



俊和發展集團  
CHUN WO DEVELOPMENT HOLDINGS LIMITED

[For Immediate Release]

## CHUN WO ANNOUNCES 2014/15 ANNUAL RESULTS

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### NET PROFIT UP 10% REACHING HK\$102.5 MILLION

### NEW SHAREHOLDERS OPENED UP ACCESS TO OPPORTUNITIES IN CHINA AND OVERSEAS

#### Highlights

- ◇ Revenue increased by 27% to HK\$8.32 billion
- ◇ Net profit rose by approx 10% to HK\$102.5 million and met annual growth target of 10%
- ◇ Net profit margin maintained at around 1.2%
- ◇ Earnings per share increased 2.8% to HK9.2cents
- ◇ Awarded nine major construction projects worth a total contract sum of approximately HK\$4 billion

(Hong Kong, 26 June 2015) — **Chun Wo Development Holdings Limited** (“**Chun Wo**” or “**the Group**”) (**stock code: 00711**) announces its annual results for the year ended 31 March 2015 (the “review year”).

During the review year, the Group underwent a significant reorganization of its shareholding structure with the entrance of two major shareholders, China New Way Investment Limited (“China New Way”) and China City Construction Holding Group Co., Ltd. (“China City Construction”). The new shareholding arrangement is expected to bring a number of immediate benefits to the Group, including the provision of strong financial support as well as significant networks and resources in China, which the Group expects to be able to leverage for its future development in both the construction and property sectors.

**Mr. Dominic Pang, Co-Chairman of Chun Wo**, said, “Although it has been a year with unexpected challenges especially for the Hong Kong construction industry, we continued to move ahead with a clear forward direction and well-formed growth strategies and achieved steady performance. We expect the arrival of our new shareholders to further enhance our widely-recognized strengths, while lifting our internal governance standards and helping us to achieve even higher levels of efficiency across our operations.”

#### **Construction**

The Group’s construction segment performed steadily over the review year, with a number of major projects being completed or nearing completion. Revenue from this segment amounted to approximately HK\$7.86 billion for the review year, comparable with the revenue of approximately HK\$5.89 billion recorded the previous year increased by 33.4%. Profit for the segment amounted to approximately HK\$125.3 million, a significant increase by 119.1% compared with the profit of approximately HK\$57.2 million last year.

As at 31 March 2015, the estimated total value of the Group’s contracts in hand was approximately HK\$26.87 billion, of which approximately HK\$13.35 billion remains outstanding. Compared with the comparable figures at 31 March 2014, these amounts represent decreases of 6.7% and 8.7% respectively.

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The nine major new contracts won by the Group during the review year were worth a total of approximately HK\$4 billion. Among these, one of the most significant was the joint-venture contract for building the Boundary Crossing Facilities, Passenger Clearance Building and Public Transport Facilities for the Hong Kong-Zhuhai-Macao Bridge in Hong Kong. Other major contract successes included the development of Gleneagles Hong Kong Hospital in Aberdeen, new public rental housing blocks in Chai Wan, and the foundation works for the Home Ownership Scheme Development in Ngau Tau Kok. In Macau, Chun Wo secured a further contract for work in Studio City Macau in Cotai for Melco Crown Entertainment Limited.

A number of construction projects remained ongoing during the review year; these included work on the Central-Wan Chai Bypass at North Point, Wan Chai East and the Hong Kong Convention and Exhibition Centre. Several projects for the MTR Corporation Limited ("MTRC") continued as well, such as the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section), the Shatin-Central Link including Kai Tak Station and associated tunnels and the Diamond Hill-Kai Tak Tunnels, together with the Kwun Tong Line Extension including Whampoa Station and overrun tunnel.

The Group successfully completed a number of projects during the review year, including the major Tuen Mun Western Trunk Sewerage project, three residential development projects located in Kuwn Tong, Tsuen Wan and Mid-Level West, the redevelopment of Hong Kong Sports Institute and building services for the MTRC's new Kennedy Town Station.

### **Property Development and Investment**

Revenue from the Group's property development and investment segment amounted to approximately HK\$93.3 million for the review year, against a combined total of approximately HK\$368.7 million for the previous year. Most of the Group's property development projects remain under construction. The Group expects the pipeline of units for sale to begin from 2016/17. It will seek to maintain revenue through careful disposal of noncore assets as it continues to adjust its property development and investment strategy.

The Group has also moved towards a partnership-based property development profile, mitigating the risks associated with the high level of investment required. As such, the Group acquired 90% equity interest in China City Construction Holding Group (Zhuhai) Property Co., Ltd. in March 2015, giving it ownership of the company's land located in Zhuhai City, Guangdong Province with a total site area of approximately 10,000 sq.m., which will be developed into a commercial building. Currently, superstructure construction is in progress. Pre-sale is expected to commence in the third quarter of 2015. Project completion is scheduled for the first half of 2016, after which the new building is expected to contribute steady cash flow and revenue.

In December 2014, the Group also acquired a parcel of government land at Yiu Sha Road, Whitehead, Ma On Shan, Sha Tin, New Territories, in Hong Kong. The acquisition was made by way of a joint venture with China City Construction Property Company Limited, with Chun Wo having a 10% interest in the project. The Group plans to develop quality low-rise to mid-rise residential projects with sea views, planning initially to build about 500 residential units. Planning application is underway and site formation will commence in the first quarter of 2016. Pre-sales are expected to commence in mid 2017 at the earliest, and the project will be completed by the end of 2018.

During the review year, work continued on the Group's joint venture luxury development project at Kau To Shan, Shatin, in which it holds a 10% interest. Site formation is in progress; the site is being developed into a luxury residential development made up of a mix of houses and apartments and is expected to be completed by 2018. Meanwhile, the residential development in Tseng Choi Street in Tuen Mun is progressing well; it is hoped to commence pre-sales by mid 2016 and complete the project by the end of 2017. In addition, the Group's industrial redevelopment project in Cheung Sha Wan was distributed to the shareholders of the

Company during the Year through distribution in specie of the shares of the holding company of the project company.

### **Outlook & Prospects**

Due to the unavailability of expected funding approvals, a number of projects that were expected to come up for tender this review year and next have not materialized and remain unlikely to do so in the short term. Therefore, the Group has implemented a number of focused strategies to manage this external development. For instance, Chun Wo is a competitive bidder for new projects issued by the Hong Kong Housing Authority, for which funding sources have not been affected by recent political events.

Hong Kong's housing supply is likely to rise in the next few years due to strong political pressure, and Chun Wo is expected to be a highly competitive bidder for upcoming tenders in many fields of construction. In addition, private sector construction work is relatively abundant despite certain cost pressures associated with this. The Group is actively exploring options for diversifying its project stream to compensate for the downturn in Hong Kong SAR Government projects. At the same time, much attention is being given to exploring ways of controlling costs and increasing efficiency across operations.

Another way in which the Group is managing the challenges associated with the reduction in the Hong Kong SAR Government's construction tenders pipeline is by increasing and refining the role of its property development segment. The Group's new controlling shareholder, China New Way, is providing it with important opportunities for development in the fields of property development and investment. The partnership with China City Construction on the new Zhuhai project is another key development milestone and the Group expects this pattern of support to be repeated in the future. The Group is continuing to adjust its existing portfolio and divest itself of less important assets. It is also increasingly looking to approach property development opportunities in joint venture arrangements, in order to lower risks and reduce the levels of working capital it is required to sink into each project.

**Mr. Xu Jianhua, Jerry, Co-Chairman of Chun Wo**, concluded, "Looking forward, we will remain focused on our Hong Kong construction business and continue our industry-leading role. Riding on the new channels and resources from our new shareholders as well as Chun Wo's expertise and solid experience, we will seize opportunities to participate in China's PPP (public-private partnership) projects, BT (Build-Transfer) projects and also overseas OBAOR (One Belt And One Road) together with major Mainland construction enterprises and financial institutions. We have full confidence in the Group's future."

### **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 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; Yangzhou, Jiangsu Province and Shenyang, Liaoning Province.

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Project Name		Expected Completion Date	Attributable Contract Value (HK\$' Million)
<b>Building Construction Works</b>			
1	Hong Kong - Zhuhai - Macao Bridge Hong Kong Boundary Crossing Facilities - Passenger Clearance Building	Nov 2016	1,680
2	Proposed Development of Gleneagles Hong Kong Hospital at Nam Fung Path, Aberdeen Island, Lot No. 458, Hong Kong	Nov 2016	994
3	Construction of Public Rental Housing Development at Lin Shing Road, Chai Wan	Nov 2017	436
4	German Swiss International School Redevelopment, Phase 5	Jun 2016	135
5	Specialist Contract for Design, Supply and Installation of Tree House and Adventure Gate, Studio City Macau, Cotai	Jun 2015	66
<b>Civil Engineering Works</b>			
6	Provision of Universal Access Facilities for Highway Structures - Package 2 Contract 1	Oct 2018	290
<b>Foundation Works</b>			
7	Foundation for Home Ownership Scheme Development at Choi Hing Road, Ngau Tau Kok	Mar 2016	157
8	The proposed Residential Development at TMTL499, Tseng Choi Street, Tuen Mun, New Territories Design, Supply and Construction for Excavation and Lateral Support (ELS), Pile Caps and Foundations	Feb 2016	75
<b>Maintenance Works</b>			
9	Preventive Maintenance Works, Upgrading Works and Associated Ground Investigations for WSD Slopes, 2012-2013 Programme	Jun 2018	194

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