



俊和發展集團  
CHUN WO DEVELOPMENT HOLDINGS LIMITED

[For Immediate Release]

## CHUN WO ANNOUNCES 2013 INTERIM RESULTS

**CONTINUES TO BENEFIT FROM THE GOLDEN ERA OF THE CONSTRUCTION SECTOR  
ACTIVELY PARTICIPATING IN THE GROWTH OF PROPERTY MARKETS IN HONG KONG & SOUTHERN CHINA**

### **HIGHLIGHTS**

- ◇ Revenue increases by 35% to HK\$3.11 billion
- ◇ Profit attributable to owners grew by 43.5% to HK\$53.4 million
- ◇ Awarded 7 major construction projects worth a total contract sum of approximately HK\$4.68 billion
- ◇ Acquired a prime site for a luxury residential project in Kau To Shan, Sha Tin for HK\$2.71 billion through a joint venture
- ◇ Continuously bolster the Group's presence in Hong Kong and Southern China property markets

(Hong Kong, 27 November 2013) — **Chun Wo Development Holdings Limited** (“Chun Wo” or “the Group”) (stock code: 711) has announced its interim results ended 30 September 2013 (the “review period”).

For the six-month period ended 30 September 2013, Chun Wo recorded revenue of approximately HK\$3.11 billion, representing an increase of 35% over HK\$2.31 billion for the corresponding period of last year. Profit attributable to owners of the Company rose to approximately HK\$53.4 million from HK\$37.2 million for the last corresponding period.

### **Construction**

With Chun Wo's depth of experience, expertise, solid reputation and competitiveness, it has been able to add to the number of contracts on hand – worth approximately HK\$26.64 billion as at the reporting period end, in which HK\$14.63 billion remains outstanding, representing an increase of 5% and 19% over the figures recorded as at 31 March 2013 respectively. The Group delivered promising results in the construction business, with revenue rising by 34% to HK\$2.70 billion. Profit from this segment grew by 16% to HK\$33.4 million.

During the review period, the Group won seven major projects worth a total contract sum of approximately HK\$4.68 billion. New large-scale projects won from the MTR Corporation Limited include civil engineering works for the Shatin to Central Link, Kai Tak Station and associated tunnels; and platform modification and associated works at the East Rail Line. The most significant project is the winning of a mega-scale civil engineering project at Liantang granted by the Hong Kong Government with a contract sum of HK\$2.55 billion.

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In extending its business interests to Macau, the Group has been awarded with construction works for a new hangar at the Macau International Airport. The contract was reached in August 2013 and is worth a contract sum of about HK\$191.0 million.

After the review period, the Group won two contracts in Hong Kong worth about HK\$423.0 million and HK\$2.45 billion respectively, involving a Home Ownership Scheme project in Yuen Long and a project in handling of surplus public fill.

Chun Wo's highly demanded expertise, ranging from foundation works and civil construction to slope works, tunnelling, and electrical and mechanical fitting, was leveraged for a number of ongoing projects, including the Central-Wan Chai Bypass; Diamond Hill to Kai Tak tunnels for the MTR Shatin to Central Link; and Happy Valley Underground Stormwater Storage Scheme with the Drainage Services Department – the largest civil project under New Engineering Contract ever awarded by the Hong Kong Government. Chun Wo has also been entrusted with several waterworks and building foundation projects in Hong Kong, all of which have achieved good progress.

### **Property Development**

During the period under review, the Group recorded revenue of HK\$262.3 million from the property development segment, representing a rise of 44%. This was due to increased marketing efforts that successfully attracted the attention of home purchasers to the Group's residential projects in Mainland China. Segment profit also increased by 11% to HK\$67.1 million.

Chun Wo has begun to bolster its presence in Hong Kong and Southern China property markets. In September, the Group entered into a joint venture, acquiring a prime site in Kau To Shan, Sha Tin, with a winning bid of HK\$2.71 billion. A total investment of approximately HK\$5 billion will be made to transform the 354,132 square feet site into a luxury residential development comprising houses and apartments. The Group is also acquiring an industrial building in Cheung Sha Wan for redevelopment and an application was made in June to the Lands Tribunal for a compulsory sale order. During the review period, Chun Wo was actively involved in several land auctions as well, both solely and collaborately with joint-venture partners. Sites in Wan Chai, Lantau Island and Kai Tak were among those of interest.

With regards to the Group's projects in the PRC, the Group was able to generate solid sales. As of 30 September 2013, all of the units in Tower 9 of Arc De Royal in Shijiazhuang, Hebei Province have been sold while 58% of the units in Tower 8 have been sold. The management is evaluating business opportunities of the vacant land in Phase 3 of this project. As for Le Palais Royal in Shanwei, Guangdong Province, 97% of residential units and 92% of retail units have been sold.

### **Outlook & Prospects**

Looking ahead, the Hong Kong Government is expected to continue implementing its strategy of infrastructure and residential development, which will result in more large-scale civil engineering and public housing projects, including the West Kowloon Cultural District and Kowloon East. Still other significant projects on the horizon include the Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass, Central-Kowloon Route, and boundary crossing facilities for the Hong Kong-Zhuhai-Macau Bridge.

The management will be rigorously examining potential projects and will only be engaging in those with reasonably high margin levels. The Group will also focus on short- to medium-term construction projects

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activities as this will allow it to have the flexibility to enter into more contracts and gain better cost control, benefiting from its high level of technical and management expertise.

With environmental protection becoming a growing concern, Chun Wo will also look to provide relevant construction and operation management services, and thus help the Group establish a foothold in a segment that the management is highly optimistic about.

Despite the Hong Kong Government's continued efforts to ward off speculation in the local property market, the management will continue to look for suitable property development opportunities in Hong Kong and Southern China, as fundamental housing demand in both markets is expected to remain healthy in the long run. The Group will particularly focus on developing smaller projects where its project management experience, expertise in building services, resources deployment and construction capabilities can be best exploited, though in the case of larger projects, joint-venture partnerships will be contemplated. The Group will also consider increasing its involvement in industrial redevelopment projects, such as in West Kowloon, leveraging its expertise in building and project management.

**Mr. Dominic Pang, Chairman** of Chun Wo said, "Chun Wo is optimistic about the company's prospects, as we perceive more opportunities in both the construction and property development segments and the Group's strategies are in place to seize these opportunities. Sustainable growth will remain the principal goal of the Group, and correspondingly, an annual net profit growth rate of 10% will continue to be among the targets set by the management."

### **Chun Wo Development Holdings Limited (Stock code: 711)**

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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**Major New Projects Secured since 1<sup>st</sup> April 2013**

<b>Project Name</b>	<b>Project Commencement Date</b>	<b>Expected Completion Date</b>	<b>Attributable Contract Value (HK\$' Million)</b>	
<b>Civil Works</b>				
1	Contract No. CV/2012/09, Liantang / Heung Yuen Wai Boundary Control Point, Site Formation and Infrastructure Works - Contract 3	Jul 2013	Jul 2019	2,545
2	Contract 1108, Shatin to Central Line, Kai Tak Station and Associated Tunnels	Apr 2013	Apr 2018	697
3	RFQ165 - Macau International Airport - Construction Works for New Hangar	Aug 2013	Aug 2014	191
<b>Improvement Works</b>				
4	Contract No. 11209 Shatin to Central Link, Platform Modification and Associated Works at East Rail Line	Jul 2013	May 2016	835
5	Contract K0109-11C, Station Commercial and Improvement Works for Fo Tan Station	May 2013	Mar 2015	101
<b>Building Works</b>				
6	Redevelopment of Hong Kong Sports Institute, at 25 Yuen Wo Road Shatin, Contract 4 Works	May 2013	Oct 2015	218
<b>Fitting Out Works</b>				
7	Proposed Commercial Development Nos. 2-6 Sha Tsui Road, Tsuen Wan, N.T., Fitting Out Works NSC	Aug 2013	Jun 2014	88

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