



# 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 2016/17 ANNUAL RESULTS

#### TAPPING NEW OPPORTUNITIES ACROSS ASIA AND BEYOND

##### Highlights

- ◇ Revenue increased by 3.1% to HK\$8.81 billion
- ◇ Net profit amounted to HK\$206 million
- ◇ Earnings per share was HK13.62 cents
- ◇ Proposed a final dividend of HK3.8 cents per share
- ◇ Major new construction projects worth a total contract sum of approximately HK\$7.3 billion

(Hong Kong, 29 June 2017) — **Asia Allied Infrastructure Holdings Limited (“Asia Allied Infrastructure” or “the Group”)** (stock code: 00711) announces its annual results for the year ended 31 March 2017.

The Group recorded a total revenue of approximately HK\$8.81 billion for the year, increased by 3.1% year on year. Net profit decreased by approximately 31.9% to approximately HK\$206 million. The decrease is due to the fact that in the previous year, a gain on sale of property interests through the disposal of a subsidiary was recorded. If the impact of that previous gain is excluded, net profit attributable to shareholders of the Company for the year shows an increase of 100.6% with earnings per share surging by 88.1% to HK13.62 cents. The Group’s net asset value per share amounted to HK\$1.39 as at 31 March 2017 (2016: HK\$1.36). With sound profitability and strong net cash flows, the Board has proposed a final dividend of HK3.8 cents per share for the Year (2016: Nil).

During the year, the Group was renamed to “Asia Allied Infrastructure Holdings Limited” to reflect the Group’s ambitions to go beyond the traditional status as a premier local construction and development company. Such move is especially pertinent as China’s ‘Belt and Road’ initiative begins to take shape, opening up major new opportunities in these fields right across Asia and beyond. Changes in its shareholder structure and in the Board of Directors made in recent months, moves which have stabilized the Group and helped achieve a firm consensus on these planned future directions.

In the year under review, the Group acquired an engineering and architecture consultancy company in Singapore, thus establishing a foothold in the region from which the Group can make contacts, build up local networks and connect with “Belt and Road” more easily. The Group expected to continue making similar acquisitions and expanding the Group’s partnerships on an Asia-wide scale in the years ahead. Furthermore, to expand the Group’s regular income streams and to capture niche markets where the Group’s expertise gives itself an edge, the Group further diversified its business portfolio through ventures into the management of Hong Kong’s Cross-Harbour Tunnel, and the provision of safe deposit box services for high-end users. These are businesses that offer the prospect of consistent and reliable stable incomes, giving the Group

greater control over its cash flows and a better ability to plan for expenditure or investment in the future.

**Mr. Dominic Pang, Chairman of Asia Allied Infrastructure**, said, “We have been actively exploring strategies for leveraging our deep local infrastructure experience in order to achieve more substantial regional growth and diversified business development. There is no doubt that our core Chun Wo construction business has more than proved itself as a front-runner on the Hong Kong scene, in terms of expertise, technology and experience. We are now at the stage of looking for ways of leveraging these unique skills in such a way as to capture wider opportunities.”

## **Construction**

The Group’s core construction segment, mainly operated under the well-established brand of “Chun Wo”, performed steadily in the past year. The construction segment has continued its trend of expansion by achieving revenue growth for consecutive years. While attaining a satisfactory segmental profit of HK\$149 million, segmental revenue for the Year reached a record high of HK\$8.31 billion, representing a year-on-year increase of 3.0%. As at 31 March 2017, the total value of the Group’s contracts on hand was HK\$31.26 billion, of which HK\$13.81 billion remained in progress. These amounts represent a slight decrease of 1.3% and 0.9% respectively over last year’s figures.

During the year, delays in funding approval for large-scale public works construction projects by Hong Kong Legislative Council continued to bring challenges to the local construction industry over the Year, although they also led to a decline in labour costs, which have traditionally been very high due to the imbalance between skilled labour and the number of projects underway. The private housing market, by contrast, remained relatively buoyant.

The total value of major new contracts secured by the Group during the Year was approximately HK\$7.3 billion, an increase of 23% as compared with the total value of approximately HK\$5.9 billion for the previous year. Major new projects secured included the contracts for Site Formation and Infrastructure Works for Development of the Anderson Road Quarry Site with a contract sum of HK\$2.66 billion, Construction of the Public Rental Housing Redevelopment at Pak Tin Estate Phases 7 and 8 with a contract sum of HK\$1.99 billion, Road and Drainage Works for Queen’s Hill Development with a contract sum of HK\$428 million, and the Design and Construction of the Redevelopment of Kwai Chung Hospital (Phase 1) with a contract sum of HK\$370 million, and Construction of the Columbarium at Wo Hop Shek Cemetery – Phase 1 with a contract sum of HK\$669 million. Significant new building maintenance contracts awarded during the Year include two term contracts for Architectural Services Department of the Hong Kong government, which are worth HK\$800 million and HK\$714 million respectively.

A total of 28 projects were completed and delivered during the year. Among the most substantial of these were the Wan Chai Development Phase II: Central-Wan Chai Bypass at Hong Kong Convention and Exhibition Centre, the Proposed Development of Gleneagles Hong Kong Hospital at Nam Fung Path, Aberdeen Island, the MTR Kwun Tong Line Extension: Whampoa Station and refuge siding tunnel, and the Main Contract Works for the Retail Expansion of City of Dreams, Macau.

## **Property Development and Property Investment**

During the year, the Group’s property development and investment segment recorded a profit of HK\$123 million (2015/16: HK\$195 million). The decrease in segmental profit for the Year was mainly due to the effect of the gain on sale of property interests recorded in the previous year as mentioned above.

In October 2016, the Group acquired a property located at No.128 Waterloo Road, Kowloon through tender

for a residential development project. The Group considers that the project is of great potential. In addition, the Group's residential project known as "T PLUS" located at Tseng Choi Street, Tuen Mun progressed as scheduled. The entire project is scheduled for completion by the end of 2018, when it will offer a total gross floor area of approximately 148,000 sq. ft., inclusive of 356 residential units and a commercial floor area of approximately 38,000 sq. ft.. After the year-end, the Group entered into a provisional agreement with an independent third party, pursuant to which the Group has agreed to dispose of all its interests in the project.

On the other hand, the Group has commenced the early stages of development of the residential project located at Tung Chung Road, Lantau Island. A land exchange application is currently in progress, and construction work is expected to begin at the end of 2018.

### **Professional Business**

The Group's security and facility management segment under City Services Group Limited ("City Services") continued to prosper during the Year with a record-high segmental revenue of HK\$485 million, which represents year-on-year growth of 12.9%. City Services also achieved a strong profit performance, recording a segmental profit of HK\$16 million. Excluding the non-recurring expenses incurred for the proposed spin-off and separate listing of City Services on the Growth Enterprise Market of the Stock Exchange (the "Proposed Spin-off"), segmental profit grew by 25.6% as compared to the previous financial year. On the other hand, besides achieving a number of important contract renewals with major clients, City Services also attracted a number of new clients. New contracts secured include those for two properties of MTR Corporation Limited (Harbour Green and Grand Austin), North District Hospital, YOHO Mall I Extension, Two MacDonnell Road and Shatin Donor Centre of Hong Kong Red Cross Blood Transfusion Service. The Group also actively sought new business opportunities for providing venue security services for major local events, such as the Hong Kong Wine & Dine Festival, the Hong Kong Food Carnival and the Hong Kong Brands & Products Expo.

### **Other Business**

During the year, the Group has diversified its income streams by expanding the scope of its business activities. The Group secured a six-year management, operation and maintenance contract for Cross-Harbour Tunnel in Hong Kong, which commenced in November 2016. The contract for management of Hong Kong's busiest Cross-Harbour Tunnel presents an opportunity for the Group to showcase its capabilities in infrastructure management and gain valuable experience in this field.

On the other hand, the Group has also branched out into offering high-end safe deposit box rental services. Operation commenced in the first half of 2017, with the facilities occupying around 5,000 sq. ft. of space located close to Hong Kong's central business district. The facilities are designed to meet the needs of high-end corporate customers and offer 24-hour security services, the most advanced security system and European-manufactured safe deposit boxes.

### **Outlook & Prospects**

Looking forward, the Group envisions itself to gradually move beyond its current status to become a broader infrastructure and investment entity, operating on a wider geographical scale across the region in alliance with other significant market players.

**Mr. Dominic Pang, Chairman of Asia Allied Infrastructure**, concluded, “Our emphasis on growth, our efforts to develop strong and recurrent income streams, and our strategic plans to export our skills to the wider Asian market through collaborative partnerships, are all measures aimed at enhancing our profitability and strengthening our competitiveness. Building on core strengths developed over decades of success, we are now ready to step more ambitiously into region’s growing markets and live up to the intentions declared in our new name.”

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**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. In recent years, 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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