



俊和發展集團
CHUN WO DEVELOPMENT HOLDINGS LIMITED

[For Immediate Release]

CHUN WO ANNOUNCES 2013/14 ANNUAL RESULTS

CONTINUES TO TAP STRONG CONSTRUCTION MARKET WITH SIGNIFICANT PROJECT WINS
DELIVERS SOLID PERFORMANCE IN CONSTRUCTION AND PROPERTY DEVELOPMENT

HIGHLIGHTS

- ◇ Revenue increased by 34% to HK\$6.55 billion
- ◇ Net profit surged 20% to HK\$93 million and met annual growth target of 10%
- ◇ Awarded 14 major construction projects worth a total contract sum of approximately HK\$7.86 billion
- ◇ Secured significant construction projects, including a JV contract for Hong Kong Boundary Crossing Facilities work of HK-Shenzen-Zhuhai-Macao Bridge
- ◇ Added 2 projects in Hong Kong into the property development portfolio
- ◇ Annual dividend increased 21.4% to HK1.7cents per share

(Hong Kong, 25 June 2014) — **Chun Wo Development Holdings Limited (“Chun Wo” or “the Group”)** (stock code: 00711) announces its annual results for the year ended 31 March 2014 (the “review year”).

The Group achieved a total revenue of approximately HK\$6.55 billion, up 34% year-on-year. Net profit surged by 20% year-on-year to HK\$93 million, met the 10% annual growth target that the Group previously set. Earnings per share rose by 12.9% to HK8.95 cents. The Board has recommended the payment of a final dividend of HK1.7 cents per share, representing an increase of 21.4% as compared with last year.

Construction

The Group’s construction segment went from strength to strength in the review year, both in terms of the number of projects won, and its success in tendering for complex large-scale projects demanding considerable specialized technical expertise from the winning bidder. Revenue from the construction segment amounted to HK\$5.89 billion for the review year, a further rise from the record HK\$4.06 billion achieved the previous year. Profit from the construction segment was HK\$57.2 million, against the figure HK\$41.7 million in last year.

As at 31 March 2014, the estimated total value of the Group’s contracts in hand amounted to approximately HK\$28.81 billion, of which HK\$14.63 billion remains outstanding. These figures represent increases of 14% and 19% respectively over the comparable figures as at 31 March 2013. During the review year, the Group won over 14 major contracts, worth a total of approximately HK\$7.86 billion. Subsequent to the close of the review year, the Group had won further new contracts worth approximately HK\$8.42 billion in aggregate.

The Group continued to be successful with a number of railway infrastructure projects including several new contracts awarded by MTR Corporation Limited (“MTRC”), Kai Tak Station and associated tunnels for

the Shatin to Central Link, platform modification and associated works at East Rail Line, and station commercial and improvement works at Fo Tan Station. Good progress continued to be made on the Group's largest ongoing projects, associated with the Wan Chai Development Phase II and the Central-Wan Chai Bypass.

The Group has taken up a number of projects related to resort development in Macau, primarily for leading gaming operator Melco Crown Entertainment Limited. The Group also won the government contract for constructing a new hangar at Macau International Airport. These projects generally deliver a better profit margin for the Group compared to those in Hong Kong.

Property Development

Revenue from the Group's property development segment amounted to HK\$356.3 million during the review year, as compared with the figure HK\$588.6 million in last year. The decrease was resulted from lack of major disposal comparable to the sale of property development project in Shenyang during the last financial year. Nevertheless, the Group proceeded cautiously in the review year as the property market cooling measures in Mainland China and Hong Kong are expected to continue.

During the review year, the Group entered into a joint venture by which it acquired a minority interest in a prime site at Kau To Shan, Shatin, for a winning bid of HK\$2.71 billion, earmarked for a luxury residential development. The project is scheduled for completion in 2017. In addition, the Group acquired over 90% in an industrial building in Cheung Sha Wan for redevelopment.

As of 31 March 2014, for "Arc De Royal" in Shijiazhuang, all of the units in Tower 9 and 84% of the units in Tower 8 had been sold, and the Group is optimistic that the few remaining units will be sold in the coming year. The project also includes a vacant land in Phase 3, which will be considered possibly developing with a joint-venture partner or disposal on favourable terms. As for "Le Palais Royal" in Shanwei, 99% of its residential units and 98% of its retail units had been sold as of 31 March 2014.

Property Investment

The Group's property investment portfolio performed satisfactorily over the review year. The Group recorded a 21% year-on-year increase in rental income from "Infinity 8", a shopping mall in Choi Hung. A sale and purchase agreement was concluded for the disposal of "Infinity 8" for HK\$353.8 million. The transaction is expected to close in June 2014.

Outlook & Prospects

Looking ahead, the Hong Kong Government will continue to be a significant source of infrastructure and similar construction projects for coming years. Among the high-profile developments that the Hong Kong Government will move ahead, as a regular and proven government contractor, Chun Wo expects to be highly competitive in the bidding for upcoming projects over the next few years. In April 2014, the Group won an important joint venture contract for work on the substantial HK-Shenzen-Zhuhai-Macao Bridge project, consisting of the construction work of the Hong Kong Boundary Crossing Facilities.

Moving forward, the Group will focus particularly on forthcoming large-scale civil engineering and public housing projects. In addition, the broader and more specialized technical expertise Chun Wo has acquired from recent projects, in areas such as tunneling, has further strengthened its strong and unique market position in relation to the upcoming tenders for large-scale and complicated infrastructure projects. Amid the rising operating costs for construction projects, the Group will refocus on projects that can provide quicker return and higher margin. Moreover, greater caution will be brought to the bidding process, and tender prices will be adjusted to offset the risk of sub-contractor price inflation.

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The Group adopts a relatively cautious approach in the property development amid various government cooling measures. The Group looks for opportunities that offer less conventional. For instance, the Group is particularly interested in redevelopment projects where construction expertise is particularly complementary.

Moreover, the Group continued to explore the possibility of forming partnerships for new projects in order to lower risks and reduce the levels of working capital required. Further to the winning bid for the prime site at Kau To Shan during the review year, the Group successfully bid for a 23,700 sq.ft. plot of land in Tuen Mun in May 2014 via another joint venture. The site will be developed into a composite residential and commercial project with a total gross floor area of around 137,000 sq.ft. In the coming year, the Group plans to divest itself of some of the older property development projects.

Mr. Dominic Pang, Chairman of Chun Wo, said, “Looking ahead, prospects for the Group’s construction sector are favourable given the number of projects expected to arise in the coming few years. Although challenges in controlling costs will remain, the Hong Kong Government’s current development policy and its published master plan indicate much in the pipeline that will benefit the Group’s business. We will adopt a prudent approach in property development segment, seeking out medium- to long-term investment opportunities on a scale that matches our resources and capabilities. We believe that the Group’s proven capabilities in both construction and property development will enable us to consolidate our footprint in the market and grow sustainably for the foreseeable future.”

Chun Wo Development Holdings Limited (Stock code: 00711)

Chun Wo was founded in 1968 and listed on the Main Board of the Hong Kong Stock Exchange in 1993. Apart from developing its core property development and construction businesses, Chun Wo has been diversifying its business into property investment, property management and security services in recent years. The projects are widely distributed in Hong Kong, Mainland China, Macau, Vietnam and the United Arab Emirates. Possessing the expertise required for large-scale integrated construction projects, the Group is capable of undertaking a wide range of activities which include 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 Express Rail Link and MTRC projects for the South Island Line and Shatin to Central Link. Chun Wo has also seized opportunities involving property development in the PRC, with presence in Shijiazhuang, Hebei Province; Shanwei, Guangdong Province; Yangzhou, Jiangsu Province and Shenyang, Liaoning Province.

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Appendix

New Major Projects Awarded in FY2013/14

Project Name		Expected Completion Date	Attributable Contract Value (HK\$' Million)
Building Construction Works			
1	Main Contract Works for the Retail Expansion of City of Dreams, Macau	Sep 2015	579
2	Proposed Commercial Redevelopment at No. 12 Cannon Street & No. 531 Jaffe Road, Causeway Bay, Hong Kong	Jul 2015	564
3	Construction Works for Home Ownership Scheme at Wang Yip Street West, Yuen Long	Aug 2016	423
4	Redevelopment of Hong Kong Sports Institute at 25 Yuen Wo Road, Shatin – Contract 4	Nov 2014	218
5	Construction Works for the Landscaping, Water Features, Special Features & External Works of Studio City Macau, Cotai	May 2015	213
6	Construction Works for New Hangar of Macau International Airport	Aug 2014	191
Civil Engineering Works			
7	Liantang/Heung Yuen Wai Boundary Control Point, Site Formation and Infrastructure Works – Contract 3	Aug 2019	2,545
8	Contract No. CV/2013/06 – Handling of Surplus Public Fill (2014–2016) for Civil Engineering and Development Department	Jan 2017	1,226
9	MTR Contract No. 1108 – Shatin to Central Link: Kai Tak Station and Associated Tunnels	Apr 2018	697
10	MTR Contract No. C5115-13C – Noise Mitigation Works at Tung Chung	Aug 2016	82
Fitting Out Works			
11	Proposed Commercial Development at Nos. 2–6 Sha Tsui Road, Tsuen Wan	Oct 2014	88
Foundation Works			
12	Foundation and Pile Cap Works for Redevelopment of Wing On Central Building at 26 Des Voeux Road, Central, Hong Kong	Apr 2015	102
Maintenance Works			
13	MTR Contract No. 11209 – Shatin to Central Link: Platform Modification and Associated Works at East Rail Line	May 2016	835
14	MTR Contract No. K0109-11C – Station Commercial and Improvement Works at Fo Tan Station	Mar 2015	101

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