



俊和發展集團

CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

Registered Office: Clarendon House, Church Street, Hamilton HM 11, Bermuda

[For Immediate Release]

## CHUN WO ANNOUNCES 2007/08 ANNUAL RESULTS

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### Highlights

- Turnover recorded HK\$2,952,736,000
- Net profit was HK\$80,555,000
- Earnings per share were 9.8 HK cents
- The Directors proposed payment of a final dividend of 1.75 HK cents per share

(Hong Kong, 24 July 2008) – **Chun Wo Development Holdings Limited** (“Chun Wo” or “the Group”) (stock code: 711) yesterday announced its annual results for the year ended 31 March 2008.

During the year under review, the Group recorded a turnover of HK\$2,952,736,000, a decrease of 26.8% from last year. Profit attributable to shareholders was about HK\$80,555,000. The considerable decrease in turnover and profit in the year ended March 2008 was largely attributable to the reduction in revenue from Hong Kong property sales, and the absence of an increase in the fair value of investment property. Earnings per share were HK 9.8 cents, against HK 64.5 cents last year.

The Board of Directors proposed the payment of a final dividend of 1.75 HK cents per share. Including the interim dividend of HK1.00 cent per share paid during the year, total dividend for the year ended 31 March 2008 is 2.75 HK cents per share.

**Mr. Pang Kam Chun, Chairman of Chun Wo**, said, “Following our record year in 2007 on the successful sale of No. 8 Clear Water Bay Road, this year the company’s turnover and profit decreased in comparison but are still in line with our growth expectation.

“Continuing our diversification strategy, this year we have successfully entered the markets in the Middle East with initial investments in two residential projects in Abu Dhabi, United Arab Emirates, where under current government plans, significant development is scheduled to take place over the next two decades; other new projects in Vietnam are also progressing on schedule. Identifying and developing new markets such as these is critical to maintaining profitability and growth, especially in a global economic downturn.”



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## Business Review

### *Property Development & Property Investment*

The Group has been involved in property development since the 1990s beginning with Home Ownership Scheme and the successful sales of its residential development at “No. 8 Clear Water Bay Road” in 2006/7. It has a land bank under development of over 680,000 square meters gross floor area (GFA).

In Mainland China, property sales were over RMB400 million for the financial year. The macro environment is shaped by government policy; and due to the austerity measures imposed by the government, the property development market in China has slowed down considerably. However, the Group has not been seriously affected by the current market situation, and the accumulated cash reserves from previous sales are adequate for the development of existing projects. In the long term, the Group believes strong economic growth will continue to generate demand but it has adopted a cautious approach to further land acquisitions in China until the consequences of current measures become clearer.

### *Construction*

The construction market continues to be highly competitive in this financial year and our business experienced a contraction in 2008 as contracts signed two years ago near completion, and with the Group focusing on prestigious and specialized projects, it undertook few new projects in the last two years. In addition, both material and labor costs increased significantly, putting additional pressures on contractors. The Group continues to sharpen its focus on businesses with higher margins, it is looking into expanding its specialized construction capabilities.

**Mr. Clement Kwok, Managing Director of Chun Wo,** said “For the construction sector, we believed that 2009 will continue to be difficult as the market continues to be highly competitive with added inflationary pressures, and the construction sector will not begin its turnaround until 2010.”

## Future Plans

The Group is focused in expanding its property development business and to generate a stable income stream in the coming years. We plan to continue to acquire lands in areas



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that will experience significant growth. We believe that the long term prospects for the property market in China are good due to the rise in living standards. The Group's strategy is to focus on second and third tier cities which have strong potential for economic growth that will in turn lead to a demand for property. Results from our flagship property in Shijiazhuang confirm the wisdom of this approach.

Mr Kwok continued, "The new projects for MTR Corporation will serve as a catalyst for the turnaround of the construction sector in Hong Kong. Currently, five additional railway lines have been announced. Together with the further expansion of the Hong Kong International Airport, West Kowloon Cultural District development and the Kai Tak Airport Development; the Group is optimistic that the construction sector will begin to improve in 2010."

The Middle East offers significant opportunities for the Group – the development of Dubai is a good example of what can be achieved by a government with a focused and determined development strategy. The Group has elected to target Abu Dhabi which although less well known, commands significant resources and has recently published its long term plan to transform the city.

"Using our experience in conventional construction techniques and project management, we will continue to focus on projects that require advanced skills and generate higher margins to achieve growth," Mr. Pang concluded.

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#### **ABOUT CHUN WO DEVELOPMENT HOLDINGS LIMITED**

Chun Wo was founded in 1968 and listed on the Main Board of the Hong Kong Stock Exchange in 1993. It is a renowned construction company in Hong Kong in building construction, civil engineering, foundations, electrical and mechanical engineering, railway and transport engineering, maintenance engineering and interior design engineering. Apart from developing its core construction business, Chun Wo has been diversifying its business into property development, property investments, property management and security services in recent years. Construction and development projects of the Group are widely distributed in Hong Kong, Mainland China, Macau, Taiwan, Vietnam and the United Arab Emirates. Its signature projects included the Hong Kong International Airport Skyplaza, East Rail, West Rail and No. 8 Clear Water Bay Road.

More information is available at [www.chunwo.com](http://www.chunwo.com).