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# 亞洲聯合基建控股有限公司

## ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

*(Incorporated in Bermuda with Limited Liability)*

(Stock Code: 00711.HK)

### ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

#### FINANCIAL HIGHLIGHTS

	<b>2023</b> <b>HK\$'000</b>
Total revenue	<b>8,177,748</b>
Profit attributable to shareholders of the Company	<b>105,091</b>
Basic earnings per share	<b>HK5.88 cents</b>
Dividend per share	
– Interim	<b>HK0.67 cent</b>
– Final	<b>HK1.05 cents</b>
Full year	<b>HK1.72 cents</b>
Equity per share*	<b>HK\$1.36</b>

\* *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 2023.*

## 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 2023 (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 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>REVENUE</b>	4	<b>8,177,748</b>	7,722,064
Cost of sales		<u>(7,659,955)</u>	<u>(7,271,813)</u>
Gross profit		<b>517,793</b>	450,251
Other income and gains, net	5	<b>204,352</b>	173,698
Selling expenses		–	(3,463)
Administrative expenses		<b>(465,650)</b>	(494,823)
Reversal of provision for litigations	15	<b>5,000</b>	173,760
Other expenses, net		<b>(11,770)</b>	(99,352)
Finance costs	6	<b>(119,309)</b>	(72,830)
Share of (loss)/profit of a joint venture		<b>(2,347)</b>	562
Share of profits and losses of associates		<b>14,743</b>	9,161
		<u>142,812</u>	<u>136,964</u>
<b>PROFIT BEFORE TAX</b>	7	<b>142,812</b>	136,964
Income tax	8	<b>(13,770)</b>	(29,028)
		<u>129,042</u>	<u>107,936</u>
<b>PROFIT FOR THE YEAR</b>		<b>129,042</b>	107,936
<b>OTHER COMPREHENSIVE (LOSS)/ INCOME</b>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences:			
Translation of foreign operations		<b>(6,210)</b>	15,781
Reclassification adjustment for gain included in profit or loss upon:			
Sale of property interests through disposal of a subsidiary		–	(38,356)
Share of movement in the exchange fluctuation reserve of a joint venture		<b>(821)</b>	(639)
Share of movements in the exchange fluctuation reserves of associates		<b>(10,690)</b>	1,716
		<u>(17,721)</u>	<u>(21,498)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX OF NIL</b>		<b>(17,721)</b>	(21,498)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>111,321</b>	86,438

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>PROFIT/(LOSS) FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO:</b>			
Shareholders of the Company		<b>105,091</b>	121,999
Non-controlling interests		<b>23,951</b>	(14,063)
		<b>129,042</b>	107,936
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR ATTRIBUTABLE TO:</b>			
Shareholders of the Company		<b>87,370</b>	100,501
Non-controlling interests		<b>23,951</b>	(14,063)
		<b>111,321</b>	86,438
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>			
		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	<i>10</i>	<b>5.88</b>	6.78

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>248,076</b>	323,874
Investment properties		–	11,176
Right-of-use assets		<b>168,617</b>	178,052
Goodwill		<b>93,786</b>	106,790
Intangible assets		<b>1,914</b>	2,284
Investments in joint ventures		<b>9,104</b>	12,272
Investments in associates		<b>494,286</b>	543,900
Land held for property development	<i>11</i>	<b>164,953</b>	163,638
Deferred tax assets		<b>2,500</b>	2,592
		<hr/>	<hr/>
Total non-current assets		<b>1,183,236</b>	1,344,578
<b>CURRENT ASSETS</b>			
Land held for property development	<i>11</i>	<b>41,325</b>	42,676
Inventories		<b>3,263</b>	3,675
Contract assets		<b>3,810,314</b>	3,745,415
Trade receivables	<i>12</i>	<b>773,609</b>	718,937
Prepayments, deposits and other receivables		<b>1,065,980</b>	1,048,986
Income tax recoverable		<b>26,099</b>	27,803
Equity investments at fair value through profit or loss		<b>485</b>	5,623
Restricted cash and pledged deposits		<b>148</b>	16,009
Cash and cash equivalents		<b>1,420,100</b>	1,440,057
		<hr/>	<hr/>
		<b>7,141,323</b>	7,049,181
Non-current assets and assets of disposal groups classified as held for sale	<i>13</i>	<b>300,417</b>	70,321
		<hr/>	<hr/>
Total current assets		<b>7,441,740</b>	7,119,502

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>14</i>	<b>1,492,345</b>	1,676,559
Contract liabilities		<b>344,929</b>	110,494
Other payables and accruals		<b>1,126,894</b>	852,850
Bank borrowings		<b>1,679,637</b>	2,287,112
Lease liabilities		<b>29,755</b>	26,729
Provision for construction works		–	115,920
Provision for litigations	<i>15</i>	–	5,000
Income tax payables		<b>85,432</b>	81,444
		<b>4,758,992</b>	5,156,108
Liabilities directly associated with the assets of disposal groups classified as held for sale	<i>13</i>	<b>262,559</b>	63,625
Total current liabilities		<b>5,021,551</b>	5,219,733
<b>NET CURRENT ASSETS</b>			
		<b>2,420,189</b>	1,899,769
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>3,603,425</b>	3,244,347
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings		<b>1,081,332</b>	806,216
Lease liabilities		<b>31,654</b>	22,391
Deferred tax liabilities		<b>1,746</b>	2,043
Total non-current liabilities		<b>1,114,732</b>	830,650
Net assets		<b>2,488,693</b>	2,413,697
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Issued capital	<i>16</i>	<b>179,623</b>	180,268
Reserves		<b>2,260,975</b>	2,197,195
		<b>2,440,598</b>	2,377,463
Non-controlling interests		<b>48,095</b>	36,234
Total equity		<b>2,488,693</b>	2,413,697

## NOTES TO ANNUAL RESULTS

31 March 2023

### 1. BASIS OF PREPARATION

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). It has been prepared under the historical cost convention except for (i) investment properties and financial assets at fair value through profit or loss which have been measured at fair value; and (ii) non-current assets and assets of disposal groups classified as held for sale which are stated at the lower of their carrying amounts and fair values less costs to sell. This financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial information includes the financial information of the Company and its subsidiaries for the year ended 31 March 2023. 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, 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 interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 *Business Combinations* an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies* if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21, respectively, instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no significant onerous contracts were identified. Therefore, the amendments did not have significant impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment 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 five reportable operating segments:

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

#### Segment revenue and results

Segment results represent the profit generated from each segment, net of selling expenses and administrative expenses directly attributable to each segment without allocation of corporate expenses, interest income, gain on disposal of 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 2023**

	Construction services <i>HK\$'000</i>	Property development and assets leasing <i>HK\$'000</i>	Professional services <i>HK\$'000</i>	Non- franchised bus services <i>HK\$'000</i>	Medical technology and healthcare <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue (note 4):</b>						
Sales to external customers	7,194,483	–	942,153	–	41,112	8,177,748
Intersegment sales	–	–	8,100	–	–	8,100
	<u>7,194,483</u>	<u>–</u>	<u>950,253</u>	<u>–</u>	<u>41,112</u>	<u>8,185,848</u>
Reconciliation:						
Elimination of intersegment sales						(8,100)
						<u>8,177,748</u>
<b>Segment results</b>	<u>180,167</u>	<u>(3,081)</u>	<u>15,822</u>	<u>5,669</u>	<u>9,598</u>	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						<u>129,042</u>
<b>Other segment information:</b>						
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 equity investments at fair value through profit or loss – unallocated assets						(5,536)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Year ended 31 March 2022

	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
<b>Segment revenue (note 4):</b>						
Sales to external customers	6,721,178	–	963,824	–	37,062	7,722,064
Intersegment sales	–	–	11,353	–	–	11,353
	<u>6,721,178</u>	<u>–</u>	<u>975,177</u>	<u>–</u>	<u>37,062</u>	<u>7,733,417</u>
Reconciliation:						
Elimination of intersegment sales						<u>(11,353)</u>
						<u>7,722,064</u>
<b>Segment results</b>	<u>41,232</u>	<u>185,813</u>	<u>53,713</u>	<u>2,722</u>	<u>12,917</u>	296,397
Interest income						19,483
Corporate and other unallocated expenses						(107,429)
Finance costs (other than interest on segment lease liabilities)						<u>(71,487)</u>
Profit before tax						136,964
Income tax						<u>(29,028)</u>
Profit for the year						<u>107,936</u>
<b>Other segment information:</b>						
Share of profit of a joint venture	562	–	–	–	–	562
Share of profits and losses of associates	2,604	3,835	–	2,722	–	9,161
Depreciation of property, plant and equipment	(43,027)	(1,542)	(8,316)	–	(1,078)	(53,963)
Depreciation of right-of-use assets	(19,112)	(5,172)	(6,448)	–	(1,692)	(32,424)
Amortisation of intangible assets – unallocated assets						(216)
Loss on disposal of property, plant and equipment, net	(60)	–	(130)	–	–	(190)
Gain on disposal of right-of-use assets	871	–	–	–	–	871
Written down of land held for property development to net realisable value	–	(73,769)	–	–	–	(73,769)
Impairment of goodwill	(15,593)	–	–	–	–	(15,593)
Impairment of contract assets	(2,420)	–	–	–	–	(2,420)
Reversal of impairment of trade receivables	158	–	–	–	–	158
Write-off of property, plant and equipment	(6)	–	–	–	–	(6)
Write-off of investment in an associate	–	(59)	–	–	–	(59)
Write-off of inventories	(2,795)	–	–	–	–	(2,795)
Write-off of prepayment, deposits and other receivables	(609)	–	–	–	–	(609)
Write-off of debt investments at fair value through profit or loss – unallocated assets						<u>(3,642)</u>

## 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 2023 and 2022 was derived from Hong Kong.

### (b) Non-current assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	663,281	769,822
Mainland China	158,014	170,926
The UAE	164,953	163,638
Other jurisdictions	100,702	130,810
	<u>1,086,950</u>	<u>1,235,196</u>

The non-current asset information disclosed above is based on the locations of the assets and excludes goodwill 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 2023 and 2022, is set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A:		
Contribution to construction services segment	4,501,234	4,178,159
Contribution to professional services segment	361,650	392,482
	<u>4,862,884</u>	<u>4,570,641</u>

## 4. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers	<u>8,177,748</u>	<u>7,722,064</u>

## 5. OTHER INCOME AND GAINS, NET

	2023 HK\$'000	2022 HK\$'000
<b>Other income</b>		
Interest income	26,451	19,483
Dividend income	259	162
Other rental income	1,150	1,116
Other service income	3,917	3,696
Management fee income	4,214	2,709
Government subsidies ( <i>note (i)</i> )	39,573	2,899
Sundry income	7,671	23,770
	<u>83,235</u>	<u>53,835</u>
<b>Gains, net</b>		
Foreign exchange gain, net	464	–
Gains on sales of property interests through disposal of subsidiaries	–	117,681
Gains on deregistration of subsidiaries, net	–	643
Gain on disposal of property, plant and equipment, net	1,527	–
Gain on disposal of right-of-use assets ( <i>note (ii)</i> )	118,211	871
Fair value gain of equity investments at fair value through profit or loss	–	668
Fair value gain on investment properties, net	915	–
	<u>121,117</u>	<u>119,863</u>
<b>Other income and gains, net</b>	<u>204,352</u>	<u>173,698</u>

### 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 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.

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

## 6. FINANCE COSTS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on:		
Bank borrowings	105,283	55,596
Lease liabilities	1,720	2,050
	<hr/>	<hr/>
Total interest expenses	107,003	57,646
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans	16,853	16,553
	<hr/>	<hr/>
Total finance costs	123,856	74,199
Less: Amount included in cost of construction work	(4,547)	(1,369)
	<hr/>	<hr/>
	<b>119,309</b>	<b>72,830</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of construction work	6,670,838	6,334,643
Cost of construction-related consultancy services provided	64,841	53,486
Cost of goods sold	15,269	13,088
Cost of security, tunnel and other facility management services provided	909,007	870,596
	<hr/>	<hr/>
Depreciation of property, plant and equipment	48,528	53,963
Less: Amount included in cost of sales	(37,976)	(43,510)
	<hr/>	<hr/>
	10,552	10,453
	<hr/>	<hr/>
Depreciation of right-of-use assets	33,113	32,424
Less: Amount included in cost of sales	(8,487)	(5,414)
	<hr/>	<hr/>
	24,626	27,010
	<hr/>	<hr/>
Amortisation of intangible assets	370	216
	<hr/>	<hr/>
Lease payments not included in the measurement of lease liabilities	80,654	68,521
Less: Amount included in cost of sales	(79,918)	(67,772)
	<hr/>	<hr/>
	736	749
	<hr/>	<hr/>
Auditor's remuneration	5,332	5,280
	<hr/> <hr/>	<hr/> <hr/>

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fair value gain on investment properties, net	<b>(915)</b>	–
Fair value loss/(gain) of equity investments at fair value through profit or loss	<b>59</b>	(668)
Losses on disposal of subsidiaries	<b>3,579</b>	–
Loss on disposal of equity investments at fair value through profit or loss	<b>5,536</b>	–
Loss on disposal of land held for property development	<b>62</b>	–
(Gain)/loss on disposal of property, plant and equipment, net	<b>(1,527)</b>	190
Impairment of goodwill	–	15,593
Written down of land held for property development to net realisable value	–	73,769
Impairment of/(reversal of impairment) financial assets and contract assets:		
Contract assets	<b>1,928</b>	2,420
Trade receivables	<b>364</b>	(158)
Other receivables	<b>147</b>	–
	<b>2,439</b>	2,262
Write-off of property, plant and equipment	–	6
Write-off of investment in an associate	–	59
Write-off of debt investments at fair value through profit or loss	–	3,642
Write-off of inventories	–	2,795
Write-off of prepayment, deposits and other receivables	<b>70</b>	609

## 8. INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	18,409	16,718
(Over)/under-provision in prior years	<u>(6,649)</u>	<u>1,472</u>
	<u>11,760</u>	<u>18,190</u>
Current – Mainland China		
Charge for the year	<u>–</u>	<u>12,658</u>
Current – Elsewhere		
Charge for the year	3,000	784
Over-provision in prior years	<u>(125)</u>	<u>–</u>
	<u>2,875</u>	<u>784</u>
Deferred	<u>(865)</u>	<u>(2,604)</u>
Total tax expense for the year	<u><b>13,770</b></u>	<u><b>29,028</b></u>

*Note:* Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 (2022: 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim – HK0.67 cent (2022: HK0.88 cent) per ordinary share	12,037	15,921
Proposed final – HK1.05 cents (2022: HK1.10 cents) per ordinary share	<u>18,860</u>	<u>19,820</u>
	<u><b>30,897</b></u>	<u><b>35,741</b></u>

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

## 10. EARNINGS 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 2023 and 2022 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	<u>105,091</u>	<u>121,999</u>

### Number of shares

	2023	2022
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation	<u>1,787,028,647</u>	<u>1,800,188,943</u>

## 11. LAND HELD FOR PROPERTY DEVELOPMENT

The Group's land held for property development is leasehold land or land use rights acquired by the Group for future property development for sale. As at 31 March 2023 and 2022, the provision for write-down of land in the UAE to net realisable value was HK\$73,769,000, which was recognised during the year ended 31 March 2022.

## 12. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	773,609	719,207
Impairment	<u>–</u>	<u>(270)</u>
	<u>773,609</u>	<u>718,937</u>

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

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	595,650	509,321
1 to 2 months	68,777	104,442
2 to 3 months	18,337	27,380
Over 3 months	90,845	77,794
	<u>773,609</u>	<u>718,937</u>

### 13. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

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

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

- (b) At 31 March 2023, non-current assets and assets of a disposal group classified as held for sale included:

- (i) On 30 January 2023, the Group entered into a provisional sale and purchase agreement with an independent third party, pursuant to which the Group shall sell to the purchaser a leasehold land under right-of-use assets at the consideration of HK\$93,750,000.

Deposit of HK\$9,375,000 in total has been paid by the purchaser as at 31 March 2023 in accordance with the terms of the agreement. 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 and all the remaining sale proceeds were received on the same date.

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

- (ii) On 14 June 2023, the Group entered into an agreement with one of the shareholders of a non-controlling shareholder of a subsidiary of the Company (the “Buyer”), pursuant to which the Group shall sell to the Buyer 20.99% of the issued shares of ECO Group Holdings Sdn. Bhd., a 50.99% owned subsidiary of the Group, and its subsidiaries (the “ECO Group”) for a total consideration of RM7,665,000 (equivalent to approximately HK\$12,954,000), the transaction was completed on the same date. The Company has provided guarantees in favour of certain banks under banking facilities granted to the ECO Group. The said guarantees remain effective after completion. Further details of the transaction was set out in the Company’s announcements dated 14 June 2023 and 21 June 2023.

The ECO Group was accounted for as a disposal group classified as held for sale as at 31 March 2023.

#### 14. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables other than retention payables	801,995	988,458
Retention payables	<u>690,350</u>	<u>688,101</u>
	<u><u>1,492,345</u></u>	<u><u>1,676,559</u></u>

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	295,250	284,993
1 to 2 months	168,537	198,600
2 to 3 months	73,179	143,419
Over 3 months	<u>265,029</u>	<u>361,446</u>
	<u><u>801,995</u></u>	<u><u>988,458</u></u>

#### 15. PROVISION FOR LITIGATIONS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of year	5,000	272,010
Amount utilised during the year	–	(93,250)
Reversal of provision	<u>(5,000)</u>	<u>(173,760)</u>
At end of year	<u><u>–</u></u>	<u><u>5,000</u></u>

#### 16. SHARE CAPITAL

	Number of ordinary shares in issue	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021	1,820,127,847	182,013	750,900	932,913
Cancellation of repurchased shares	<u>(17,450,000)</u>	<u>(1,745)</u>	<u>(8,526)</u>	<u>(10,271)</u>
At 31 March 2022 and 1 April 2022	1,802,677,847	180,268	742,374	922,642
Cancellation of repurchased shares	<u>(6,446,000)</u>	<u>(645)</u>	<u>(2,964)</u>	<u>(3,609)</u>
At 31 March 2023	<u><u>1,796,231,847</u></u>	<u><u>179,623</u></u>	<u><u>739,410</u></u>	<u><u>919,033</u></u>

During the year, the Company repurchased 6,446,000 (2022: 17,450,000) ordinary shares in total on the Stock Exchange at an aggregate consideration of approximately HK\$3,609,000 (2022: HK\$10,271,000) and all these shares were subsequently cancelled before the year end date. The premium of approximately HK\$2,964,000 (2022: HK\$8,526,000) 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.

## 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Indemnities issued to financial institutions for performance bonds in respect of construction and professional services contracts undertaken by:		
– subsidiaries	954,341	963,631
– joint operations	96,044	96,044
– a joint venture	32,939	41,173
	<u>1,083,324</u>	<u>1,100,848</u>
Guarantees issued to financial institutions to secure credit facilities granted to associates ( <i>note (ii)</i> )	<u>541,468</u>	1,013,564
	<u><u>1,624,792</u></u>	<u><u>2,114,412</u></u>

In addition to the above, corporate guarantees were provided by the Group to two parties to indemnify them any losses and liabilities that they may incur in connection with certain construction works of the Group in which the two parties have involvement. 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 2023, the banking facilities granted to associates and guaranteed by the Group were utilised to the extent of HK\$403,877,000 (2022: HK\$692,911,000).

### (b) Litigations

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

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

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

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

With regard to case progress, the parties have exchanged factual witness statements and expert evidence on the issue of quantum, and filed a joint expert report to the Court of First Instance of Hong Kong. The next case management summons hearing has been fixed in July 2023 for directions for further conduct of the case.

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

## 18. PLEDGE OF ASSETS

The carrying amount of the assets pledged by the Group to secure the banking facilities granted to the Group (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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Property, plant and equipment	47,283	81,170
Investment properties	–	11,176
Right-of-use assets	108,597	119,308
Bank deposits	148	16,009
	<u>156,028</u>	<u>227,663</u>

In addition to the above, as at 31 March 2023 and 2022, the Group has pledged the equity interest in a wholly-owned subsidiary to secure a banking facility granted to an associate.

At the end of the reporting period, the following assets was pledged to secure banking facilities granted to a disposal group classified as held for sale:

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

Details of the disposal group classified as held for sale are set out in note 13(b)(ii) to this financial information.

## 19. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 13(b) to this financial information, there are no other significant events occurred subsequent to the reporting period.

## **BUSINESS REVIEW**

Though the business environment has remained challenging during the Year, the Group continued performing stably with revenue of approximately HK\$8.18 billion (2022: HK\$7.72 billion) and net profit attributable to the shareholders of the Company (the “Shareholders”) of approximately HK\$105.1 million (2022: HK\$122.0 million). The Group was inevitably imparted by the significant increase in finance costs during the Year, with interest rates rising appreciably especially in the second half year. Moreover, high operating costs resulting from the shortage of both professionals and skilled workers for the construction industry placed additional pressure on the Group’s operating margins. Therefore, the management has sought to navigate the Group through the challenging conditions by leveraging its sound financing and capital management strategies.

With respect to the construction industry as a whole, as the Hong Kong Government has been pushing ahead with various supportive policies which facilitate overall economic progress, the general outlook remains positive. While the Group will continue to actively capture relevant opportunities, it will nonetheless be hindered by the ongoing labour shortage and high interest rate environment, both of which will mean that operating and financing costs will remain high. Accordingly, the Group will continuously improve efficiency and implement cost-cutting measures to save costs in the coming financial year.

### **Construction**

The construction segment, which operates under the renowned “Chun Wo” brand, generated HK\$7.19 billion (2022: HK\$6.72 billion) in revenue for the Year. Having experienced an improvement in profit in the second half year, segment profit amounted to HK\$180.2 million (2022: HK\$41.2 million). As at the financial year end, the Group held contracts with an aggregate value of HK\$30.31 billion (2022: HK\$30.05 billion), with HK\$17.64 billion (2022: HK\$15.82 billion) being ongoing contracts.

The Group was able to secure 15 new projects during the Year, including a waterworks contract related to the Relocation of Diamond Hill Fresh Water and Salt Water Service Reservoirs to Caverns, which it won in partnership with a state-owned enterprise. In addition, the Group was awarded contracts involving Sau Nga Road Stormwater Storage Scheme, Penfold Park Enhancement Project of The Hong Kong Jockey Club, two maintenance term contracts by Education Bureau; Construction of a 30-classroom Primary School and a 6-classroom Kindergarten at Site E-1, Development of Anderson Road Quarry Site, Sai Kung; Upgrading of Pui O Raw Water Pumping Station and Pui O No. 2 Raw Water Pumping Station and Laying of Raw Water Mains along South Lantau Road; Drainage Improvement Works in Tsim Sha Tsui; and Construction of Open Space at Eastern Street North, Sai Ying Pun.

With regard to ongoing projects, there were a total of 33 projects in progress as at 31 March 2023. They included an Urban Renewal Authority composite development project at Ash Street, Tai Kok Tsui, Kowloon – the first concrete Modular Integrated Construction (“MiC”) high-rise residential project in Hong Kong; a primary school at Anderson Road, Kwun Tong; In-situ Reprovisioning of Shatin Water Treatment Works (South Works) – Administration Building; Hong Kong Disneyland Resort Project – Arendelle Completion Package; and Construction of Public Housing Development at Hiu Ming Street.

The Group has also completed 18 projects during the Year, including the Central – Wan Chai Bypass: Tunnel (North Point Section) and Island Eastern Corridor Link; Tseung Kwan O – Lam Tin Tunnel – Tseung Kwan O Interchange and Associated Works; Construction of Government Flying Service Kai Tak Division; Foundation for Public Housing Development at Anderson Road Quarry Site R2-5 and Demolition for Redevelopment of Mei Tung Estate; Main Contract Works for Proposed Modular Social Housing at 5–7 Yip Shing Street, Kwai Chung; Main Contract for the Multi-Level Carpark and Footbridge and the Direct Contract for Alteration and Addition Works at the Hub Area for the Members’ Main Entrance Redevelopment and Multi-Level Carpark at Shatin Racecourse for The Hong Kong Jockey Club.

Among the challenges that the construction sector was confronted with during the Year, include the labour shortage problem. Professionals from all segments, including but not limited to engineering, surveying, safety and environmental protection, etc. are all in demand. Hiring skilled workers and attracting young people to enter the industry are also challenging, resulting in consistently high labour costs. The Group will look to minimise operating costs through various efficiency enhancement strategies. In addition, the management has been exploring financing options that allow the Group to mitigate the impact of high interest rates, and enables the Group to reduce overall financing costs when taking up high-contract-value projects.

The management fully recognises that there are abundant opportunities in the Hong Kong construction sector, in part the result of government support for ongoing infrastructure investments, increasing public housing supply, and advancing associated technologies, all of which are beneficial to the construction sector and the Group. In terms of infrastructure investments, they include such major developments as the Northern Metropolis, Kau Yi Chau Artificial Islands and various railway extensions that will command an annual capital works expenditure of over HK\$100 billion. As for public housing, apart from the 360,000 public housing units for the coming decade, the government has also identified sites for 30,000 Light Public Housing units for the next few years, which will come to fruition through the support of MiC technology.

### **Property Development and Assets Leasing**

The property development and assets leasing segment has rebounded in the Year as compared with the same period last year. Buyers amid a high interest rate environment, compounded by macroeconomic uncertainties act with prudence. Still, the Group’s property development was able to outperform other projects in the vicinity. It is worth noting as well that the land exchange application submitted by the Group pertaining to the residential land parcel in Tung Chung was approved and the land premium negotiation is in progress.

During the Year, the Hong Kong Government has continued to support the property development sector through various policies. This has included the relaxation of mortgage stress test requirements by the Hong Kong Monetary Authority. Furthermore, eligible talents seeking permanent residency in Hong Kong can now apply for a refund on extra stamp duty for their residential property purchase. It is generally expected that the Hong Kong property market will gradually recover.

Given the high interest rate environment and ongoing geopolitical tensions, the current situation is unpredictable. The Group will take a wait-and-see approach; closely monitoring market developments and seizing opportunities when the market conditions stabilise, and leveraging joint ventures to further mitigate risk. The management will continue to explore different capital management options to reduce financing costs when exploring new investment opportunities.

### **Professional Services**

The professional services business is operated by City Services Group Limited and engages in security, tunnels and other facility management services. For the Year, the business recorded revenue of HK\$942.2 million (2022: HK\$963.8 million) and a segment profit of HK\$15.8 million (2022: HK\$53.7 million).

For the Year, the Group was able to maintain a healthy portfolio of clients, which include The Hong Kong Jockey Club and Hong Kong Palace Museum. It also added new clients, including Hong Kong Adventist Hospital and The Wai – a shopping mall located at Tai Wai Station.

With respect to the tunnel management operation, it continued to provide a stable source of revenue for the Group. Now managing five tunnels in Hong Kong, they consist of the Shing Mun Tunnels, the Tseung Kwan O Tunnel, the Kai Tak Tunnel, the Lion Rock Tunnel, and the Tseung Kwan O – Lam Tin Tunnel that commenced operation in December 2022.

### **Non-franchised Bus Services**

The non-franchised bus services operation run by Chun Wo Bus Services Limited witnessed an improvement in revenue and profit for the Year, bolstered particularly by the reopening of borders with Mainland China in the second half year that resulted in increased tourism-related business. Consequently, non-franchised bus services recorded a profit of HK\$5.7 million (2022: HK\$2.7 million).

With the revival of local bus tours owing to the aforementioned border reopening with Mainland China, the Group's bus fleet experienced a significant increase in ridership, thus resulting in improved margin and profitability. In addition, the operation further benefited from the ongoing provision of local scheduled bus services, as well as the sizeable contracts that it continues to hold with various renowned organisations, schools and property management companies.

## **Medical Technology and Healthcare**

Hong Kong Cyclotron Laboratories Limited (“HKCL”), which was acquired in late 2020, specialises in the production of PET drugs. It operates one of the largest PET radiopharmacy distribution networks in Hong Kong. Among its major clients include the Hospital Authority and the CUHK Medical Centre, having also welcomed several new imaging centres during the Year. HKCL has continued to deliver encouraging results for the Year, with revenue at HK\$41.1 million (2022: HK\$37.1 million) and profit at HK\$9.6 million (2022: HK\$12.9 million). HKCL has commenced construction of a second laboratory for radiation-related medical products, which is expected to be completed in the end of 2023. This aligns with the Group’s belief that PET drugs hold tremendous potential with rising demand in the coming years. Through 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, which is operated by Mattex Asia Development Limited, continued to achieve progress during the Year. Contractors have been able to procure materials even more quickly, efficiently and cost effectively through streamlined steps and competitive prices offered through the platform. The business has also allowed the Group to diversify its interests and enrich income streams.

## **OUTLOOK AND PROSPECTS**

### **Construction**

In the coming year, the Group will remain highly cautious in managing the construction operation given the various macroeconomic uncertainties, the consequence of high interest rates, professional and labour shortages, and inflationary pressures, among other factors. To overcome such concerns, the Group will be directing efforts towards cost-cutting, maximising efficiency and enhancing productivity. This will include giving serious consideration to the relocation of certain supporting functions to lower cost locations in Mainland China and South East Asia as part of a long-term cost-control strategy.

Certainly, policies by the Hong Kong Government to benefit the construction sector will go towards alleviating some of the aforementioned concerns. The administration’s urban planning and infrastructure projects will offer tremendous opportunities. Furthermore, the Hong Kong Government has also sought to create a friendlier business environment by compressing land production procedures, delivering sufficient land for private housing development in the next five years and enhancing public-private partnership.

Just as encouraging, the Hong Kong Government has been promoting the development of construction technologies, fostering innovation that leads to enhanced efficiency, productivity and safety. 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. Nevertheless, as a responsible corporate citizen, the Group works in partnership with the Hong Kong Government in promoting the application of relevant technologies and meeting the highest international standards, helping accelerate the industry’s advancement.

## **Property Development and Assets Leasing**

With the reopening of borders with Mainland China and the implementation of certain policies by the Hong Kong Government that are favourable for buyers, a market uptrend can be envisaged. The Group will therefore monitor market developments closely, and timely implement strategies that are best tailored for capitalising on the conditions.

## **Professional Services**

As always, the Group is committed to the ongoing provision of quality services to existing and new clients while seizing greater market share. At the same time, it is steadfast in its determination to expand the scope of professional services so as to develop additional income streams and seize fresh opportunities. With the shortage of labour and labour costs steadily increasing, the Group will remain cautious.

## **Non-franchised Bus Services**

With the reopening of borders between Mainland China and Hong Kong, the Group will look forward to capturing opportunities from the revival of the tourism sector via its tourism-related bus services. This will involve efforts at expanding the customer base, which in turn will increase the utilisation rate of the Group's bus fleet and improve the margin and profitability of the non-franchised bus business. Based on current developments, the management is optimistic about the segment's performance as revenue contributions from tourism-related bus services will be recorded in the coming full financial year.

## **Medical Technology and Healthcare**

The Group is optimistic about prospects for the medical technology and healthcare business given the increasing demand for PET drugs in Hong Kong and the Greater Bay Area. Accordingly, it will seek to expand HKCL's business scope, through leveraging its second laboratory to increase production capacity and expand product portfolio, acquiring new clients. The Group will further expand its local market share, as well as the development of related businesses. In terms of regional development, the Group will prioritise the expansion of Southeast Asia.

## **Other Business**

The Group is constantly looking for profitable ventures that facilitate the diversification of operations and expansion of income streams. While heeding current macroeconomic developments, it will continue to examine opportunities in a prudent manner with the objective of enhancing shareholder value.

## Conclusion

In the post-pandemic, the Hong Kong economy has commenced a gradual recovery, though the pace of such recovery will invariably be affected by political and economic developments around the world. Also a determinant will be consumer confidence, which should improve in the wake of the reopening of borders with Mainland China and the relaxation of travel restrictions globally. The Group is therefore cautiously optimistic about business prospects, and will seek cost management and efficiency enhancement to support its development. At the same time, it will continue to work in tandem with the Hong Kong Government in enhancing efficiency with respect to construction and infrastructure development. By doing so, the Hong Kong construction industry will also be better equipped to capture development opportunities both locally and in cities across the Greater Bay Area.

Now that the shadow of the pandemic has lifted, the management trusts that Hong Kong will face a more prosperous and bright future. Amid a new dawn, the Group will make every effort to drive growth, deliver satisfactory returns and create long-term value for 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 2023, the total net debts of the Group amounted to approximately HK\$1,402.1 million, representing total debts of approximately HK\$2,822.3 million less total of cash and bank balances of approximately HK\$1,420.2 million. The debt maturity profile, based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2023, is analysed as follows:

	As at 31 March 2023 <i>HK\$ million</i>	As at 31 March 2022 <i>HK\$ million</i>
Bank borrowings and lease liabilities repayable:		
Within one year or on demand	1,709.4	2,307.7
After one year, but within two years		
– On demand shown under current liabilities	–	0.6
– Remaining balances	1,096.5	794.9
After two years, but within five years		
– On demand shown under current liabilities	–	2.0
– Remaining balances	14.3	13.5
Over five years		
– On demand shown under current liabilities	–	3.5
– Remaining balances	2.1	20.2
Total debts	<u>2,822.3</u>	<u>3,142.4</u>

The Group has continued to implement a prudent financial management policy, at 31 March 2023, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to Shareholders, was 0.57 (2022: 0.71).

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 6,360 employees as at 31 March 2023. Total remuneration of employees for the Year amounted to approximately HK\$1,843.7 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 incentives for employees to achieve performance goals, 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, 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 was 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 exercisable in accordance with the provisions of the Share Option Scheme.

## FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK1.05 cents per share for the Year (the “Final Dividend”) (2021/22: HK1.10 cents), amounting to approximately HK\$18.9 million (2021/22: HK\$19.8 million), to the Shareholders whose names appear on the register of members of the Company on 1 September 2023. The proposed Final Dividend will be paid on 11 September 2023 subject to approval by the Shareholders at the forthcoming annual general meeting (the “AGM”). Together with the interim dividend of HK0.67 cent per share paid in January 2023, the proposed Final Dividend will result in a full-year dividend of HK1.72 cents for the Year per share (2021/22: HK1.98 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 Thursday,  
17 August 2023

Closure of register of members . . . . . Friday, 18 August 2023 to  
Wednesday, 23 August 2023  
(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 Monday,  
28 August 2023

Closure of register of members . . . . . Tuesday, 29 August 2023 to  
Friday, 1 September 2023  
(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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong 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 6,446,000 shares of the Company at an aggregate consideration of HK\$3,608,320 (before expenses) on the Stock Exchange. All repurchased shares were cancelled during the Year.

Particulars of the repurchase during the Year are as follows:

Months of share repurchase	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration paid (before expenses) <i>HK\$</i>
<b>2022</b>				
April	798,000	0.58	0.58	462,840
September	960,000	0.58	0.58	556,800
October	3,930,000	0.57	0.55	2,194,520
<b>2023</b>				
February	<u>758,000</u>	0.52	0.52	<u>394,160</u>
Total	<u><u>6,446,000</u></u>			<u><u>3,608,320</u></u>

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

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

## CORPORATE GOVERNANCE PRACTICES

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

Further information of the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2022/23 Annual Report.

## DIRECTORS' SECURITIES TRANSACTIONS

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

## **EVENTS AFTER THE REPORTING PERIOD**

Details of the significant events of the Group after the reporting period are set out in Note 19 to the annual results. Disposal of right-of-use asset provided the cash flow to the Group to reduce the finance costs during the interest rate hikes. Reduction of equity interest in the ECO Group was their business plan for introduction of a potential strategic investor to benefit both the Group and the ECO Group.

## **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 2023

*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.*