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 2020

FINANCIAL HIGHLIGHTS

	2020 *HK$'000*
Total revenue	**8,000,800**
Profit attributable to shareholders of the Company	**101,432**
Basic earnings per share	**HK5.51 cents**
Dividend per share	
— Interim	**HK1.2 cents**
— Final	**HK0.4 cent**
Full year	**HK1.6 cents**
Equity per share*	**HK$1.34**

* *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 2020.*

ANNUAL 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 2020 (the "Year"), together with the relevant comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
REVENUE	4	**8,000,800**	8,076,048
Cost of sales		**(7,489,203)**	(7,621,505)
Gross profit		**511,597**	454,543
Fair value gain of investment properties, net		**–**	26,623
Other income and gains, net		**186,477**	312,701
Selling expenses		**(3,688)**	(19,856)
Administrative expenses		**(453,048)**	(456,345)
Other expenses, net		**(21,588)**	(65,653)
Finance costs	5	**(124,788)**	(91,920)
Share of profit of a joint venture		**670**	6,400
Share of profits and losses of associates		**18,308**	(1,332)
PROFIT BEFORE TAX	6	**113,940**	165,161
Income tax	7	**(13,267)**	(24,066)
PROFIT FOR THE YEAR		**100,673**	141,095
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Translation of foreign operations		**(45,977)**	(39,656)
Reclassification adjustments for losses/(gains) included in profit or loss upon:			
Deconsolidation of subsidiaries		**4,784**	–
Disposal of a subsidiary		**(30)**	–
Deregistration of a subsidiary		**3,660**	–
Share of movement in the exchange fluctuation reserve of a joint venture		**118**	7
Share of movements in the exchange fluctuation reserves of associates		**(895)**	(209)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX OF NIL		**(38,340)**	(39,858)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**62,333**	101,237

	Note	**2020**	2019
		HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**101,432**	136,648
Non-controlling interests		**(759)**	4,447
		100,673	141,095
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**63,092**	96,790
Non-controlling interests		**(759)**	4,447
		62,333	101,237
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*9*	***HK cents***	*HK cents*
Basic		**5.51**	7.37
Diluted		**5.51**	7.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**291,097**	284,608
Investment properties		**–**	166,173
Right-of-use assets		**182,184**	–
Goodwill		**43,211**	45,994
Investments in joint ventures		**8,306**	423,362
Investments in associates		**448,803**	499,768
Land held for property development		**235,480**	238,470
Deposits paid for acquisition of items of property, plant and equipment and an investee		**–**	55,574
Deferred tax assets		**891**	897
Total non-current assets		**1,209,972**	1,714,846
CURRENT ASSETS			
Land held for property development		**35,162**	294,095
Properties under development		**293,990**	–
Properties held for sale		**1,028**	2,829
Contract assets		**3,333,744**	2,752,909
Trade receivables	*10*	**951,828**	983,990
Prepayments, deposits and other receivables	*11*	**877,872**	598,726
Promissory notes		**180,000**	–
Income tax recoverable		**21,984**	22,049
Equity investments at fair value through profit or loss		**59**	65
Restricted cash and pledged deposits		**10,314**	26,149
Cash and cash equivalents		**1,134,824**	1,829,856
		6,840,805	6,510,668
Non-current assets classified as held for sale		**103,481**	–
Total current assets		**6,944,286**	6,510,668

	Notes	**2020** *HK$'000*	2019 *HK$'000*
CURRENT LIABILITIES			
Trade payables	*12*	**1,809,724**	1,840,192
Contract liabilities		**33,105**	33,905
Other payables and accruals		**668,247**	891,599
Bank borrowings		**1,623,620**	1,058,582
Lease liabilities		**27,971**	–
Hire purchase contract and finance lease payables		**–**	5,742
Provision for construction works		**130,323**	133,128
Income tax payables		**92,179**	89,038
Total current liabilities		**4,385,169**	4,052,186
NET CURRENT ASSETS		**2,559,117**	2,458,482
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,769,089**	4,173,328
NON-CURRENT LIABILITIES			
Bank borrowings		**1,229,585**	1,695,564
Lease liabilities		**37,293**	–
Hire purchase contract and finance lease payables		**–**	1,438
Deferred tax liabilities		**3,469**	2,176
Total non-current liabilities		**1,270,347**	1,699,178
Net assets		**2,498,742**	2,474,150
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*13*	**183,833**	186,339
Reserves		**2,278,405**	2,255,263
		2,462,238	2,441,602
Non-controlling interests		**36,504**	32,548
Total equity		**2,498,742**	2,474,150

NOTES TO ANNUAL RESULTS

31 March 2020

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 (i) investment properties and financial assets at fair value through profit or loss which have been measured at fair value; and (ii) non-current assets held for sale which are stated at the lower of their carrying amounts and fair values less cost to sell. 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 2020. 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 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 to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial information, the nature and the impact of the new and revised HKFRSs are described below:

(a) 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 to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

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.

As a lessor

HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease arrangements as a lessee for various items of properties, plant and equipment and motor vehicles. 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 leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on the straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact 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, and were separately presented on the face of the consolidated statement of financial position.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 *Impairment of Assets* on that date. The Group elected to separately present the right-of-use assets on the face of the consolidated statement of financial position.

For the leasehold land and buildings (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 as at 1 April 2019. They continue to be measured at fair value applying HKAS 40 *Investment Property*.

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

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

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Using a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities as at 1 April 2019

As a lessee — Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities as at 1 April 2019 were the carrying amounts of the recognised assets and liabilities (i.e., hire purchase contract and finance lease payables) measured under HKAS 17. This includes the leasehold land of HK$25,216,000 and leased assets recognised previously under finance leases of HK$23,405,000 that were reclassified from property, plant and equipment.

Financial impacts on 1 April 2019

The impact arising from the adoption of HKFRS 16 on 1 April 2019 was as follows:

	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

A reconciliation of the operating lease commitments as at 31 March 2019 to the lease liabilities as at 1 April 2019 is as follows:

	HK$'000
Operating lease commitments as at 31 March 2019	40,709
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 March 2020	(8,092)
	32,617
Weighted average incremental borrowing rate as at 1 April 2019	3.55%
Discounted operating lease commitments as at 1 April 2019	31,251
Add: Hire purchase contract and finance lease payables recognised as at 31 March 2019	7,180
Lease liabilities as at 1 April 2019	38,431

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 (2014) *Financial Instruments* only includes interests in a joint venture or associate 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 joint venture or associate, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28 (2011) *Investments in Associates and Joint Ventures*, including the impairment requirements under HKFRS 9 (2014), in accounting for such long-term interests. HKAS 28 (2011) is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of a joint venture or associate and impairment of the net investment in the joint venture or associate. The Group assessed its business model for its long-term interests in joint venture or associate upon adoption of the amendments on 1 April 2019 and concluded that the long-term interests in joint venture or associate continued to be measured at amortised cost in accordance with HKFRS 9 (2014). Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(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 *Income Taxes* (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. The interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

The chief operating decision maker of the Group has been identified as the executive directors of the Company and certain senior management (collectively referred to as the "CODM"). For the purpose of performance assessment and resource allocation by the CODM, the Group's business activities are categorised under the following 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 mainly in Hong Kong
- Property development and assets leasing — development and sale of properties, and leasing of assets in Hong Kong, Mainland China and the United Arab Emirates (the "UAE")
- Professional services — provision of security and facility management solutions in Hong Kong
- Non-franchised bus services — provision of non-franchised bus services in Hong Kong (a new business line commenced during the financial year ended 31 March 2020)

Segment revenue and results

Segment results represent the profit generated from each segment, net of selling expenses and administrative expenses directly attributable to each segment without allocation of corporate expenses, interest income, gain on disposal of a self-occupied office premise and non-lease-related 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 2020

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

Year ended 31 March 2019

	Construction services *HK$'000*	Property development and assets leasing *HK$'000*	Professional services *HK$'000*	Non-franchised bus services *HK$'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 profit of a joint venture	6,400	–	–	–	6,400
Share of losses of associates	–	(1,332)	–	–	(1,332)
Depreciation of items of property, plant and equipment	(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 asset)					(54,800)

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

No geographical information of revenue from external customers is presented as more than 90% of revenue during each of the years ended 31 March 2020 and 2019 was derived from Hong Kong.

(b) Non-current assets

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**813,606**	1,034,643
The UAE	**235,480**	238,470
Other jurisdictions	**116,784**	80,849
	1,165,870	1,353,962

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

Information about a major customer

A summary of revenue earned from an external customer which contributed more than 10% of the Group's revenue for each of the years ended 31 March 2020 and 2019 is set out below:

	2020	2019
	HK$'000	*HK$'000*
Customer A:		
Contribution to construction services segment	**4,096,319**	4,674,049
Contribution to professional services segment	**390,680**	248,521
	4,486,999	4,922,570

4. REVENUE

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

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers	**7,995,052**	8,071,051
Revenue from another source —		
Gross rental income from assets leasing	**5,748**	4,997
	8,000,800	8,076,048

5. FINANCE COSTS

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

	2020	2019
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**107,544**	83,584
Lease liabilities	**1,901**	–
Hire purchase contract and finance lease payables	**–**	442
Guaranteed bonds	**–**	2,263
	109,445	86,289
Imputed interest on:		
Interest-free loans from a non-controlling equity holder of a subsidiary	**–**	2,035
Total interest expenses	**109,445**	88,324
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	**18,123**	15,327
Total finance costs	**127,568**	103,651
Less: Amount included in cost of construction work	**(2,780)**	(4,265)
Amount capitalised in properties under development	**–**	(7,466)
	124,788	91,920

6. PROFIT BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Cost of construction work	**6,596,762**	6,891,365
Cost of construction-related consultancy services provided	**26,428**	19,284
Cost of properties sold	**3,045**	2,983
Direct operating expenses (including repairs and maintenance) arising on rental-earning assets	**15,508**	16,714
Cost of security and facility management solutions services provided	**811,562**	691,159
Cost of non-franchised bus services provided	**35,898**	–
Depreciation of property, plant and equipment	**56,051**	49,216
Less: Amount included in cost of sales	**(47,564)**	(39,963)
	8,487	9,253
Depreciation of right-of-use assets	**30,262**	–
Less: Amount included in cost of sales	**(14,674)**	–
	15,588	–
Loss/(gain) on sale of property interests through disposal of subsidiaries	**1,078**	(257,674)
Loss/(gain) on deregistration of subsidiaries, net	**5,046**	(9)
Impairment of items of property, plant and equipment	**–**	7,500
Impairment of right-of-use assets	**10,167**	–
Write-off of items of property, plant and equipment	**113**	208
Impairment of an investment deposit and partial consideration paid for a rescinded acquisition transaction	**–**	54,800
Impairment of loan receivables	**5,877**	–

7. INCOME TAX

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

	2020 *HK$'000*	2019 *HK$'000*
Current — Hong Kong		
Charge for the year	**20,631**	27,166
Under-provision in prior years	**1,185**	3,279
	21,816	30,445
Current — Mainland China		
Charge for the year	**646**	90
Current — Elsewhere		
Charge for the year	**1,361**	2,817
(Over)/under-provision in prior years	**(11,854)**	669
	(10,493)	3,486
Deferred	**1,298**	(9,955)
Total tax expense for the year	**13,267**	24,066

Note: Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2019: HK$2,000,000) of the assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

8. DIVIDENDS

	2020 *HK$'000*	2019 *HK$'000*
Interim — HK1.20 cents (2019: HK1.26 cents) per ordinary share	**22,159**	23,479
Proposed final — HK0.40 cent (2019: HK0.84 cent) per ordinary share	**7,338**	15,561
	29,497	39,040

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

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 year attributable to shareholders of the Company and the weighted average number of ordinary shares used in the calculation is (i) the weighted average number of ordinary shares in issue during the year; less (ii) the weighted average number of ordinary shares held under the share award scheme of the Company during the year.

In respect of the financial year ended 31 March 2020, no adjustment has been made to the basic earnings per share amount presented in respect of a dilution as the share options of the Company outstanding during the year had no diluting effect on the basic earnings per share amount presented.

In respect of the financial year ended 31 March 2019, 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 granted under the Company's share award scheme. The share options of the Company outstanding during the financial year ended 31 March 2019 had no diluting effect on the basic earnings per share amount presented.

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

Earnings

	2020	2019
	HK$'000	*HK$'000*
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**101,432**	136,648

Number of shares

	2020	2019
Weighted average number of ordinary shares in issue during the year less weighted average number of ordinary shares held under the share award scheme during the year, used in the basic earnings per share calculation	**1,839,870,526**	1,853,952,921
Effect of dilution of shares granted under the share award scheme — weighted average number of ordinary shares	**–**	1,869,239
Weighted average number of ordinary shares, used in the diluted earnings per share calculation	**1,839,870,526**	1,855,822,160

10. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**951,828**	983,990

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:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**733,517**	788,550
1 to 2 months	**80,575**	92,052
2 to 3 months	**25,677**	33,362
Over 3 months	**112,059**	70,026
	951,828	983,990

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables as at 31 March 2020 was an investment deposit and partial consideration of HK$74 million (2019: HK$148 million) in total (before an impairment loss made) which was paid in connection with the acquisition of the entire issued share capital of CCCC Development Limited (the "Target Company").

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

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

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

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

In the second Sale Agreement, the Group agreed to sell the shares of the Target Company to the Buyer for a maximum consideration of HK$74 million. If the Group is not able to procure the equity interest in CCCC Fourth to be placed under a subsidiary of the Target Company within two years from 19 June 2019, the consideration will be reduced to HK$22.2 million.

In prior financial year, after taking into account the Sale Agreements, the possible reduction in consideration in the second Sale Agreement and the costs incurred to execute the actions and agreements, the directors of the Company are of the view that a total of HK$54.8 million was not expected to be recoverable out of the Outstanding Amount and hence an impairment loss against this amount was recognised in profit or loss during the year ended 31 March 2019. There is no change to this impairment assessment during the current financial year, and HK$2.3 million of such impairment provision was written off as uncollectible during the current financial year.

12. TRADE PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables other than retention payables	**1,215,459**	1,240,777
Retention payables	**594,265**	599,415
	1,809,724	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:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**609,415**	798,297
1 to 2 months	**191,662**	111,700
2 to 3 months	**82,510**	59,626
Over 3 months	**331,872**	271,154
	1,215,459	1,240,777

13. ISSUED CAPITAL

	Number of ordinary shares in issue	Issued capital *HK$'000*
At 1 April 2018	1,875,533,847	187,553
Cancellation of repurchased shares *(note)*	(12,142,000)	(1,214)
At 31 March 2019 and 1 April 2019	1,863,391,847	186,339
Cancellation of repurchased shares *(note)*	(25,066,000)	(2,506)
At 31 March 2020	1,838,325,847	183,833

Note: During the year, the Company repurchased 25,066,000 (2019: 12,142,000) ordinary shares in total on The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately HK$15,609,000 (2019: HK$8,569,000). All these shares were subsequently cancelled before the year end date. The repurchases were effected by the directors of the Company with a view to benefiting the shareholders of the Company as a whole by enhancing the Company's net asset value and earnings per share.

14. 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

	2020 ***HK$'000***	2019 *HK$'000*
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
— subsidiaries	**1,028,495**	1,038,576
— joint operations	**118,611**	113,255
— a joint venture	**40,445**	40,445
	1,187,551	1,192,276
Guarantees issued to financial institutions to secure credit facilities granted to a joint venture and associates *(note (ii))*	**1,515,530**	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))*	**18,216**	65,660
	2,721,297	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 consolidated statement of financial position in respect of these financial guarantee contracts.

(ii) At 31 March 2020, the banking facilities granted to a joint venture and associates and guaranteed by the Group were utilised to the extent of HK$762,473,000 (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 31 March 2020 and 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. In or about late November 2019, the plaintiff and the Subsidiary reached an amicable settlement and the above case has been discontinued accordingly.

15. PLEDGE OF ASSETS

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

	2020	2019
	HK$'000	*HK$'000*
Property, plant and equipment	**44,277**	8,749
Investment properties	**–**	163,074
Right-of-use assets	**122,032**	–
Bank deposits	**7,677**	19,831
	173,986	191,654

16. COMPARATIVE AMOUNTS

As further explained in note 2(a) to the financial information, the Group adopted HKFRS 16 on 1 April 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial information were not restated and continued to be reported under the requirements of the previous standard, HKAS 17, and related interpretations.

In addition, certain comparative amounts have been reclassified to conform to the current year's presentation and disclosures.

BUSINESS REVIEW

The Group's overall financial performance has remained stable despite the challenging operating environment during the Year. The Group recorded a total revenue of HK$8.00 billion (2019: HK$8.08 billion) and a net profit attributable to shareholders of the Company (the "Shareholders") of HK$101.4 million (2019: HK$136.6 million). Social movements in Hong Kong during the second half of 2019, suspension of Legislative Council meetings for funding approvals and the outbreak of the novel coronavirus ("COVID-19") since late 2019, have caused disruptions to the Hong Kong economy. The Group continues to evaluate the impact of COVID-19 on the Group's businesses.

Construction

As the Group's core operation, the construction business under the renowned "Chun Wo" brand delivered stable results during the Year, generating HK$7.02 billion in revenue (2019: HK$7.31 billion) and HK$129.4 million (2019: HK$150.4 million) in segmental profit. As at 31 March 2020, the Group held contracts with an aggregate value of HK$26.55 billion among which HK$11.53 billion were ongoing contracts.

The economic downturn in Hong Kong has impacted the overall performance in construction industry and increased price competition. Building on the strength of Chun Wo's solid reputation and depth of experience, the Group won 14 projects during the Year. The new major projects awarded include Hong Kong Disneyland Resort Project — Arendelle Completion Package; Revamp of Public Toilets at Terminal Buildings at Hong Kong International Airport; Shek Wu Hui Effluent Polishing Plant — Main Works Stage 1 — Civil Works for Sludge Treatment Facilities and 132kV Primary Substation; Shek Wu Hui Effluent Polishing Plant — Main Works Stage 1 — Civil Works for Sewage Treatment Facilities; Kwu Tung North New Development Area, Phase 1 — Roads and Drainage between Kwu Tung North New Development Area and Shek Wu Hui; Foundation for Public Housing Development at Anderson Road Quarry Site RS-1; and Foundation for Public Housing Development at Tung Chung Area 99.

The Group has 50 ongoing projects, including 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. We are also entrusted with 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; and Phase 1 Redevelopment of Ming Wah Dai Ha.

Among the projects completed by the Group during the Year include Main Contract for Subsidised Sales Flats Project at Shatin Area 36C; and Improvement of Water Supply to Sheung Shui and Fanling.

Property Development and Assets Leasing

The property development and assets leasing business contributed HK$8.8 million in revenue (2019: HK$7.1 million) during the Year.

The sales of the premium residential development located at Kau To Shan, "The Cavaridge", has commenced and received favourable market response in the second half of the fiscal year. The Group will always take higher priority to projects with return profiles that correspond with its long-term investment strategy.

Other projects under development by the Group include a luxury residential development project named "128 Waterloo" located at Waterloo Road, Ho Man Tin; commercial development project at Nos. 35 and 37 Cameron Road, Tsim Sha Tsui; and a residential land parcel in Tung Chung with land exchange application in progress. Meanwhile, the superstructure works for Phase 3 of the Shijiazhuang project, a commercial development project located in Hebei Province of the PRC are in progress, which is scheduled for presale in mid 2020.

Professional Services

The professional services segment operated by City Services Group Limited ("City Services"), provides the services of security and facility management and tunnel management. During the Year, the performance of professional services segment grew steadily. With the recording of revenue from all six tunnel management contracts for the first time covering a full financial year, the professional services business was able to generate a revenue of HK$921.5 million (2019: HK$763.0 million) and a profit of HK$63.9 million (2019: HK$28.8 million). In terms of the security and facility management, quality services allow City Services to secure the renewal of contracts with several reputable clients during the Year.

With respect to the tunnel management operation, the Group holds management contracts for six tunnels in Hong Kong, including the Cross-Harbour Tunnel, the Shing Mun Tunnels, the Tseung Kwan O Tunnel, the Kai Tak Tunnel, the Lion Rock Tunnel and the Central-Wan Chai Bypass Tunnel.

Non-Franchised Bus Services

It is inspiring that our new non-franchised bus services business recorded a revenue of HK$45.6 million during the Year. The performance of non-franchised bus services was affected by the social movements in Hong Kong since the second half of 2019, which led to a decline in mainland visitors and reduction of passengers. The outbreak of COVID-19 since late 2019 further reduced passenger volume. The Group was, however, able to respond to the challenge and mitigate the impact by shrewdly extending service routes of shuttle bus.

Other Business

During the second half of the Year, the Group accomplished an equity investment with ECO Group Holdings Sdn. Bhd. ("ECO"), a Malaysian company principally engaged in interior design and fitting-out, construction, manufacturing and construction materials supply chain. Currently, the Group and ECO are exchanging knowledge and information, and formulating plans for facilitating integration and operational synergies.

In terms of the development of other businesses, the Group continued to examine opportunities in the education sector. Furthermore, the Group's online building materials procurement and management platform has continued to make headway to complement its core construction operation, which is expected to be launched in late 2020.

OUTLOOK AND PROSPECTS

Construction

Looking ahead, the Group expects a slow recovery of its business from the economic downturn. The business environment will remain challenging due to various factors, including social movements and the COVID-19 pandemic, which may potentially impede the progress of infrastructure projects. Nevertheless, we are optimistic on the construction industry, especially the Government's initiatives to promote infrastructure development, including Lantau Tomorrow, the 10-year Hospital Development Plan, enhancement work of transportation network, such as Tung Chung Line Extension, Tuen Mun South Extension and Northern Link, which mentioned in the Policy Address 2018 and 2019 and the construction of temporary quarantine facilities on fighting against COVID-19, will become major factors on revival of construction industry.

Property Development and Assets Leasing

In consideration of the instability of the property market, the Group will consider the balance between the risk and return of the potential projects in the coming year in order to achieve profit maximisation. The Group will continue to exercise a highly prudent approach and a timely review on our investment portfolio, which build an important source of long-term competitive advantage.

Professional Services

The Group is satisfied with the stability of income of professional services segment, and we believe that the professional services segment will maintain a long-term growth. The Group will navigate the ongoing challenges and strive to expand its market share in both security and facility management and tunnel management.

Non-Franchised Bus Services

The Group believes the non-franchised bus services segment will overcome the impact of COVID-19. We expect the operation will resume normal moderately as the demand of transportation between Hong Kong and nearby cities will gradually resume after epidemic. Meanwhile, the Group will strive to expand the non-franchised bus services in different areas to achieve a long-term development. It is thus optimistic about the future of this business segment.

Other Business

Despite the global environment is full of uncertainty, the Group will continue to diversify operations by leveraging its strong business foundation and sterling reputation, and thus expand income streams. At the same time, the Group will continue to direct efforts towards reinforcing its existing businesses, so as to mitigate the adverse impact of operating conditions.

Overview

For the year ahead, as the Group operates in industries which have been relatively better insulated against the current headwinds, hence opportunities remain present. The Group will therefore closely monitor local and regional developments, including the Greater Bay Area and Belt and Road regions, which will be conductive to maintain its financial performance as well as facilitate its expansion into the Asian markets. The Group will continue to reinforce its position in the local construction industry. This includes the ongoing investment in 'Inno@ChunWo' brand, which aims at making a breakthrough in developing technologies for construction, that not only benefit the Group, but also the entire industry. Such efforts align with the Group's aim of developing more sustainable, cost- and time-effective construction methods and technologies that create greater value to the benefit of the general public in Hong Kong.

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 2020, the total net debts of the Group amounted to approximately HK$1,773.3 million, representing total debts of approximately HK$2,918.5 million less total of cash and bank balances of approximately HK$1,145.2 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2020, is analysed as follows:

	As at 31 March 2020 *HK$ million*	As at 31 March 2019 *HK$ million*
Borrowings and obligations under hire purchase contract and finance leases repayable:		
Within one year or on demand	**1,632.6**	1,061.7
After one year, but within two years		
— On demand shown under current liabilities	**7.0**	2.8
— Remaining balances	**255.4**	1,310.3
After two years, but within five years		
— On demand shown under current liabilities	**12.0**	–
— Remaining balances	**1,008.7**	385.2
Over five years	**2.8**	1.3
Total debts	**2,918.5**	2,761.3

The Group has continued to implement a prudent financial management policy, at 31 March 2020, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to Shareholders, was 0.72 (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 14 to the annual results.

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 15 to the annual results.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 6,574 employees as at 31 March 2020. Total remuneration of employees for the Year amounted to approximately HK$1,760.1 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 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 authorized 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 recognizing 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 HK0.40 cent per share for the Year (the "Final Dividend") (2018/19: HK0.84 cent per share), amounting to approximately HK$7.3 million (2018/19: HK$15.6 million), to the Shareholders whose names appear on the register of members of the Company on 26 August 2020. The proposed Final Dividend will be paid on 10 September 2020 subject to approval by the Shareholders at the forthcoming annual general meeting (the "AGM"). Together with the interim dividend of HK1.20 cents per share paid in January 2020, the proposed Final Dividend will result in a full-year dividend of HK1.60 cents for the Year per share (2018/19: HK2.10 cents).

CLOSURE OF REGISTER OF MEMBERS

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

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Monday, 17 August 2020
Closure of register of members	Tuesday, 18 August 2020 to Friday, 21 August 2020 (both days inclusive)

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

Latest time to lodge transfer documents for registration	4:30 p.m. on Wednesday, 26 August 2020
Closure of register of members	Thursday, 27 August 2020 to Tuesday, 1 September 2020 (both days inclusive)

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

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

During the Year, the Company repurchased 25,066,000 shares of the Company at an aggregate consideration of HK$15,609,600 (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$*
2019				
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
October	962,000	0.84	0.69	737,560
December	280,000	0.70	0.69	194,000
2020				
January	1,236,000	0.70	0.68	855,960
February	1,314,000	0.65	0.63	843,140
March	5,528,000	0.67	0.62	3,551,180
Total	25,066,000			15,609,600

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 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 2019/20 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 four members, namely Mr. Wu William Wai Leung (Chairman of the Audit Committee), Mr. Lam Yau Fung, Curt, Mr. Ho Gilbert Chi Hang and Dr. Yim Yuk Lun, Stanley, 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, 29 June 2020

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, the non-executive director of the Company is Ms. Wong Wendy Dick Yee, and the independent non-executive directors of the Company are Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt, Mr. Ho Gilbert Chi Hang and Dr. Yim Yuk Lun, Stanley BBS JP.