



# 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 2016 INTERIM RESULTS

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### UNEARTHS MORE OPPORTUNITIES FOR INFRASTRUCTURE IN THE PRC AND PROPERTY BUSINESS OVERSEAS EXPANDS THE PRESENCE ACROSS ASIA PACIFIC REGION AND OVERSEAS MARKETS

#### Highlights

- ◇ Revenue increased by 11.5% to HK\$4.54 billion
- ◇ Net profit was HK\$44.2 million
- ◇ Earnings per share was HK3 cents
- ◇ Awarded 6 new construction projects worth a total contract sum of approximately HK\$3.05 billion

(Hong Kong, 30 November 2016) — **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 2016.

The Group registered a stable overall performance for the period under review and recorded a total revenue of approximately HK\$4.54 billion, representing a year-on-year increase of 11.5%. Net profit amounted to HK\$44.2 million. Earnings per share amounted to approximately HK3 cents.

Subsequent to the period under review, the Group completed the acquisition of an engineering and architecture consultancy company in Singapore. The acquisition will enable the Group to create synergies in its infrastructure and property development operations in Hong Kong, the PRC and overseas markets. As the Group further expanded its business to Asia Pacific and overseas markets, the Group has renamed from “China City Construction Group Holdings Limited” to “Asia Allied Infrastructure Holdings Limited,” to align with its direction of future development and reflect its long-term strategic goal. The Group’s businesses in Hong Kong will continue to be operated under the “Chun Wo” brand, striving to maintain industry leadership by focusing on infrastructure, as well as public and private housing projects and adhering to best industry practices.

**Mr. Dominic Pang, Co-Chairman of Asia Allied Infrastructure**, said, “The significant delay in tendering for government infrastructure projects has substantially reduced the amount of civil works projects thus competition has become more intense in the industry. However, with a proven track record and the ability to offer outstanding quality services, we have been able to secure a number of public and private building construction projects, reflecting market recognition for the Group’s excellent capability in undertaking construction projects. While solidifying our businesses in Hong Kong, we will also continue to explore business development opportunities in Hong Kong, Mainland China and overseas, striving to expand the

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presence of our infrastructure and property development businesses across the broad Asia Pacific region and to overseas markets, thus enhancing the Group's profitability."

### **Construction**

During the period under review, the Group had a steady performance in its core business of construction operations, with all construction contracts proceeding on schedule and a number of major projects completed during the period. During the period under review, the construction segment recorded a revenue of approximately HK\$4.29 billion, representing a year-on-year increase of 11.3%. Profit of the segment was approximately HK\$86.2 million, representing a year-on-year increase of 103.3%. As at 30 September 2016, the total value of the Group's contracts on hand was approximately HK\$34.32 billion, of which outstanding contracts amounted to approximately HK\$14.21 billion, representing an increase of 8.3% and 1.9% respectively compared with the figures of 31 March 2016.

Under the ongoing influence of various external factors, the Hong Kong government continued to postpone the award of large-scale infrastructure projects, resulting in a decline in the number of infrastructure projects undertaken by the Group during the period. Nevertheless, the Group managed to secure six major new contracts with an aggregate value of approximately HK\$3.05 billion, representing an increase of 4.1% compared with HK\$2.93 billion of the corresponding period of last year on the back of its proven track record and excellent service quality, as well as the government's increased land supply. Among the new projects awarded, the Construction of Public Rental Housing Redevelopment at Phases 7 and 8 of Pak Tin Estate had the highest contract value of HK\$1.99 billion, and is expected to be completed in the second quarter of 2019. Another one is the Design and Construction of Redevelopment of Kwai Chung Hospital (Phase I), with a contract value of approximately HK\$370 million and which is expected to be completed in January 2018. In addition, the Group was awarded the contract for Hong Kong International Airport - Terminal 1 Annex and Car Park Advanced Works and the Foundation for Subsidised Sale Flats development at Tseung Kwan O Area 65C2, Phase 1. The new contracts awarded during the period once again demonstrated the market's recognition of the Group's outstanding capacity in undertaking projects.

The Group is committed to mechanising its works procedure and applying more innovative technology and advanced equipment to its projects, as well as flexibly using building designs that can save manpower to cushion itself against rising staff costs. A subsidised housing construction project in Shatin has marked the first-ever adoption of the construction method of using fully precast units. Apart from more effective monitoring of building efficiency and quality, by using this method, staff costs can be reduced and higher profit margins can be attained.

During the period under review, satisfactory progress was achieved for various construction projects, including: the Central-Wan Chai Bypass: Tunnel (North Point Section) and Island Eastern Corridor Link; the Hong Kong-Zhuhai-Macao Bridge Boundary Crossing Facilities – Passenger Clearance Building; the MTR Shatin to Central Link; and Liantang/Heung Yuen Wai Boundary Control Point Site Formation and Infrastructure Works. The Group also completed and delivered seven projects in total, including Wan Chai Development Phase II: Central-Wan Chai Bypass at Hong Kong Convention and Exhibition Centre; the Whampoa Station on the MTR Kwun Tong Line Extension, which was completed in June 2016 with smooth commencement of operation in late October 2016.

### **Property Development and Investment**

During the period under review, the property development and investment segment recorded a revenue of approximately HK\$10.9 million. Profit of the segment was approximately HK\$18.0 million. The Group's residential development project located at Tseng Choi Street, Tuen Mun, has made satisfactory progress. The project is expected to provide about 356 residential units and a commercial floor area of approximately

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38,000 sq. ft., which is awaiting issue of Presale Consent. Pre-sale of the project is estimated to commence at the end of 2016 and the project is expected to be completed in the first half of 2018. In addition, the Group is applying to the government for a change of land use for the residential project located at Tung Chung Road, it is expected that the construction works will commence in 2018.

Subsequent to the period under review, the Group entered into a provisional agreement with the purchaser in November 2016 for the sale of the shops and car park spaces of Grand View Garden on Hammer Hill Road, Kowloon, at a consideration of HK\$295 million. In addition, the Group has won the tender of a residential property development project at Waterloo Road, Kowloon, Hong Kong on 31 October 2016 at a cash consideration of HK\$668 million.

### **Professional Services**

During the period under review, the Group's security and facility management company, City Services Group Limited ("City Services"), signed a satisfying amount of renewal contracts, including YATA Department Store, DBS Bank and certain properties and residential clubhouses of MTR Corporation Limited. New contracts secured during the period include Two MacDonnell Road, Harbour Green and Shatin Donor Centre of Hong Kong Red Cross Blood Transfusion Service, etc. On the other hand, the Group has been actively exploring the business opportunities arising from large-scale local events in recent years, including venue security service contracts of the Hong Kong Wine & Dine Festival, Hong Kong Food Carnival and Hong Kong Brands & Products Expo.

During the period under review, the Group is planning a spin-off of its professional services for the separate listing on the GEM of City Services.

### **Other Operations**

The Group has continued to expand its business, and secured a management contract for Cross Harbour Tunnel with effect from 1 November 2016.

Meanwhile, leveraging its experience in security services, the Group has extended its business into the high-end safe deposit box rental services, which is expected to commence operation in the first half of 2017. The new business will be operated in a leased basement with a gross floor area of approximately 5,000 sq ft, located at the core business district in Central-Sheung Wan area concentrated with grade A commercial buildings. The basement will be equipped with a security system designed for casinos and safe deposit boxes manufactured in Europe with EU anti-theft and safety certifications. Self-developed strict stringent identity security measures will also be adopted, aiming to satisfy the demand of high-end customers for such premium personal safe deposit box rental service.

### **Outlook & Prospects**

The Group expects that the construction industry in Hong Kong will continue to face various challenges in the short term including surging labour cost, labour shortage and delay in tendering of large-scale infrastructure projects due to political disputes. In the long term, the Group believes that the Hong Kong government will continue its initiative in steadily promoting infrastructure development and increasing housing supply to boost economic growth, leading to promising prospects for the construction industry. In the PRC, the Group believes that the infrastructure investment market based on the public-private partnership (PPP) model has tremendous development potential and the Group will stand out in the bidding of infrastructure projects along the route of the "Belt and Road Initiative" with our extensive experience in the infrastructure business accumulated over the past few decades and the remarkable past performance of our partners in PPP projects. The Group will proactively expand its business in the Asia-Pacific region and overseas markets and also diversify its project natures to achieve sustainable development.

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The property development and investment segment will become one of the main drivers for the future development of the Group. Although the Hong Kong government has increased land supply during the past couple of years, players participating in the bid for lands include developers from local and the PRC, thus intensifying the competition for lands. The Group will evaluate participating in the bidding of lands as a sole proprietor or in partnership with other consortiums, and capitalize on its own strengths in construction works, project management and resources allocation to carry out property development projects, so as to explore more high-potential property development opportunities.

Looking ahead, while consolidating its construction and property development business in Hong Kong, the Group will actively invest in quality PPP projects in the PRC and seize the opportunities of large-scale infrastructure development projects under the “Belt and Road Initiative”. At the same time, the Group will unleash more synergy to strengthen competitiveness, as well as proactively explore promising property development opportunities in the Asia-Pacific region and overseas markets through collaborative partnership. This will enable the Group to evolve into a leading multinational enterprise with its focus on the Asia-Pacific region while expanding its presence globally.

**Mr. Xu Jianhua, Jerry, Co-Chairman of Asia Allied Infrastructure**, concluded, “Looking ahead, we will continue to identify different development opportunities, leverage the excellent track record and extensive resource networks of our business partners with regard to infrastructure projects in the PRC and through cooperation unearth more opportunities for our infrastructure in the PRC and property business overseas. We will also continue to strengthen our integrated management capability, costs and risks control and at same time boost overall operational efficiency to achieve stable long-term growth.”

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

Asia Allied Infrastructure Holdings Limited (“the Group”) (stock code: 00711.HK), formerly “Chun Wo Development Holdings Limited, was founded in 1968. The Group initially in construction business was listed on the Main Board of the Hong Kong Stock Exchange in 1993. After years of hard work and rapid development, the Group has become a reputable construction expert and property developer in Hong Kong. Through restructuring shareholding in 2014 and, in active cooperation with strategic partners, the Group has reinforced its business in Hong Kong and business development in Greater China and overseas. Its original construction, property development and property management businesses in Hong Kong have been integrated and expanded to cover also construction management, project consultancy, construction finance and investment. In the future, the Group will explore development opportunities in the Asia Pacific region, with Hong Kong and China as the main focus, and also in overseas markets.

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**Appendix****New Major Projects awarded in the six month ended 30 September 2016**

<b>Project Name</b>		<b>Expected Completion date</b>	<b>Attributable Contract Value (HK\$'Million)</b>
<b>Building Construction Works</b>			
1	Construction of Public Rental Housing Redevelopment at Pak Tin Estate Phase 7 & 8	Apr 2019	1,992
2	Main Contract for the Proposed Residential Development at TMTL499, Tseng Choi Street, Tuen Mun, New Territories	Feb 2018	408
3	Design and Construction of Redevelopment of Kwai Chung Hospital (Phase 1)	Jan 2018	369
<b>Foundation Works</b>			
4	Foundation for Subsidised Sale Flats Development at Tseung Kwan O Area 65C2, Phase 1	Aug 2017	140
5	Foundation for Subsidised Sales Flats Development at Au Pui Wan Street, Fo Tan	Apr 2017	59
<b>Maintenance Works</b>			
6	Hong Kong International Airport (Third Runway) Terminal 1 Annex and Car Park Advanced Works	May 2017	82

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