

【For immediate release】

28 November 2018



Hong Kong Shanghai Alliance Holdings Limited
(Stock code: 1001.HK)

Announces FY2018/19 Interim Results

Achieved a Turnaround in Net Profit

Successful Formation of Co-Investment Venture with GIC

Acquired Shanghai Property Longyu through Co-Investment Venture to Expand Property Portfolio

Financial Highlights

For the six months ended 30 September	2018 HK\$ million (unaudited)	2017 HK\$ million (unaudited)	Change
Revenue	1,485.5	1,643.7	-9.6%
Gross profit	144.8	144.0	+0.6%
Profit / (Loss) attributable to owners of the Company	8.1	(25.2)	Negative to Positive
Basic earnings/(loss) per share (HK cents)	1.3	(3.9)	Negative to Positive

(28 November 2018 – HONG KONG) Hong Kong Shanghai Alliance Holdings Limited (the “Company” or “HKSHA”, together with its subsidiaries, the “Group”; stock code: 1001.HK), a leading private equity real estate investor and investment manager and regional construction materials processor, is pleased to announce its interim results for the six months ended 30 September 2018 (the “Period”).

Results Summary

During the Period, the Group recorded a revenue of approximately HK\$1,485.5 million. Gross profit rose by 0.6% year-on-year to approximately HK\$144.8 million (1HFY2017/18: approximately HK\$144.0 million). The Group has achieved a turnaround, with an unaudited profit attributable to owners of the Company amounted to approximately HK\$8.1 million, compared to an unaudited loss attributable to owners of the Company of approximately HK\$25.2 million over the corresponding period of last year. Basic earnings per share was HK1.3 cents (1HFY2017/18: basic loss per share HK3.9 cents).



Favourable Macro-environment in both HK and the Mainland China

Founded in 1961, the Group engages in various business segments, namely Property Investment and Project Management Business, Construction Materials business, Building and Design Solutions Business, and Engineering Plastics Business. As all of the business segments have a strong focus in either the Hong Kong or Shanghai market, two of the most economically-developed regions in the PRC, the Group is expected to be benefited from respective regional initiatives in the near future.

In Hong Kong, projects delay that hindered the Group's performance may soon be tackled. According to a press release dated 29 May 2018 on the website "Chief Executive Hong Kong Special Administrative Region", 29 government construction projects totalling HK\$68 billion had been approved by the Public Works Subcommittee of the Legislative Council of Hong Kong. Among those, 10 of the projects totalling HK\$37.4 billion could be commenced soon. The Chief Executive of Hong Kong remains optimistic towards the approval of projects, meaning that there will be a strong project pipeline in the near future.

In addition, Shanghai is actively transforming into a global financial hub, by upgrading to a service driven economy. As a host city of international mega events, it is expected that the demand for infrastructure, commercial buildings, and residential buildings will increase drastically. With a major foothold in Shanghai, the Group will be able to capture the booming demand for its construction materials, property revitalization and management services, and building and design solutions.

With its approximately 60 years of market presence, proven business model, as well as sharp focus on the regional markets of Hong Kong and Shanghai, the latest US-China trade tension would also have minimal impact to the Group's businesses, as the Group continues to expand its service offering to local customers.

Another Hallmark Recorded Through JV with GIC

During the Period, the Group has completed the formation of a co-investment venture (the "JV") with a sovereign fund, GIC, which is wholly-owned by the Minister of Finance of the Government of Singapore, and it has recently acquired an underperforming commercial building, Longyu International Plaza ("Longyu"), a 58,601 sqm Grade A-office building conveniently located in Jing'an District, Shanghai with direct access to 3 metro lines. Riding on the Group's remarkable track record in building revitalization and occupancy improvement of Central Park Pudong, the Group aims to replicate such success, and apply relevant experiences to renovate Longyu in order to uplift its managerial and service quality, and recruit new tenants to enhance its value in the future. Apart from adding another hallmark to the Group's portfolio in addition to the success of Point Jing'an, Central Park Putuo and Central Park Pudong, the project will also enhance its goodwill and reputation. Active participation in projects of such kind serves as a testament to the Group's vision, further establishing the Group as a major player in the region.

On the other hand, by performing value enhancement and tenant upgrade to its wholly-owned Central Park Pudong, the Group was able to achieve an increase in rental revenue, with its occupancy rate increased from 76% as of 31 March 2018 to approximately 91% as of 30th September 2018.



Turning-Around of the HK Construction Material Business

During the Period, the Group's HK Construction Material Business continued to propel despite various challenges from the steel market and the global economy. With the aim to improve quality, productivity and cost-effectiveness, the HK government has set aside HK\$1 billion for the establishment of "Construction Innovation and Technology Fund", to boost the capacities of enterprises and practitioners in the construction industry to adopt new technologies. Under the initiative, establishing large-scale and highly-automated steel reinforcing bar prefabrication plant is being highlighted as a prime example. The Group believes such favourable support from the Hong Kong government will streamline the steel supply chain, and it should also expedite the transformation of the local construction industry, and specifically, encouraging the adoption of factory cut-and-bend production; thus creating further opportunities for the Group to capture.

Mr. Andrew Yao, Chairman and Chief Executive Officer of HKSHA, said, "We are delighted with the successful formation of the JV and the acquisition of Longyu International Plaza, and we would like to thank GIC for their relentless support and utmost confidence in us. As Shanghai has been progressively transforming into a cosmopolitan city in all aspects, we look forward to leveraging our partnership with GIC to accelerate our development in Shanghai's urban renewal sector."

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This press release is issued by DLK Advisory Limited on behalf of **Hong Kong Shanghai Alliance Holdings Limited**.

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