



# 亞洲聯合基建控股有限公司

ASIA ALLIED INFRASTRUCTURE HOLDINGS LIMITED

(Listed on The Stock Exchange of Hong Kong Limited Stock Code: 00711)

[For Immediate Release]

## ASIA ALLIED INFRASTRUCTURE ANNOUNCES 2017 INTERIM RESULTS

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### ACHIEVES SOLID GROWTH IN CONSTRUCTION BUSINESS ESTABLISHES BUSINESS PRESENCE IN ASIA AND OVERSEAS SEIZES INFRASTRUCTURE OPPORTUNITIES IN “BELT AND ROAD” ROUTES & “GREATER BAY AREA”

#### Highlights

- ◇ Revenue amounted to HK\$3.85 billion
- ◇ Net profit was HK\$71.3 million, up by 61.2%
- ◇ Continue to establish its business presence in countries along the “Belt and Road” routes and the “Guangdong-Hong Kong-Macau Greater Bay Area”
- ◇ Profit of the construction segment increase 105%, reaching HK\$176.8 million

(Hong Kong, 29 November 2017) — **Asia Allied Infrastructure Holdings Limited (“Asia Allied Infrastructure” or “the Group”)** (stock code: 00711) announces its interim results for the six month ended 30 September 2017.

The Group has performed steadily for the period under review and recorded a total revenue of HK\$3.85 billion, while net profit has risen by 61.2% to HK\$71.3 million. The increase in net profit was mainly attributable to a general improvement in business performance of the Group.

During the review period, the Group continued implementing plans for establishing its business presence in Asia, in particular, regions that will benefit from the “Belt and Road Initiatives” as well as the “Guangdong-Hong Kong-Macau Greater Bay Area” development plan. In particular, the Group has been awarded a contract for the construction in the Philippines, which has a contract value of approximately HK\$800 million; furthermore, it has entered into a strategic cooperation agreement with a subsidiary of China Gezhouba Group Stock Company Limited (中國葛洲壩集團股份有限公司) in July 2017, and is poised to undertake major infrastructure projects with a specific cooperation model. Subsequent to period end, the Group also acquired partial equity interest in Ng Kam Kee Construction Company Limited (“Ng Kam Kee”), in Macau. The acquisition will enable the Group to leverage Ng Kam Kee’s network and platform to tap the Macau market.

**Mr. Dominic Pang, Chairman of Asia Allied Infrastructure**, said, “Although political concerns continued to present challenges to the construction industry in Hong Kong, I am delighted the Group has managed to cope with the competitive market and achieved a satisfied results during the review period. We believe the Group will benefit from our strategic investments in the countries along the “Belt and Road” routes as local markets develop. Besides, we would also export our project management expertise and other transferable skills helping our investee companies in such areas to grow through participation in the infrastructural boom spurred by the “Belt and Road Initiatives” and “Guangdong-Hong Kong-Macau Greater Bay Area” development plan. With five decades of experience, a sterling reputation, highly capable and farsighted management, and skilled

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technical teams, the Group is well positioned to seize current and upcoming opportunities, and at the same time increasing its global presence and evolve into a leading multinational enterprise.”

### **Construction**

During the period under review, the Group had performed in a steady manner in its construction business, with revenue contribution of HK\$3.58 billion, while profit of the segment reached HK\$176.8 million, representing a year-on-year increase 105%. As at 30 September 2017, the total value of the Group's contracts on hand was HK\$30.06 billion, of which HK\$13.19 billion worth of contracts were in progress.

The major projects that have been progressing well include Site Formation and Infrastructure Works for Development of Anderson Road Quarry Site, Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities - Passenger Clearance Building, and Liantang / Heung Yuen Wai Boundary Control Point, Site Formation and Infrastructure Works – Contract 3, the majority of which call for highly technical skills and world-class construction expertise.

### **Property Development and Investment**

During the review period, the property development and investment operation has contributed revenue of HK\$2.2 million.

With regards to the residential development project at No. 128 Waterloo Road, Kowloon, which was acquired in the second half of the 2016/17 financial year, initial plans for developing a medium-density luxury residential property continues to be pursued. Besides, the Group entered into an agreement with an independent third party to dispose the residential project “T PLUS”. Meanwhile, development of the residential project at Tung Chung Road, Lantau Island has remained on track and construction is expected to commence by the end of 2018. The Group will continue to review and refine its property portfolio, and as aforementioned, engage in projects in joint ventures that facilitate its development in the Hong Kong market.

### **Other Businesses**

The Group's professional services business, which includes security and facility management, engaged under City Services Group Limited (“City Services”), performed encouragingly, contributing revenue of HK\$268.9 million and segmental profit of HK\$15.1 million during the review period.

In its effort to expand the scope of business and thereby create more revenue streams, the Group is now involved in a variety of business that it considers having favourable growth potential, can complement existing businesses or are standalone operations that provide sustainable cash flows. These include the management of the Hong Kong Cross-Harbour Tunnel, provision of high-end safe deposit box services, construction financing services for sub-contractors, and operation of an online building materials procurement platform.

### **Outlook & Prospects**

Infrastructure development in Hong Kong is expected to continue, albeit at a less prodigious pace as approval of government projects is likely to remain slow. Major projects that the market is anticipating include the Central Kowloon Route, Tung Chung Land Reclamation for Tung Chung New Town Extension, and Hong Kong International Airport's Third Runway System construction and related projects. Infrastructure construction costs are predicted to rise less steeply in the coming one to two years, though costs for housing construction materials are anticipated to remain high. Apart from the Hong Kong market, the Group will seek to expand its footprint by means of acquisitions and partnerships particularly for projects in the PRC and large-scale infrastructure projects in countries along the “Belt and Road” routes.

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With house prices reaching new highs and concerns on overheat of property market that may create uncertainty on its outlook in the short term, the Group will stay prudent while striving to advance the property development and investment business. Correspondingly, the Group has been focusing increasingly on properties that hold the potential for generating long-term income in the form of joint ventures so as to reduce the amount of initial working capital required for each project. This strategy will capitalise on the demand for retirement housing given the rising elderly population in Hong Kong.

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### **Asia Allied Infrastructure Holdings Limited (stock code: 00711.HK)**

Asia Allied Infrastructure Holdings Limited (“AAI”) is listed on the Main Board of the Hong Kong Stock Exchange under stock code 711. It is engaged in various businesses including construction engineering and management, project consultancy, property development, security services and property management, tunnel management, safe deposit box services, construction finance and investment, online procurement of construction materials, etc. With Hong Kong as its business development base, AAI is also exploring development opportunities with Asia as the main focus, as well as in overseas markets. Its subsidiary “Chun Wo” is a renowned construction contractor and property developer in Hong Kong, which enables AAI to capitalise on that company’s solid construction experience and professional capabilities to seize the opportunities for infrastructure development in countries along the “Belt and Road” initiative, and, ultimately, to increase overall profitability and create higher investment value.

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