

CONTRACTORS

Citic Construction in talks with three UK contractors over JV on ABP's £1.7bn development

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A major Chinese contractor will build the first phase of one of London's highest-profile mixed-use projects, *Construction News* has learned

Citic Construction is understood to have already secured a role as part of a joint venture on ABP's £1.7bn Royal Albert Dock development.

The Chinese construction giant is in talks with three major UK firms – Brookfield Multiplex, Laing O'Rourke and Mace – over partnering for the scheme.

ABP has told Citic it must select at least one of these UK companies to work with on the first phase of the project, which has a total construction value of around £240m.

A senior-level source close to the scheme said: “One of the main conditions for Citic doing this is that it will have to choose at least one of those three [firms].”

Phase one includes two contracts, the first of which covers enabling and infrastructure works totalling around £40m. This contract will be awarded towards the end of the year.

It is understood the JV would be in pole position to win the second £200m contract, which will include the construction of around 700,000 sq ft of office and retail space. This is expected to be awarded in Q1 2016.

ABP would consider handing Citic solo work on future phases of the project “with the right conditions”, according to the source.

However, it is understood this would depend on a number of factors such as its acceptability to the market.

ABP chairman [Xu Weiping told *Construction News*](#) in July that he had ambitions for UK developments beyond its transformation of the Royal Albert Dock.

Mr Xu said he was interested in other cities, including Birmingham, Cambridgeshire, Edinburgh, Liverpool, Manchester and Oxford, with ABP’s London scheme representing an important “first step” for the company in the UK.

The chairman also expressed his desire to include Asian constructors on the scheme.

“My understanding is that the construction market in the UK is not really open to Asian countries, which is a shame.

“But if it is, then I would like to introduce some Asian contractors to the UK to work on the ABP project,” he said.

Chinese developers and investors are increasingly eyeing the UK as a route into the European property market.

Pinsent Masons partner Chris Hallam, who works with a number of Chinese businesses, said: “There are some incredibly rich people over in China and they are looking to invest their money in safe places.”

China’s stock market has been in turmoil over recent months, resulting in the Shanghai index falling 8.5 per cent in July.

Asked whether this economic climate may prompt investors to invest their cash elsewhere, Mr Hallam said: “It may give them a little more impetus to do it if they think things are cracking a bit in their own market.”

He added: “China has built an awful lot over the last 15 years – it’s just phenomenal.

“It’s another reason their contractors are looking to or being sent out by their own parties to the rest of the world - there is only so much work in China at the end of the day.”

Citic Construction is part of Citic Group Corporation, which is a state-owned Chinese investment company, with assets totalling 3.56tn Chinese Yuan (£370bn).

The corporation also controls Citic Securities, China’s biggest brokerage, which made the headlines this summer after senior executives at the company were accused of insider trading following China’s stock meltdown in July.

In November 2014, *Construction News* [revealed that Mace had joined forces](#) with Chinese materials and research company China Building Technique Group to bid for work on the ABP scheme.

Citic Construction has been contacted for comment. ABP, Brookfield Multiplex, Laing O’Rourke and Mace all declined to comment.

Available to read the full story at:

http://www.cnplus.co.uk/companies/contractors/chinese-contractor-to-build-phase-one-of-17bn-royal-albert-dock/8689852.article#.VilQyfnF_5E