Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2024

FINANCIAL HIGHLIGHTS

	2024
	HK$'000
Total revenue	**8,779,017**
Profit attributable to shareholders of the Company	**72,094**
Basic earnings per share	**HK4.04 cents**
Dividend per share	
– Interim	**HK1.13 cents**
– Full year	**HK1.13 cents**
Equity per share*	**HK$1.38**

* *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 2024.*

ANNUAL RESULTS

The Board of Directors (the "Board" or the "Directors") of Asia Allied Infrastructure Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2024 (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 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	4	**8,779,017**	8,177,748
Cost of sales		**(8,203,034)**	(7,659,955)
Gross profit		**575,983**	517,793
Other income and gains, net	5	**149,396**	204,352
Administrative expenses		**(412,476)**	(465,650)
Reversal of provision for litigations	14	**–**	5,000
Other expenses, net		**(26,557)**	(11,770)
Finance costs	6	**(199,242)**	(119,309)
Share of loss of a joint venture		**(5,093)**	(2,347)
Share of profits and losses of associates		**15,785**	14,743
PROFIT BEFORE TAX	7	**97,796**	142,812
Income tax	8	**(11,982)**	(13,770)
PROFIT FOR THE YEAR		**85,814**	129,042
OTHER COMPREHENSIVE (LOSS)/ INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Translation of foreign operations		**(7,748)**	(6,210)
Reclassification adjustments for gains included in profit or loss upon:			
Deregistration of subsidiaries		**10**	–
Disposal of subsidiaries		**1,802**	–
Share of movement in the exchange fluctuation reserve of a joint venture		**(171)**	(821)
Share of movements in the exchange fluctuation reserves of associates		**(5,932)**	(10,690)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX OF NIL		**(12,039)**	(17,721)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**73,775**	111,321

	Note	**2024** HK$'000	2023 HK$'000
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**72,094**	105,091
Non-controlling interests		**13,720**	23,951
		85,814	129,042
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**60,055**	87,370
Non-controlling interests		**13,720**	23,951
		73,775	111,321
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	*10*	***HK cents***	*HK cents*
Basic and diluted		**4.04**	5.88

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2024

	Note	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**214,404**	248,076
Right-of-use assets		**158,372**	168,617
Goodwill		**194,485**	93,786
Intangible assets		**1,544**	1,914
Investments in joint ventures		**3,840**	9,104
Investments in associates		**523,253**	494,286
Investment in an insurance contract		**2,616**	–
Deposits and other receivables		**4,113**	–
Land held for property development		**164,516**	164,953
Deferred tax assets		**278**	2,500
Total non-current assets		**1,267,421**	1,183,236
CURRENT ASSETS			
Land held for property development		**41,807**	41,325
Inventories		**3,274**	3,263
Contract assets		**4,667,274**	3,810,314
Trade receivables	*11*	**967,973**	773,609
Prepayments, deposits and other receivables		**969,313**	1,065,980
Income tax recoverable		**33,809**	26,099
Financial assets at fair value through profit or loss		**23,569**	485
Restricted cash and pledged deposits		**37,035**	148
Cash and cash equivalents		**953,433**	1,420,100
		7,697,487	7,141,323
Non-current assets and assets of a disposal group classified as held for sale		**–**	300,417
Total current assets		**7,697,487**	7,441,740

	Notes	**2024** ***HK$'000***	2023 *HK$'000*
CURRENT LIABILITIES			
Trade payables	*12*	**1,916,092**	1,492,345
Contract liabilities		**264,545**	344,929
Other payables and accruals		**971,335**	1,126,894
Bank borrowings	*13*	**2,154,097**	1,679,637
Lease liabilities		**29,613**	29,755
Income tax payables		**78,076**	85,432
		5,413,758	4,758,992
Liabilities directly associated with the assets of a disposal group classified as held for sale		**–**	262,559
Total current liabilities		**5,413,758**	5,021,551
NET CURRENT ASSETS		**2,283,729**	2,420,189
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,551,150**	3,603,425
NON-CURRENT LIABILITIES			
Bank borrowings	*13*	**994,949**	1,081,332
Lease liabilities		**23,469**	31,654
Deferred tax liabilities		**2,163**	1,746
Total non-current liabilities		**1,020,581**	1,114,732
Net assets		**2,530,569**	2,488,693
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	*15*	**178,579**	179,623
Reserves		**2,281,390**	2,260,975
		2,459,969	2,440,598
Non-controlling interests		**70,600**	48,095
Total equity		**2,530,569**	2,488,693

NOTES TO ANNUAL RESULTS
31 March 2024

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") and the disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rule"). It has been prepared under the historical cost convention except for (i) investment properties, investment in an insurance contract and financial assets at fair value through profit or loss which have been measured at fair value; and (ii) non-current assets and assets of a disposal group classified as held for sale which are stated at the lower of their carrying amounts and fair values less costs to sell. This financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial information includes the financial information of the Company and its subsidiaries for the year ended 31 March 2024. 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).

Generally, there is a presumption that a majority of voting rights results in control.

When the Company has 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 losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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:

HKFRS 17	*Insurance Contract*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments",* early adopted*)*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments",* early adopted*)*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of Amendments to HKAS 12 did not have material impact on the Group's financial statements.

(d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

(e) The *2020 Amendments* clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The *2022 Amendments* further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 April 2024 and shall be applied retrospectively with earlier application permitted. An entity that applies the *2020 Amendments* early is required to apply simultaneously the *2022 Amendments*, and *vice versa*. The Group early adopted the *2020 Amendments* and *2022 Amendments* from 1 April 2023 and in accordance with the transition provisions of the amendments, the Group adopted the amendments retrospectively. The Group had assessed the impact of the amendments and based on the assessment, the amendments have no material impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

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

The chief operating decision maker of the Group has been identified as the executive directors of the Company and certain senior management (collectively referred to as the "CODM"). For the purpose of performance assessment and resource allocation by the CODM, the Group's business activities are categorised under the following five reportable operating segments:

- Construction services – provision of construction and consultancy services in areas of civil engineering, electrical and mechanical engineering, foundation and building construction mainly in Hong Kong
- Property development and assets leasing – development and sale of properties, and leasing of assets in Hong Kong, Mainland China and the United Arab Emirates (the "UAE")
- Professional services – provision of security, tunnel management, property management and other facility management services in Hong Kong
- Non-franchised bus services – provision of non-franchised bus services in Hong Kong
- Medical technology and healthcare – production and sale of positron emission tomography ("PET") radiopharmaceuticals for medical use in Hong Kong

Segment revenue and results

Segment results represent the profit generated from each segment, net of administrative expenses directly attributable to each segment without allocation of corporate expenses, interest income, gain on disposal of non-current assets classified as held for sale, gain on disposal of right-of-use assets, non-lease-related finance costs and interest on unallocated lease liabilities. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable operating segment:

Year ended 31 March 2024

	Construction services *HK$'000*	Property development and assets leasing *HK$'000*	Professional services *HK$'000*	Non-franchised bus services *HK$'000*	Medical technology and healthcare *HK$'000*	Total *HK$'000*
Segment revenue *(note 4)*:						
Sales to external customers	7,886,708	–	852,700	–	39,609	8,779,017
Intersegment sales	–	–	5,662	–	–	5,662
	7,886,708	–	858,362	–	39,609	8,784,679
Reconciliation:						
Elimination of intersegment sales						(5,662)
						8,779,017
Segment results	306,178	(12,793)	(27,000)	5,400	10,632	282,417
Interest income						20,239
Gain on disposal of non-current assets classified as held for sale						81,855
Corporate and other unallocated expenses						(88,887)
Finance costs (other than interest on segment lease liabilities)						(197,828)
Profit before tax						97,796
Income tax						(11,982)
Profit for the year						85,814
Other segment information:						
Share of loss of a joint venture	(5,093)	–	–	–	–	(5,093)
Share of profits and losses of associates	2,507	8,245	–	5,400	–	16,152
— unallocated assets						(367)
						15,785
Depreciation of property, plant and equipment	(29,553)	(1,524)	(5,625)	–	(1,118)	(37,820)
Depreciation of right-of-use assets	(21,988)	(4,693)	(7,791)	–	(2,283)	(36,755)
Amortisation of intangible assets — unallocated assets						(370)
(Loss)/gain on disposal of property, plant and equipment, net	(161)	–	1,292	–	–	1,131
Impairment of other receivables	–	(10,040)	–	–	–	(10,040)
Write off of prepayment, deposits and other receivables	(8,927)	–	–	–	–	(8,927)
— unallocated assets						(5,514)
						(14,441)

Year ended 31 March 2023

	Construction services *HK$'000*	Property development and assets leasing *HK$'000*	Professional services *HK$'000*	Non-franchised bus services *HK$'000*	Medical technology and healthcare *HK$'000*	Total *HK$'000*
Segment revenue *(note 4)***:**						
Sales to external customers	7,194,483	–	942,153	–	41,112	8,177,748
Intersegment sales	–	–	8,100	–	–	8,100
	7,194,483	–	950,253	–	41,112	8,185,848
Reconciliation:						
Elimination of intersegment sales						(8,100)
						8,177,748
Segment results	180,167	(3,081)	15,822	5,669	9,598	208,175
Interest income						26,451
Gain on disposal of right-of-use assets						118,211
Corporate and other unallocated expenses						(91,710)
Finance costs (other than interest on segment lease liabilities)						(118,315)
Profit before tax						142,812
Income tax						(13,770)
Profit for the year						129,042
Other segment information:						
Share of loss of a joint venture	(2,347)	–	–	–	–	(2,347)
Share of profits and losses of associates	3,000	6,074	–	5,669	–	14,743
Depreciation of property, plant and equipment	(37,755)	(892)	(8,640)	–	(1,241)	(48,528)
Depreciation of right-of-use assets	(18,537)	(5,339)	(7,083)	–	(2,154)	(33,113)
Amortisation of intangible assets – unallocated assets						(370)
Gain on disposal of property, plant and equipment, net	214	–	1,313	–	–	1,527
Impairment of contract assets	(1,928)	–	–	–	–	(1,928)
Impairment of trade receivables	(364)	–	–	–	–	(364)
Impairment of other receivables	(147)	–	–	–	–	(147)
Write-off of prepayment, deposits and other receivables	–	(70)	–	–	–	(70)
Loss on disposal of financial assets at fair value through profit or loss – unallocated assets						(5,536)

Segment assets and liabilities

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

Geographical information

(a) Revenue from external customers

No geographical information of revenue from external customers is presented as more than 90% of revenue during each of the years ended 31 March 2024 and 2023 was derived from Hong Kong.

(b) Non-current assets

	2024	2023
	HK$'000	*HK$'000*
Hong Kong	**650,012**	663,281
Mainland China	**147,997**	158,014
The UAE	**164,516**	164,953
Other jurisdictions	**103,404**	100,702
	1,065,929	1,086,950

The non-current asset information disclosed above is based on the locations of the assets and excludes goodwill, investment in an insurance contract, deposits and other receivables 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 2024 and 2023, is set out below:

	2024	2023
	HK$'000	*HK$'000*
Customer A:		
Contribution to construction services segment	**4,457,183**	4,501,234
Contribution to professional services segment	**282,742**	361,650
	4,739,925	4,862,884

4. REVENUE

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

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers	**8,779,017**	8,177,748

5. OTHER INCOME AND GAINS, NET

	2024	2023
	HK$'000	*HK$'000*
Other income		
Interest income	**20,239**	26,451
Dividend income	**49**	259
Other rental income	**191**	1,150
Other service income	**3,048**	3,917
Management fee income	**3,378**	4,214
Government subsidies *(note (i))*	**8,016**	39,573
Sundry income	**10,610**	7,671
	45,531	83,235
Gains, net		
Foreign exchange gain, net	**–**	464
Gains on deregistration of subsidiaries, net	**8**	–
Gain on disposal of property, plant and equipment, net	**1,131**	1,527
Gain on disposal of right-of-use assets *(note (ii))*	**–**	118,211
Gain on disposal of non-current assets classified as held for sale *(note (iii))*	**81,855**	–
Gain on disposal of subsidiaries, net	**9,010**	–
Gain on disposal of an associate	**2,487**	–
Gain on disposal of financial assets at fair value through profit or loss, net	**171**	–
Fair value gain of financial assets at fair value through profit or loss	**3,544**	–
Fair value gain on investment properties, net	**–**	915
Waiver of other payable	**5,659**	–
	103,865	121,117
Other income and gains, net	**149,396**	204,352

Notes:

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

(ii) On 29 November 2022, the Group entered into a provisional sale and purchase agreement with an independent third party for disposal of a leasehold land under right-of-use assets at consideration of HK$123,198,000. The transaction was completed on 9 February 2023. As a result of the transaction, a gain of HK$118,211,000 was recognised during the year ended 31 March 2023.

Further details of the transaction was set out in the Company's announcement dated 29 November 2022.

(iii) On 30 January 2023, the Group entered into a provisional sale and purchase agreement with an independent third party for disposal of a leasehold land under right-of-use assets at the consideration of HK$93,750,000.

The right-of-use asset was classified as a non-current asset classified as held for sale as at 31 March 2023. The transaction was completed on 28 April 2023. As a result of the transaction, a gain of HK$81,855,000 was recognised during the year.

Further details of the transaction was set out in the Company's announcement dated 30 January 2023.

6. FINANCE COSTS

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

	2024	2023
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**178,053**	105,283
Lease liabilities	**2,305**	1,720
Total interest expenses	**180,358**	107,003
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	**21,282**	16,853
Total finance costs	**201,640**	123,856
Less: Amount included in cost of construction work	**(2,398)**	(4,547)
	199,242	119,309

7. PROFIT BEFORE TAX

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

	2024	2023
	HK$'000	*HK$'000*
Cost of construction work	**7,272,212**	6,670,838
Cost of construction-related consultancy services provided	**74,276**	64,841
Cost of goods sold	**15,670**	15,269
Cost of security, tunnel management, property management and other facility management services provided	**840,876**	909,007
Depreciation of property, plant and equipment	**37,820**	48,528
Less: Amount included in cost of sales	**(29,815)**	(37,976)
	8,005	10,552
Depreciation of right-of-use assets	**36,755**	33,113
Less: Amount included in cost of sales	**(12,409)**	(8,487)
	24,346	24,626
Amortisation of intangible assets	**370**	370
Lease payments not included in the measurement of lease liabilities	**69,632**	80,654
Less: Amount included in cost of sales	**(68,635)**	(79,918)
	997	736
Auditor's remuneration	**5,179**	5,332
Foreign exchange loss/(gain), net	**1,175**	(464)
Fair value (gain)/loss of financial assets at fair value through profit or loss	**(3,544)**	59
(Gain)/loss on disposal of subsidiaries, net	**(9,010)**	3,579
(Gain)/loss on disposal of financial assets at fair value through profit or loss, net	**(171)**	5,536
Loss on disposal of land held for property development	**–**	62
Impairment of financial assets and contract assets:		
Contract assets	**–**	1,928
Trade receivables	**–**	364
Other receivables	**10,040**	147
	10,040	2,439
Write-off of property, plant and equipment	**2**	–
Write-off of prepayment, deposits and other receivables	**14,441**	70

8. INCOME TAX

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

	2024	2023
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**24,361**	18,409
Over-provision in prior years	**(18,239)**	(6,649)
	6,122	11,760
Current – Elsewhere		
Charge for the year	**3,437**	3,000
Over-provision in prior years	**–**	(125)
	3,437	2,875
Deferred	**2,423**	(865)
Total tax expense for the year	**11,982**	13,770

Note: Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of the assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

9. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Interim – HK1.13 cents (2023: HK0.67 cent) per ordinary share	**20,190**	12,037
Proposed final – Nil (2023: HK1.05 cents per ordinary share)	**–**	18,853
	20,190	30,890

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 March 2024.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

No adjustment has been made to the basic earnings per share amount presented as the share options of the Company outstanding during each of the years ended 31 March 2024 and 2023 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

	2024	2023
	HK$'000	*HK$'000*
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**72,094**	105,091

Number of shares

	2024	2023
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation	**1,784,391,956**	1,787,028,647

11. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**967,973**	773,609

The Group generally allows a credit period of not exceeding 60 days to its customers. Interim applications for progress payments on construction contracts are normally submitted on a monthly basis and are normally settled within one month.

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

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**738,492**	595,650
1 to 2 months	**125,255**	68,777
2 to 3 months	**24,008**	18,337
Over 3 months	**80,218**	90,845
	967,973	773,609

12. TRADE PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables other than retention payables	**1,221,518**	801,995
Retention payables	**694,574**	690,350
	1,916,092	1,492,345

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:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**652,308**	295,250
1 to 2 months	**111,331**	168,537
2 to 3 months	**67,338**	73,179
Over 3 months	**390,541**	265,029
	1,221,518	801,995

13. BANK BORROWINGS

At 31 March 2024, the Group did not comply with a financial covenant of a bank borrowing with an outstanding balance of HK$1,091,712,000 (2023: Nil) and hence the bank borrowing was repayable on demand and classified as a current liability. Consent waiver of non-compliance with the financial covenant has been received by the Group subsequent to the reporting period.

14. PROVISION FOR LITIGATIONS

	HK$'000
At 1 April 2022	5,000
Reversal of provision	(5,000)
At 31 March 2023, 1 April 2023 and 31 March 2024	–

The movement of provision for litigation was relating to two legal proceedings against the Group alleging that the Group's termination of a proposed transaction in relation to the sale of a commercial development at No. 8 Clear Water Bay Road and 49% interest in the car park development at No. 8 Clear Water Bay Road was wrongful and in breach of a memorandum entered into between a plaintiff and the Group in prior years. The Group and the plaintiff had entered into an agreement in full and final settlement. Further details were disclosed in the Company's 2021/22 annual report.

15. SHARE CAPITAL

	Number of ordinary shares in issue	**Issued capital**	**Share premium account**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2022	1,802,677,847	180,268	742,374	922,642
Cancellation of repurchased shares	(6,446,000)	(645)	(2,964)	(3,609)
At 31 March 2023 and 1 April 2023	1,796,231,847	179,623	739,410	919,033
Cancellation of repurchased shares	(10,440,000)	(1,044)	(4,321)	(5,365)
At 31 March 2024	1,785,791,847	178,579	735,089	913,668

During the year, the Company repurchased 10,440,000 (2023: 6,446,000) ordinary shares in total on the Stock Exchange at an aggregate consideration of approximately HK$5,365,000 (2023: HK$3,609,000) and all these shares were subsequently cancelled before the year end date. The premium of approximately HK$4,321,000 (2023: HK$2,964,000) paid over the nominal value of the shares repurchased was debited to the share premium account. The repurchases were effected by the Directors with a view to benefiting the shareholders of the Company as a whole by enhancing the Company's net asset value and earnings per share.

16. BUSINESS COMBINATION

On 26 January 2024, an indirect wholly-owned subsidiary of the Company (the "Offeror", as purchaser) and R5A Group Limited and 3 vendors (together as the "Vendors"), independent third parties of the Group, respectively, notwithstanding the Vendors are deemed to be parties acting in concert with the Offeror pursuant to the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"), entered into a Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell, and the Offeror conditionally agreed to purchase, 473,870,000 shares ("Sale Share") of Modern Living Investments Holdings Limited ("Modern Living"), the issued ordinary shares of which are listed on GEM of The Stock Exchange, which represents approximately 59.23% of the issued share capital in Modern Living. The consideration shall be in the maximum of HK$165,854,500 (equivalent to HK$0.35 per Sale Share). Modern Living and its subsidiaries (the "Modern Living Group") is principally engaged in provision of property management services of public housing and subsidised housing in Hong Kong.

Completion of acquisition took place on 21 February 2024 and HK$136,854,500 was paid to the Vendors in accordance with the terms and conditions of the sale and purchase agreement on completion date. Following the completion, the Offeror holds approximately 59.23% of the total issued share capital of Modern Living and Modern Living became an indirectly non wholly-owned subsidiary of the Company.

The remaining balance of HK$29,000,000 (with the fair value of HK$25,765,000 at acquisition date) shall be paid pursuant to the terms and conditions of profit guarantee as set out in the sale and purchase agreement above. The contingent consideration which is measured at fair value through profit or loss.

Further details of the acquisition are set out in the joint announcements of the Company and Modern Living dated 31 January 2024 and 21 February 2024.

Following the completion, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer (i.e. the Share Offer) for all the issued shares of Modern Living (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) (the "Offered Shares"). On 5 March 2024, the Offeror and Modern Living jointly issued a composite document (the "Composite Document") in relation to, among others, the Share Offer.

On 26 March 2024, the Offeror received valid acceptance of a total of 213,779,500 Offer Shares under the Share Offer, representing approximately 26.72% of the entire issued share capital of Modern Living.

Immediately after the close of the Share Offer, the Offeror and parties in concert with it (exclude the Vendors) is interested in an aggregate of 687,649,500 shares of Modern Living, representing approximately 85.96% of the total issued share capital of Modern Living.

Further details of the Share Offer and the Result of the Share Offer were set out in the Composite Document and announcement of the Company and Modern Living dated 5 March 2024 and 26 March 2024.

17. CONTINGENT LIABILITIES

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

(a) Corporate guarantees and performance bonds given

	2024	2023
	HK$'000	*HK$'000*
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
– subsidiaries	**907,215**	954,341
– joint operations	**83,184**	96,044
– a joint venture	**32,939**	32,939
	1,023,338	1,083,324
Guarantees issued to financial institutions to secure credit facilities granted to associates *(note (ii))*	**513,151**	541,468
	1,536,489	1,624,792

In addition to the above, corporate guarantees were provided by the Group to two parties to indemnify them any losses and liabilities that they may incur in connection with certain construction works of the Group in which the two parties have involvement. In the opinion of the Directors, the financial impact of the contingent liabilities that may arise from these arrangements is assessed to be minimal.

Notes:

(i) In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the possibility of the default of the parties involved is remote. Accordingly, no value has been recognised in the consolidated statement of financial position in respect of these financial guarantee contracts.

(ii) At 31 March 2024, the banking facilities granted to associates and guaranteed by the Group were utilised to the extent of HK$356,423,000 (2023: HK$403,877,000).

(b) Litigations

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

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

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

The plaintiff is now claiming losses and damages in the sum of approximately HK$9,511,000 against the Group while the Group is counterclaiming losses and damages in the sum of approximately HK$16,985,000.

With regard to case progress, the Court of First Instance of Hong Kong has fixed the pre-trial review in May 2025 and trial in September 2025.

As advised by the legal advisers to the Group, the Group has a reasonable chance of success in defending and/or counterclaim against the plaintiff.

18. PLEDGE OF ASSETS

The carrying amount of the assets pledged by the Group to secure the banking facilities granted to the Group (other than those relating to a disposal group classified as held for sale) as at the end of the reporting period are summarised as follows:

	2024	2023
	HK$'000	*HK$'000*
Property, plant and equipment	**38,014**	47,283
Investment in an insurance contract	**2,616**	–
Right-of-use assets	**104,118**	108,597
Bank deposits	**34,718**	148
	179,466	156,028

In addition to the above, as at 31 March 2024 and 2023, the Group has pledged the equity interest in a wholly-owned subsidiary to secure a banking facility granted to an associate.

As at 31 March 2023, the following assets was pledged to secure banking facilities granted to a disposal group classified as held for sale:

	2023
	HK$'000
Property, plant and equipment	37,067
Investment properties	11,584
Right-of-use assets	5,836
Bank deposits	17,466
	71,953

19. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period and up to the date of this consolidated financial information, 3,460,000 ordinary shares in total were repurchased by the Company on the Stock Exchange for an aggregate consideration of approximately HK$1,650,000 and all these shares were not yet cancelled.

Save as disclosed above, there are no other significant events occurred subsequent to the reporting period.

BUSINESS REVIEW

The Group delivered a reasonable set of results for the Year notwithstanding the challenges of the macroeconomic environment, with total revenue amounting to approximately HK$8.78 billion (2023: HK$8.18 billion). Net profit attributable to the Shareholders for the Year was approximately HK$72.1 million (2023: HK$105.1 million). The Group was significantly impacted by the notable rise in finance costs during the Year, primarily driven by a considerable increase in interest rates throughout the Year. Additionally, the Group's operating margins were impacted by the high costs associated with the shortage of professionals and skilled workers in the construction industry. In addition, the Financial Secretary announced the second fiscal budget of this term of government that the revised estimate of the fiscal deficit for the 2023-2024 fiscal year was HK$101.6 billion. The government's revised estimate of the fiscal deficit has led to the implementation of measures to strengthen the tax collection process and revise the government review and approval processes although the government has indicated that it will not slow down development projects in the short term. As a result, project budgets are now more scrutinized. The implementation schedule of many projects has been lengthened, particularly in the processes of collecting fees as well as examinations and approvals from the government. In response, the management has implemented appropriate financing and capital management strategies to navigate the Group in spite of these challenging conditions.

Concerning the construction industry as a whole, as the Hong Kong Government continues to press ahead with the increase in the supply of public housing, and improvement of the public infrastructure to address these pressing issues of the community. According to the Secretary for Development, Ms. Bernadette Linn, the general outlook of the industry remains positive, and the total construction expenditure in Hong Kong, including both public and private sectors, is forecasted to reach HK$300 billion annually over the coming years. Despite the Group's persistent efforts to seize relevant opportunities, it will face challenges due to the ongoing labour shortage and high interest rate environment. As a result, operating and financing costs will remain high. The Group will focus on enhancing efficiency and implementing cost-cutting measures to mitigate these costs in the upcoming financial year. Opportunities are plentiful despite the fact that the Group will be facing challenging conditions.

Construction

The construction segment, which operates under the renowned "Chun Wo" brand, generated HK$7.89 billion (2023: HK$7.19 billion) in revenue for the Year. The segment profit amounted to HK$306.2 million (2023: HK$180.2 million). As at the financial year end, the Group held an aggregated contract sum of HK$33.67 billion (2023: HK$30.31 billion), of which HK$21.04 billion (2023: HK$17.64 billion) being the outstanding ongoing contracts.

The Group was able to secure 10 new projects during the Year, including a contract related to Redevelopment of Kwong Wah Hospital (Phase 2), which it won in partnership with a state-owned enterprise. In addition, the Group was awarded contracts involving Improvement Works at Mui Wo (Phase 2, Stage 2) by the Civil Engineering and Development Department, Construction of Trunk Sewage Rising Main in Cheung Sha Wan by the Drainage Services Department, Design and Construction of Public Housing Development at Kwu Tung North Area 19 Phase 2.

With regard to ongoing projects, there were a total of 35 projects in progress as at 31 March 2024, including In-situ Reprovisioning of Sha Tin Water Treatment Works (South Works); Site Formation and Infrastructure Works for Development of Anderson Road Quarry Site; Development of Lok Ma Chau Loop: Main Works Package 1 — Contract 1 Site Formation and Infrastructure Works inside Lok Ma Chau Loop and Western Connection Road Phase 1; Fanling North New Development Area, Phase 1: Fanling Bypass Eastern Section (Shek Wu San Tsuen North to Lung Yeuk Tau) and Relocation of Diamond Hill Fresh Water and Salt Water Service Reservoirs to Caverns.

The Group has also completed 7 projects during the Year, including the Piling Works for Integrated Basement and Underground Road in Zones 2B & 2C of the West Kowloon Cultural District; Electrical Installation for Construction of Subsidised Sale Flats Development at Tung Chung Area 54; Hong Kong Disneyland Resort Project — Arendelle completion package.

To address risks in the private market, the Group has already minimized its involvement in private contracts in earlier years. Therefore, the majority of the Group's contracts have been secured from the public sector. Market competition for public works contracts remained intense. The labor market stayed tight, and professionals from all segments, including but not limited to engineering, surveying, safety and environmental protection, etc. are in demand, which led to the increase in the labor costs accordingly. In view of this, the Group is committed to strengthening cost control in other aspects to reduce overall operating costs. The management is actively optimizing financing options to mitigate the impact of high interest rates and reduce overall financing costs when undertaking high-value contract projects.

The management fully recognizes that there is a noticeable increase in construction output, a solid pipeline of public projects, and the HKSAR Government's commitment to forging ahead with the supply of public housing, renewal of existing hospital facilities, and development of the 'Northern Metropolis' which spans across 20 years. This commitment will serve as a new engine for Hong Kong's future growth, benefiting both the construction industry and the Group. Despite challenges, the construction industry in Hong Kong has remained resilient, with continued investment in infrastructure development and sustainable building projects from the sector. There is a growing emphasis on sustainable construction practices, worker safety, energy efficiency, and waste reduction. The Group has also achieved milestones in our adoption of Modular Integrated Construction (MiC) methods.

Property Development and Assets Leasing

The property development and assets leasing segment has sunk as compared to the last financial year. From a macroeconomic perspective, the Group had prepared in advance for the economic downturn. The Group had not invested heavily in property development projects for the past few years. Currently, the Group have 3 ongoing projects, including "128 Waterloo", a premium residential property development located on Waterloo Road, Ho Man Tin; "SOYO", a hybrid residential and retail building located in Soy Street, Mongkok; and a development project located at 437–441 Castle Peak Road in Cheung Sha Wan.

In view of the fact that there are still uncertainties for the property development sector in Hong Kong and in response to the economic conditions, the Group adheres to the principle of prudent financial management and prioritizes stability to ensure good financial health.

During the Year, the Hong Kong Government has implemented various policies that rejuvenated the property development sector, including the relaxation of mortgage stress test requirements by the Hong Kong Monetary Authority and removal of the various demand-side management measures for the property market. In addition, eligible foreign talent seeking permanent residency in Hong Kong can now apply for a refund of the additional stamp duty on residential property purchases. It is widely expected that the property market in Hong Kong will gradually recover.

In light of the current high interest rate environment. The Group adopts a cautious approach to closely monitor market developments. Additionally, the Group will leverage joint ventures to mitigate risk. The management is exploring different capital management options to reduce financing costs when looking for new investment opportunities.

Professional Services

The professional services segment operated by City Services Group Limited ("City Services Group"), provides the services of security, tunnel management, property management and other facility management. For the Year, the segment recorded revenue of HK$852.7 million (2023: HK$942.2 million). Even though the segment result has regressed as compared to last year, the Group has secured a healthy portfolio of clients, including The Hong Kong Jockey Club, Hong Kong Palace Museum, Hong Kong Adventist Hospital and The Wai — a shopping mall located at Tai Wai Station.

At the same time, the Group also made an important breakthrough with the successful acquisition of Modern Living Investments Holdings Limited ("Modern Living") during this financial year, opened up the field of public housing property management, which enabled the Group to further diversify the Group's property management service business segment. Leveraging on existing contracts and the network, licenses and qualifications of Modern Living, the Group can expand the property management service capacity for public housing estates. As such, public housing property management services have been included in the Group's management portfolio, combined with our private housing estate facility management services, to truly integrate public and private sectors' property management services.

Non-Franchised Bus Services

The non-franchised bus services operated by Chun Wo Bus Services Limited recorded a segmental profit of HK$5.4 million (2023: HK$5.7 million) for the Year, bolstered by the increased tourism-related business due to the reopening of borders with Mainland China.

With the rising demand for local bus services owing to the reconnection with Mainland China, the segment resulted in improved margins and profitability. Furthermore, the operation continues to benefit from the ongoing provision of local scheduled bus services along with the retention of sizeable contracts with various renowned organizations, schools, and property management companies.

Medical Technology and Healthcare

Hong Kong Cyclotron Laboratories Limited ("HKCL"), which specialises in the production of PET drugs, operates one of the largest PET radiopharmacy distribution networks in Hong Kong. During the Year, HKCL secured its prominent clients, including the Hospital Authority, CUHK Medical Centre and several imaging centres. HKCL has delivered heartening results for the Year, with revenue at HK$39.6 million (2023: HK$41.1 million) and profit at HK$10.6 million (2023: HK$9.6 million). In alignment with the Group's belief that PET drugs hold tremendous potential with rising demand in the foreseeable future. As HKCL gradually completes the construction of the second laboratory, the expansion project is expected to be officially opened in 2025. The development of the second laboratory can benefit the segment in terms of the productivity and the diversification of the nuclear medicine products. Not only will it strengthen our competitiveness and leading position in the market, but it will also create rooms to boost our financial performance. With the bolstered capabilities of HKCL, the Group will be well positioned to seize relevant opportunities when they emerge.

Other Business

The online building materials procurement and management platform, operated by Mattex Asia Development Limited ("Mattex"), continued to introduce new innovations throughout the Year. The platform has greatly improved efficiency and cost-effectiveness for contractors, who are now able to procure materials swiftly and seamlessly through its streamlined processes and competitive pricing. Furthermore, there are significant opportunities in the digitization of project management. To this end, Mattex has initiated the Digital Works Supervision System (DWSS) and developed the Smart Site Supervision System (SSSS) to increase efficiency, quality, and safety in construction. By driving such digitization, the market segment will present promising economic opportunities going forward. The business has also allowed the Group to diversify its interests and enrich income streams.

OUTLOOK AND PROSPECTS

Construction

In the coming year, it is believed the business environment will remain challenging, as macroeconomic factors such as rising geopolitical tensions, persistent inflation and high interest rates continued to prevail. To overcome such concerns, the Group will be directing efforts towards cost-cutting, maximising efficiency and enhancing productivity. It is also pleased to announce that the Group has successfully established a new office in the Mainland China in mid-2024 and the relocation of certain supporting functions will top the agenda of the Group to lower cost as part of a long-term cost-control strategy.

The construction industry in Hong Kong is set for the dynamic and promising times in the coming years. Solving the housing problem and building the Northern Metropolis top the agenda of the HKSAR Government, which has strategies and plans in hand to increase the supply of public housing and enhance the speed, efficiency and quality of construction with wider adoption of innovative technologies. At the same time, the expanding public housing construction market, coupled with the on-going hospital development plans and the major upcoming infrastructure projects, including Northern Metropolis and Kau Yi Chau Artificial Islands, will offer tremendous business opportunities. Furthermore, in the 2016 Policy Address, the Government announced that HK$200 billion would be set aside for the Hospital Authority (HA) to implement the First Ten-year Hospital Development Plan (HDP). In parallel from 2019, the HA is also planning for the second Hospital Development Plan, with an estimated budget of HK$270 billion. The Group remains confident regarding our business development in Hong Kong.

Under high interest environment, the segment will focus to shorten the collection of account receivables from our clients. Although the strategy may cause challenges in profitability in the next 2 years, it will increase the business's competitiveness and profitability in the medium to long term.

In today's highly-competitive market, construction technology plays a crucial role. The Group will keep pace with the industry by adopting more digital tools to uplift efficiency, productivity and construction safety, coping with new government contract requirements. As one of the leaders in advanced construction technologies such as MiC, the Group is thus set to benefit from the industry's long-term development and confident in securing public construction projects that required the adoption of such technologies.

Property Development and Assets Leasing

With the resumption of connections with Mainland China, along with favorable policies implemented by the Hong Kong government for buyers, which includes reducing the respective rates of the Buyers' Stamp Duty and the New Residential Stamp Duty from 15% to 7.5%, and introducing a stamp duty suspension arrangement for incoming talents' acquisition of residential properties, a market uptrend is expected. However, the Hong Kong property market remains uncertain due to the anticipation of an increase in the interest rate and policies aiming at increasing land and housing supply in the short to medium term. The management will closely monitor market developments and implement timely strategies to balance between the risk and return of the potential projects in the coming year. Ultimately, maximizing returns for the Shareholders.

Professional Services

The Group is committed to providing quality services to both current and potential clients, while actively pursuing opportunities to expand our market share. With the acquisition of our new subsidiary, Modern Living, and the public housing policies outlined in the Chief Executive's 2023 Policy Address, we are optimistic about the future development of the property management segment. Given the labor shortage and the steady increase in labor costs, the Group will remain cautious. By expanding the scope beyond private property management services contracts to include public property management services contracts license from Modern Living, the Group has been able to gain synergies, improve performance, and enhance the client profile. We believe the labour wage increase will start to taper as Hong Kong economy has not shown any sign of rebound. This will help to ease the increase in operation cost of the business.

Development and innovation of property management technologies have been promoting by the industry to enhance service efficiency and safety. Modern Living works in partnership with the Hong Kong University of Science and Technology to develop the first property management platform utilizing digital twin technology, which is expected to be used as a pilot in a few shopping malls in the foreseeable future, helping accelerate the industry's advancement.

Non-franchised Bus Services

The segment financial performance is vulnerable to external headwinds, such as high borrowing rates and inflationary pressure. Additionally, the shortage of drivers has led to a reduction in operating capacity below planned levels. However, the Group is committed to stabilizing business performance and closely monitoring market conditions. The management will actively review operations and make timely decisions. Driven by the resumption of connections with Mainland China and overseas, as well as the recovery of the tourism sector in Mainland China, the management remains optimistic about the segment's performance.

Medical Technology and Healthcare

The Group holds a positive outlook for the medical technology and healthcare business, driven by the growing demand for PET drugs in Hong Kong and the Greater Bay Area. As such, we will actively pursue opportunities to expand the business scope of HKCL, including leveraging our second laboratory to increase production capacity, expand our product portfolio, and acquire new clients. We are committed to maintaining our leading position in the industry, further expanding our local market share, and developing related businesses. In terms of regional development opportunities, Greater Bay Area and Southeast Asia will be prioritized for the Group's expansion.

Other Business

The Group remains committed to nurturing and expanding our other businesses, while actively seeking suitable growth opportunities. While closely monitoring macroeconomic developments, we will continue to pursue new ventures to diversify our operations and drive long-term growth, ultimately enhancing shareholder value.

Conclusion

Taking various factors into account, the Group expects the development to remain stable in the coming year and remains vigilant and agile in the changing macro environment. The recent announcement in the Hong Kong Budget 2024/25 by the government has cancelled all demand-side management measures for residential properties which is beneficial for home buyers or investors to purchase properties. Additionally, the government's plans to complete the construction of 30,000 Light Public Housing units and adopt the MiC approach in no less than half of the projects scheduled for completion from 2028/29 to 2032/33, as well as investments in infrastructure are expected to have a positive influence on the Group's business. The Group will increase its support for public infrastructure and people's livelihood projects. In the midst of budget cuts, the segment will still focus on these general directions and move towards a more asset-light, cautious and conservative approach. Drawing upon years of industry experience and expertise, our Group is eager to diligently identify potential construction opportunities that align with the profitability goals and create long-term value for our stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

The financial position of the Group remained stable during the Year. The Group operates a centralised treasury function to monitor its cash position, cashflow and funding requirements, that 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 2024, the total net debts of the Group amounted to approximately HK$2,211.6 million, representing total debts of approximately HK$3,202.1 million less total of cash and bank balances of approximately HK$990.5 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2024, is analysed as follows:

	As at 31 March 2024	As at 31 March 2023
	HK$ million	*HK$ million*
Bank borrowings and lease liabilities repayable:		
Within one year or on demand	**1,092.0**	1,709.4
After one year, but within two years		
– On demand shown under current liabilities	**315.3**	–
– Remaining balances	**1,007.0**	223.7
After two years, but within five years		
– On demand shown under current liabilities	**776.4**	–
– Remaining balances	**10.1**	887.1
Over five years	**1.3**	2.1
Total debts	**3,202.1**	2,822.3

The Group has continued to implement a prudent financial management policy, at 31 March 2024, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to Shareholders, was 0.90 (2023: 0.57).

At 31 March 2024, the Group did not comply with a financial covenant of a bank borrowing with an outstanding balance of HK$1,091.7 million and hence the bank borrowing was classified as a current liability and included in the "On demand shown under current liabilities" under "After one year, but within two years" and "After two years, but within five years" time bands disclosed above. Consent waiver of non-compliance with the financial covenant has been received by the Group subsequent to the reporting period.

To minimise exposure on foreign exchange fluctuations, the Group's bank borrowings and cash balances are primarily denominated in Hong Kong dollars or Renminbi which are the same as the functional currency of the relevant group entities. The Group has no significant exposure to foreign exchange rate fluctuations and shall use derivative contracts to hedge against its exposure to currency risk only when it is required. Furthermore, the Group's bank borrowings have not been hedged by any interest rate financial instruments.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in Note 17 to the annual results.

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 18 to the annual results.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 6,895 employees as at 31 March 2024. Total remuneration of employees for the Year amounted to approximately HK$1,769.3 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.

To provide incentive for employees to achieve performance goals, the Company adopted the restricted share award scheme (the "Share Award Scheme") on 1 August 2017, pursuant to which the Company may grant to eligible participants restricted shares of the Company, which will align the interests of employees directly to the Shareholders through ownership of shares of the Company. Such grant shares are acquired by the scheme trustee on the market of the Stock Exchange and held upon trust for the benefit of the grantees and shall become vested in the grantees upon satisfaction of specified vesting criteria.

In addition, the Company had also adopted a share option scheme (the "Share Option Scheme"), under which the Directors are authorised to grant share options to the eligible participants to subscribe for shares of the Company for the purpose of, among other things, providing incentives and rewards to, and recognising the contributions of, the eligible participants. The Share Option Scheme is valid and effective for a period of 10 years commencing on 3 September 2012 and expired on 2 September 2022, after which no further share options shall be offered or granted but the share options granted prior to the expiry date shall continue to be valid and excisable in accordance with the provisions of the Share Option Scheme.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2022/23: HK1.05 cents).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 13 August 2024 to Friday, 16 August 2024, both days inclusive, during which period no transfer of shares will be registered, to determine the entitlement of shareholders to attend and vote at the 2024 Annual General Meeting. All transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 pm on Monday, 12 August 2024.

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

During the Year, the Company repurchased 10,440,000 shares of the Company at an aggregate consideration of HK$5,364,940 (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	Lowest price paid per share	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
2023				
July	1,530,000	0.50	0.50	765,000
August	3,144,000	0.53	0.49	1,630,450
September	1,652,000	0.52	0.50	856,720
October	2,820,000	0.52	0.51	1,461,020
November	774,000	0.52	0.51	402,460
2024				
February	520,000	0.48	0.47	249,290
Total	10,440,000			5,364,940

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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Year.

Further information of the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2023/24 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 C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, after a specific enquiry made by the Company, that they have fully complied with the required standard set out in the Model Code throughout the Year.

EVENTS AFTER THE REPORTING PERIOD

Details of the events of the Group after the reporting period are set out in Note 19 to the annual results.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Board (the "Audit Committee") comprises five members, namely Mr. Wu William Wai Leung (Chairman of the Audit Committee), Ms. Wong Wendy Dick Yee, Dr. Yim Yuk Lun, Stanley, Mr. Lam Yau Fung, Curt and Mr. Ho Gilbert Chi Hang, all being Non-executive Directors or Independent Non-executive Directors. The Audit Committee has reviewed with the management and given its consent to the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the annual results of the Group for the Year.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditor, Ernst & Young ("EY") to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by EY on this announcement.

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

Hong Kong, 26 June 2024

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Xu Jianhua, Jerry, Ir Dr. Pang Yat Bond, Derrick JP and Mr. Shea Chun Lok, Quadrant, the non-executive directors of the Company are Ms. Wong Wendy Dick Yee and Dr. Yim Yuk Lun, Stanley BBS JP, and the independent non-executive directors of the Company are Mr. Wu William Wai Leung, Mr. Lam Yau Fung, Curt, Mr. Ho Gilbert Chi Hang and Dr. Yen Gordon.