



俊和發展集團  
CHUN WO DEVELOPMENT HOLDINGS LIMITED

[For Immediate Release]

## CHUN WO ANNOUNCES 2015/16 INTERIM RESULTS

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### NET PROFIT UP 744.5% REACHING HK\$ 218.7 MILLION STRATEGIC PARTNERSHIP WITH NEW SHAREHOLDERS BEGUN TO BEAR FRUIT

#### Highlights

- ◇ Revenue increased by 2.5 % to HK\$ 4.07 billion
- ◇ Net profit grew by 744.5% to approximately HK\$218.7 million
- ◇ Net profit margin increased to approximately 5.4%
- ◇ Earnings per share increased 721.2% to HK15.52 cents
- ◇ Awarded seven major construction projects worth a total contract sum of approximately HK\$2.93 billion

(Hong Kong, 23 November 2015) — **Chun Wo Development Holdings Limited** (“Chun Wo” or “the Group”) (stock code: 00711) announces its interim results for the six month ended 30 September 2015 (the “review period”).

During the review period, strategic cooperation between the Group, China New Way Investment Limited (“China New Way”) and China City Construction Holding Group Co., Limited (“CCCC”) began to take shape. Not only does the introduction of CCCC facilitate the steady development of Chun Wo’s business in Hong Kong, it also presents good development opportunities for the Group in China and overseas to further increase its business scope.

Overall performance of the Group over the review period was solid. Total revenue was approximately HK\$4.07 billion, representing a year-on-year rise of 2.5%. Net profit grew by 744.5% to approximately HK\$ 218.7 million, while net profit margin increased to approximately 5.4%. Earnings per share was approximately HK15.52 cents, representing a year-on-year rise of 721.2 %.

**Mr. Dominic Pang, Co-Chairman of Chun Wo**, said, “Although the Group expects to face various challenges in the short term, the long-term development of the construction industry remains stable. The strategic partnership with new shareholder can be promoted with major construction enterprises in China and will also expedite the Group’s development pace in overseas markets. As for the property development and investment segment, the strategic investment between Chun Wo and CCCC has begun to bear fruit. While the Group reinforces its market presence in Hong Kong, it will also continue to pay close attention to China and overseas markets and to optimize its overall investment portfolio to bring the most ideal returns to shareholders.”

#### **Construction**

Over the past six months, the performance of Chun Wo’s core construction business was stable. Construction contracts continued to progress according to plan, while a number of major projects were completed during the period. During the review period, the business segment recorded revenue of approximately HK\$3.85 billion, representing a year-on-year rise of 3.2%. Segmental profit was approximately

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HK\$42.4 million, representing a modest year-on-year decrease of 29.1%. The reduced rate of increase was mainly attributable to the slowdown in the tendering of numerous major government projects.

As at 30 September 2015, the total value of contracts in hand for the Group was approximately HK\$30.78 billion, of which the value of unfinished contracts was approximately HK\$13.87 billion, which was up by 14.6% and 3.9% respectively over the comparable figure as at 31 March 2015.

Despite the delays in awarding of tenders for numerous major government infrastructure construction projects due to various external factors during the period, the Group was still able to secure the tenders for seven new projects by leveraging its outstanding past performance and superb service quality. The total value of the projects, covering a diverse range of responsibilities, was approximately HK\$2.93 billion. Comparing with the total values approximately HK\$2.22 billion for the same period last year, it rose by around 32%. The contracts with the greatest value include the Term Contract for Minor Works 2015 for Hong Kong East and Hong Kong West Clusters with a contract value of approximately HK\$837 million, which is expected to be completed in the third quarter of 2018; and the design and construction of New Territories West Regional Office of Water Supplies Department and Water Resources Education Center located at the intersection of Tin Cheung Road and Tin Pak Road in Tin Shui Wai, New Territories with a contract value of approximately HK\$630 million, which is expected to be completed the third quarter of 2017. Securing tenders for new projects during the period demonstrates market recognition for the outstanding project execution capabilities of Chun Wo.

During the review period, the various construction projects made ideal progress, which included connection work at the Central-Wan Chai Bypass North Point section tunnel and Island Eastern Corridor; the passenger clearance building of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities; the MTR Shatin to Central Line and platform modification and associated works at East Rail Line; and the Happy Valley Underground Stormwater Storage Scheme.

The construction segment of the Group completed and delivered five projects during the review period, which included the construction works of Tuen Mun Western trunk sewerage; the urban renewal project at Castle Peak Road / Cheung Wah Street, Sham Shui Po; and Stage 2 of the replacement and rehabilitation of water mains in Northern and Southwestern Hong Kong Island.

### **Property Development and Investment**

During the review period, the Property Development and Investment segment recorded revenue of approximately HK\$12.6 million, compared to approximately HK\$57.4 million for the corresponding period of 2014. Segmental profit reached approximately HK\$202.9 million, compared to approximately HK\$4.0 million last year, representing a year-on-year increase of 4,924.1 %.

The Group's residential development project located at Tseng Choi Street, Tuen Mun is making a smooth progress. The project is expected to commence pre-sale by mid 2016 and to be completed by the end of 2017. The Group also intended to develop the residential property at Yiu Sha Road, Whitehead, Ma On Shan into a quality low-density residential project with sea view. The project is still at a stage of the planning applications. Site formation is planned to commence in the first quarter of 2016, and is expected to be completed by the end of 2018 at the earliest. Pre-sale of the project is expected to begin in mid-2017.

Following an evaluation of the Group's circumstances, and after meticulously analyzing market trends, the Group sold three assets at favorable prices during the review period. The transactions led to an increase in segmental profit for the period. Specifically, the Group sold 100% interest in Profit City International Limited, a

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wholly-owned subsidiary, which holds interest in two parcels of land in Macau, and the estimated profit to be recorded is HK\$200 million calculated based on a selling price of HK\$230 million. The sale was completed on 31 July 2015. Also, the 49% interest in the carpark development of No.8 Clear Water Bay Road was sold and completed on 1 September 2015. The Group also sold 10% interest in the Kau To Shan project for HK\$195 million during the period, and profit from the sale is estimated to be approximately HK\$29.3 million. The sale was completed on 6 October 2015.

### **Outlook & Prospects**

As the Hong Kong government has continued to be affected by delays pertaining to the allocation of public funds, expected construction funds are still unable to be allocated, this will result in the tendering plans of many government construction projects to be abandoned, the Group will experience slowdown in its civil construction business. However, with the Hong Kong market is expected to continue experiencing pressure for greater housing supply, Chun Wo remains optimistic about the potential amount of construction projects in the next few years. At the same time, faced with continuously rising industry costs and expenses, the Group will focus on exploring measures to control costs and improve efficiency and will actively develop a wide range of projects to achieve sustainable development. By utilizing the new shareholders platform in China, this will create greater opportunities for the Group to align itself with national policies that lead to potential commercial opportunities, especially public and private joint-venture projects and various major development projects related to the “One Belt One Road” economic collaboration strategy. The new shareholder platform will also expedite the Group’s development pace in overseas markets.

The property development and investment segment will become one of the main driving forces for the future development of the Group, the strategic partnership with China New Way and CCCC will be beneficial for the Group in developing new business. Currently, the strategic investment between Chun Wo and CCCC has begun to bear fruit, as both parties are working closely together and are jointly involved in a comprehensive development project located in downtown Miami, U.S.A.. Chun Wo and CCCC will hold 45% and 55% interest respectively in the project, which has a floor area of approximately 3,200,000 sq. ft. and will be held for development purposes. Looking ahead, Chun Wo will continue to use the joint development project in Whitehead, Ma On Shan as a model for developing and investing in similar projects through partnerships. The Group will actively explore high-potential property development and investment opportunities, mainly through joint ventures that help to mitigate risk as well as secure the operating capital required for each project.

**Mr. Xu Jianhua, Jerry, Co-Chairman of Chun Wo**, concluded, “Looking forward, Chun Wo will continue to reinforce its core businesses in Hong Kong and actively explore high-potential property development and investment opportunities in China and overseas that are collaborative in nature. Chun Wo will also continue to improve internal control measures, reduce costs and risks while striving to enhance overall operating efficiency. The Group is confident that it can achieve the goal of maintaining 10% year-on-year annual net profit growth in the current financial year.”

### **Chun Wo Development Holdings Limited (Stock code: 00711)**

Chun Wo was founded in 1968 and was listed on the Main Board of the Hong Kong Stock Exchange in 1993. Chun Wo has recently introduced a new shareholder, China New Way Investment Limited, in 2015 to leverage that company’s network and resources in China. Apart from developing its core property development and construction businesses, in recent years Chun Wo has been diversifying its business into property investment, property management and security services. Its projects are widely dispersed in Hong Kong, Mainland China, Macau, Vietnam and the United Arab Emirates. Leveraging its expertise in large-scale integrated construction projects, the Group is capable of undertaking a wide range of activities encompassing civil engineering, building construction, foundation works, tunnel boring machine (“TBM”) technology, fitting out and interior design, electrical and mechanical engineering, track-work engineering and maintenance works. Its signature projects included the Central-Wan Chai Bypass, Guangzhou-Shenzhen-Hong Kong

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Express Rail Link and MTRC projects for the South Island Line and Shatin to Central Link. Chun Wo has also seized opportunities to engage in property development in the PRC, with a presence in Shijiazhuang, Hebei Province; Shanwei, Guangdong Province and Yangzhou, Jiangsu Province.

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**Appendix****New Major Projects awarded for the six month ended 30 September 2015**

Project Name		Expected Completion Date	Attributable Contract Value (HK\$' Million)
<b>Building Construction Works</b>			
1	Design and Construction of New Territories West Regional Office and Water Resources Education Center of Water Supplies Department	2017	630
2	Superstructure Works for Proposed Residential Development at Shek O Road, Shek O, Hong Kong	2017	255
3	Proposed Residential Redevelopment at Peak Road, Hong Kong	2016	218
<b>Maintenance Works</b>			
4	Term Contract for Minor Works 2015 for Hong Kong East and Hong Kong West Clusters	2018	837
5	Main Contract for Refurbishment of Hong Kong Buddhist Hospital	2017	439
6	Term Contract for Waterworks - New Territories East	2018	361
<b>Fitting Out Works</b>			
7	Fitting Out Works for Common Area (Lift Lobbies and Guard Houses) Nominated Sub-contract at Proposed Residential Development at Kowloon Inland in Sheung Lok St. and Sheung Shing St., Ho Man Tin, Kowloon	2016	192

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