainland China	**–**	(149)
Elsewhere	**(13,994)**	(42)
Deferred	**1,288**	(1,888)
Total tax expense for the period	**13,357**	45,598

Note: Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

8 DIVIDENDS

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend recognised as distribution during the period in respect of 2019 of HK0.84 cent (2018:HK1.09 cents) per ordinary share	**15,561**	20,425
Interim dividend declared in respect of six months ended 30 September 2019 of HK1.20 cents (six months ended 30 September 2018: HK1.26 cents) per ordinary share	**22,160**	23,479
	37,721	43,904

9 EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

The calculation of the diluted earnings per share amount for the period ended 30 September 2019 is based on the profit for the period attributable to shareholders of the Company, and the weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares used in the basic earnings per share calculation. The share options of the Company outstanding during the period ended 30 September 2019 had no diluting effect on the basic earnings per share amounts presented.

In respect of the diluted earnings per share amount for the period ended 30 September 2018, the calculation of the diluted earnings per share amount is based on the profit for the period attributable to shareholders of the Company, and the weighted average number of ordinary shares used in the calculation is 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 period ended 30 September 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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**76,681**	84,541

Number of shares

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period less weighted average number of ordinary shares held under the share award scheme and treasury shares during the period, used in the basic earnings per share calculation	**1,846,890,809**	1,856,035,934
Effect of dilution of shares held under the share award scheme — weighted average number of ordinary shares	**–**	3,728,264
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	**1,846,890,809**	1,859,764,198

10 TRADE RECEIVABLES

	30 September	31 March
	2019	2019
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**1,155,460**	983,990

Except for the rental income from the 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 as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2019 (Unaudited) ***HK$'000***	31 March 2019 (Audited) *HK$'000*
Within 1 month	**900,352**	788,550
1 to 2 months	**114,841**	92,052
2 to 3 months	**38,969**	33,362
Over 3 months	**101,298**	70,026
	1,155,460	983,990

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables as at 30 September 2019 and 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 the 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, namely 中城建第四工程局集團有限公司 ("CCCC Fourth") and 中城建第十三工程局有限公司 ("CCCC Thirteenth"). The Target Company and the two construction companies were principally engaged in municipal construction, building construction, and construction of build-transfer, build-operate-transfer, public-private partnership projects, property development and investment in the PRC. An investment deposit and partial consideration (collectively, the "Deposit") of HK$198 million in total was paid to the Vendor at the original completion date of the Acquisition.

The Acquisition was 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 fulfil its obligations to repay the Deposit to the Group. Further details of the Supplemental Agreement are set out in the Company's announcement and circular dated 25 August 2016 and 30 September 2016, respectively. The 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, but the larger portion of the Deposit, being HK$148 million (the "Outstanding Amount"), remained unpaid as at 31 March 2019, despite the Group's repeated efforts to pursue the Vendor for refund.

The Group 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 dated 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 subsidiary and affiliated companies and other parties on 26 June 2017, in respect of a disposal of a joint venture entity, namely Dingway Investment Limited, which, through its subsidiaries, held certain parcels of land in the USA. The sale of the joint venture entity did not materialise and therefore the Group initiated the legal proceedings against the Vendor and various parties for breach of the Series of Agreements. In April 2019, the Group 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 dated 20 June 2019. However, the Group has not yet been able to enforce such order and recoup any part of the Outstanding Amount.

On 19 June 2019, for the purpose of recovering the Outstanding Amount, the Group entered into two conditional sale and purchase agreements (the "Sale Agreement(s)") with an independent third party, 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.

Management took into account (i) the Group's 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. The directors of the Company are 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 ended 31 March 2019. No impairment was provided on the investment deposit and partial consideration for the six months ended 30 September 2019.

12 TRADE PAYABLES

	30 September 2019 (Unaudited)	31 March 2019 (Audited)
	HK$'000	*HK$'000*
Trade payables other than retention payables	**1,459,232**	1,240,777
Retention payables	**596,509**	599,415
	2,055,741	1,840,192

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

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

	30 September 2019 (Unaudited) ***HK$'000***	31 March 2019 (Audited) *HK$'000*
Within 1 month	**874,679**	798,297
1 to 2 months	**110,668**	111,700
2 to 3 months	**162,747**	59,626
Over 3 months	**311,138**	271,154
	1,459,232	1,240,777

13 CONTINGENT LIABILITIES

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

(a) Corporate guarantees and performance bonds given

	30 September 2019 (Unaudited) ***HK$'000***	31 March 2019 (Audited) *HK$'000*
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
— subsidiaries	**1,069,223**	1,038,576
— joint operations	**113,255**	113,255
— a joint venture	**40,445**	40,445
	1,222,923	1,192,276
Guarantees issued to financial institutions to secure credit facilities granted to a joint venture and associates *(note (ii))*	**1,210,530**	1,210,530
Guarantees for property development projects given to banks which granted facilities to purchasers of the Group's properties held for sale *(note (iii))*	**61,678**	65,660
	2,495,131	2,468,466

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 condensed consolidated statement of financial position in respect of these financial guarantee contracts.

(ii) At 30 September 2019, the banking facilities granted to a joint venture and associates and guaranteed by the Group were utilised to the extent of HK$463,340,000 (31 March 2019: HK$460,670,000). 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.

(iii) At 30 September 2019 and 31 March 2019, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties.

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

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

(b) Litigations

(i) 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 of No. 8 Clear Water Bay Road (the "Commercial Development") 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 Subsidiary in September 2013. The plaintiff claimed against the Subsidiary and the Company for the loss of capital appreciation of the Properties.

The above two cases were heard together before a judge at the Court of First Instance in Hong Kong between 15 January 2019 and 31 January 2019 , between 19 August 2019 and 22 August 2019 and on 16 October 2019 and 17 October 2019. The Court of First Instance in Hong Kong has completed hearing of factual evidence and expert valuation evidence on 22 August 2019. The Court has heard the parties' closing submission on 17 October 2019 and judgement has been reserved.

As advised by the legal advisers to the Subsidiary and the Company, respectively, having considered the facts and submissions made in relation to the two cases, the Subsidiary and the Company each has a reasonable prospect in successfully defending the claim and, therefore, no material adverse financial impact on the Group is expected.

(ii) 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 was wrongful and sought damages from the Subsidiary.

Both the plaintiff and the defendant have completed the stages of disclosure, preparation of witness statements. There was a pre-trial review on 3 September 2019. The above case will be heard before a judge at the Court of First Instance in Hong Kong between 10 December 2019 and 23 December 2019.

As advised by the legal adviser to the Subsidiary for this case, based on the facts and the documents submitted by the parties, the Subsidiary has a good chance of success in defending the case and hence no material adverse financial on the Group is expected.

14 PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	30 September 2019 (Unaudited) ***HK$'000***	31 March 2019 (Audited) *HK$'000*
Property, plant and equipment	**46,292**	8,749
Right-of-use assets	**124,271**	–
Investment properties	**–**	163,074
Bank deposits	**5,202**	19,831
	175,765	191,654

BUSINESS REVIEW

The Group recorded a total revenue of approximately HK$3.86 billion (2018: HK$3.20 billion) for the Review Period. Net profit attributable to the shareholders of the Company (the "Shareholders") amounted to HK$76.7 million (2018: HK$84.5 million). The Group is pleased to report relatively stable performance under the current business environment. In particular, the construction sector has been adversely impacted by social unrest and suspension of Legislative Council funding approval meetings resulting in no major infrastructure projects approved by the government during the Review Period. Nevertheless, several sizeable projects on hand continued to contribute the Group during the Review Period, including foundation for a public housing development project from the Hong Kong Housing Authority; and in the private sector, the Hong Kong Disneyland Resort project. The Group has also been looking into opportunities among Belt and Road countries, intending to participate through mergers and acquisitions or strategic co-operation with local partners or industry experts. While exploring more profitable revenue sources, the management has also been dedicating efforts at streamlining operations to increase overall efficiency, with an aim of achieving solid and sustainable long term growth.

Construction

During the Review Period, the construction operation generated a revenue totalling HK$3.39 billion (2018: HK$2.85 billion) and recorded a segment profit of HK$36.6 million (2018: HK$35.1 million). The total value of contracts on hand amounted to HK$25.93 billion, with HK$11.52 billion worth of contracts being ongoing.

Among the new projects that the construction operation has been awarded during the Review Period include the Hong Kong Disneyland Resort project — Arendelle — Completion Works, Shek Wu Hui Effluent Polishing Plant — Main Works Stage 1 — Civil Works for Sludge Treatment Facilities and 132kV Primary Substation, and Revamp of Public Toilet at Terminal Buildings at Hong Kong International Airport, all will be completed in the next few years.

The construction operation is also currently undertaking a number of major projects, including the Construction of Public Housing Development at Hiu Ming Street; Site Formation and Infrastructure Works for Development of Anderson Road Quarry Site; Subcontract for the Engineering, Procurement and Construction of South East New Territories Landfill Extension; Hong Kong International Airport — Terminal 2 Foundation and Structure Works; Design and Construction of the Novaliches — Balara Aqueduct 4 in the Philippines; 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 construction sector in Hong Kong has been impacted by a number of significant affairs during the Review Period, including ongoing filibustering in Legislative Council which has delayed the approval of funding for large-scale public construction and infrastructure projects. Compounding matters have led to the rise of social unrest since June 2019, which cause a downturn in the local economy and retrenchment in public and private construction investments. Despite the aforementioned, the Group has been closely monitoring the industry developments and was able to secure the contracts from clients in both the public and private sectors by leveraging the expertise and solid reputation that its "Chun Wo" brand is synonymous with. As opportunities arising from new large-scale infrastructure projects such as the "Lantau Tomorrow Vision" development introduced in the 2018 Policy Address, construction of the Third-Runway System for the Hong Kong International Airport and the extension plan of three local railway lines, namely Tung Chung Line Extension, Tuen Mun South Extension and Northern Link, the Group will take appropriate action to seize such opportunities.

While maintaining vigilance to market developments, the Group keeps introducing its "Inno@ChunWo" initiatives, which involve research, development and adoption of advanced technologies in construction that result in the improvement in such areas as cost control and construction efficiency. The initiatives have also enabled the Group to handle more sophisticated and technologically advanced projects.

Property Development and Assets Leasing

During the Review Period, the property development and assets leasing business contributed HK$2.8 million (2018: HK$4.3 million) in revenue to the Group.

Over the past six months, home prices have edged downwards due to several factors such as the US-China trade war, increase in supply of new flats and higher mortgage rates. In addition, rising social unrest and volatile stock market have further added to the downward pressure.

Under increasingly challenging conditions, the Group's strategy is to form joint ventures with business partners to minimise risk and to review timely its property portfolio to maximise returns. Having disposed of a residential project to optimise its investment portfolio in the preceding financial year, the property development segment is presently engaged in a number of well-positioned projects including the premium residential project located at Waterloo Road, Ho Man Tin; the redevelopment of a commercial project at No. 35 Cameron Road; and the development planning of a land parcel in Tung Chung. In addition to developments within the city, Phase 3 of the Group's Shijiazhuang project, the commercial and residential development located in Hebei Province, People's Republic of China ("PRC"), has commenced the foundation works and the pre-sale is scheduled to be launched in mid of 2020. The Group is partnering with a renowned PRC property enterprise for the project management and sale of properties, it is believed that their strong connection and experience in the industry shall help to increase the market demand. The management will continue to examine property development opportunities, both locally and overseas, in a prudent approach as always.

Professional Services

The professional services segment has performed encouragingly during the Review Period, reporting a year-on-year rise in revenue of 27% to HK$443.1 million (2018: HK$349.8 million), while segment profit has doubled to HK$25.4 million (2018: HK$11.5 million). The healthy performance can directly be attributed to the tunnel management business, as the Group recorded revenue from all six tunnel management contracts for the first time covering a full six-month period. The contracts held by the Group involves the management, operation and maintenance of the Cross-Harbour Tunnel, Shing Mun Tunnels, Tseung Kwan O Tunnel, Kai Tak Tunnel, Lion Rock Tunnel and Central-Wan Chai Bypass Tunnel.

With regard to the security and facility management business operated by City Services Group Limited ("City Services"), the operation delivered a stable source of revenue, owing to the renewal of existing contracts with several respected clients. City Services will continue to provide good quality of services so as to sustain a satisfied performance.

Non-Franchised Bus Services

The non-franchised bus services recorded a revenue of HK$25.5 million (2018: Nil) during the Review Period. This business segment, which caters for travellers using the Hong Kong-Zhuhai-Macao Bridge and Express Rail Link, were unavoidably impacted by a decline in visitors to Hong Kong from Southern China due to the recent social unrest with visits from mainland China falling by 42% in August alone[1]. Nevertheless, the Group remains positive in this sector in the long run.

Other Business

Other businesses, including construction financing, online building materials procurement and management platform, have continued to make headway, and will ultimately play complementary roles in supporting the Group's core businesses. The Group will continue to look into suitable opportunities for diversifying businesses in order to expand the Group's development blueprint.

OUTLOOK AND PROSPECTS

Construction

The construction sector will unlikely experience an upturn in the immediate future given that filibustering will continue to hinder the introduction of large-scale infrastructure and other public works projects. Nonetheless, with the Hong Kong Government's determination to increase land and housing supply, such resolve does bode well for the industry, once relevant projects begin to enter the tender process. The Group will make every effort to seize the opportunities that arise and thus reinforce its leadership in the construction sector.

[1] https://www.bloomberg.com/news/articles/2019-10-01/hong-kong-protests-bring-more-pain-as-chinese-shoppers-stay-away

Our strive for market leadership extends beyond Hong Kong, as the management will also seek to enhance the Group's influence in the region through cooperation and partnerships that enable it to share its experience and expertise with different partners, as well as profit from knowledge and technology exchanges. Similarly, the management will make investments in relevant enterprises that enable the Group to remain at the sharp end of the industry.

Property Development and Assets Leasing

Looking ahead, despite the risk of a property bubble remains and various economic and social factors affects consumer sentiment, the Group, in such times of uncertainty, will exercise utmost restraint and continues to seek partnerships with reputable parties in exploring various development opportunities.

Professional Services

The Group is optimistic about the prospects of the professional services segment as it serves as a reliable source of income which should be less affected by social and economic instabilities. The management will keep an eye on opportunities for expanding its market share in both the tunnel management and property management sectors.

Non-Franchised Bus Services

The management is optimistic about the prospects of the non-franchised bus services business, as the Group believes the demand for transportation between Hong Kong and nearby cities is bound to increase in the mid to long run.

Other Business

As the Group presently has several businesses in operation, each at different stages of advancement, it will focus on expediting their development so that they both facilitate the diversification of the Group's income streams while concurrently contribute fully to the Group's overall performance.

Conclusion

Moving forward, the Group will keep a watchful eye for opportunities arising from both the Guangdong-Hong Kong-Macao Greater Bay Area and Belt and Road countries. It will also explore markets across Asia, seeking to play a contributing role in different projects through investments and mergers and acquisitions. While reinforcing its leading position in the industry, the Group will continue to cooperate with universities on construction technology research and development, and further push forward the "Inno@ChunWo" initiatives aimed at advancing technologies for the industry, which not only benefits itself but also all participants. The Group's aim is to develop more sustainable, cost and time effective construction technologies that will ultimately lead to the advancement of society as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

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

At 30 September 2019, the total net debts of the Group amounted to approximately HK$1,708.0 million, representing total debts of approximately HK$2,957.9 million less total of cash and bank balances of approximately HK$1,249.9 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 30 September 2019, is analysed as follows:

	As at 30 September 2019 (Unaudited) ***HK$ million***	As at 31 March 2019 (Audited) *HK$ million*
Borrowings, lease liabilities and obligations under hire purchase contract and finance leases repayable:		
Within one year or on demand	**1,360.0**	1,061.7
After one year, but within two years		
— On demand shown under current liabilities	**12.5**	2.8
— Remaining balances	**1,417.1**	1,310.3
After two years, but within five years		
— On demand shown under current liabilities	**146.8**	–
— Remaining balances	**9.7**	385.2
Over five years	**11.8**	1.3
Total debts	**2,957.9**	2,761.3

The Group has continued to implement a prudent financial management policy, at 30 September 2019, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to the Shareholders, was 0.69 (31 March 2019: 0.37).

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.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 13 to the condensed consolidated interim financial information.

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 14 to the condensed consolidated interim financial information.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 6,723 employees as at 30 September 2019. Total remuneration of employees for the Review Period amounted to approximately HK$864.8 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 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.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.20 cents per share for the six months ended 30 September 2019 (the “Interim Dividend”) (six months ended 30 September 2018: HK1.26 cents), amounting to approximately HK$22.2 million (six months ended 30 September 2018: HK$23.5 million), to the Shareholders whose names appear on the register of members of the Company on 20 December 2019. The Interim Dividend will be paid on 7 January 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the Interim Dividend, the register of members of the Company will be closed during the following period:

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 13 December 2019
Closure of register of members	Monday, 16 December 2019 to Friday, 20 December 2019 (both days inclusive)

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

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

During the Review Period, the Company repurchased 15,746,000 Shares at an aggregate consideration of HK$9,427,760 (before expenses) on the Stock Exchange. Among the repurchased shares, 10,656,000 shares were cancelled during the period and the remaining shares were cancelled in November 2019.

Particulars of the repurchase during the period are as follows:

Months of share repurchase	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration paid (before expenses)**
		HK$	*HK$*	*HK$*
June	392,000	0.60	0.59	231,780
July	2,112,000	0.60	0.57	1,241,160
August	10,626,000	0.62	0.56	6,292,020
September	2,616,000	0.68	0.59	1,662,800
Total	15,746,000			9,427,760

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

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

CORPORATE GOVERNANCE PRACTICES

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

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE REVIEW

The Audit Committee of the Board (the "Audit Committee") comprises 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 unaudited condensed consolidated interim financial information of the Group for the Review Period.

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

Hong Kong, 26 November 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.