



俊和發展集團
CHUN WO DEVELOPMENT HOLDINGS LIMITED

[For Immediate Release]

CHUN WO REPORTS RECORD BREAKING FY2011/12 ANNUAL RESULTS

HIGHLIGHTS

- ◇ Total revenue** of HK\$4.8 billion, up 20% year-on-year
- ◇ Historical high construction contract value in hand, reaching HK\$20.5 billion
- ◇ Obtained three major railway contracts from the government and MTR Corporation
- ◇ Actively looking for suitable project tenders and joint venture partners in property development, expecting to embark on 1st project in Hong Kong

** Total revenue refers to Group revenue and share of revenue of jointly controlled entities

(Hong Kong, 28 June 2012) — **Chun Wo Development Holdings Limited (“Chun Wo” or “the Group”)** (stock code: 711) is pleased to announce record breaking total revenue and construction contract value in hand for the financial year ended 31 March 2012, thanks to the booming construction business in Hong Kong.

The Group reported total revenue of approximately HK\$4.8 billion, of which HK\$1.6 billion was attributable to jointly controlled entities for the year ended 31 March 2012, as compared with HK\$4.0 billion, including HK\$1.0 billion share of revenue of jointly controlled entities last year. Profit attributable to owners of the Company was approximately HK\$53.0 million. Earnings per share was HK5.76 cents. The Group won a total of 14 new contracts in FY2011/2012, bringing the Group's total construction contract value in hand to a record high of HK\$20.5 billion, representing a 28% growth compared to the last year.

The Board has recommended the payment of a final dividend of HK0.8 cent per share (FY2010/11: nil), representing a dividend payout ratio of approximately 15%.

Mr. Dominic Pang, Chairman of Chun Wo, said “In the past year, our construction arm recorded the highest total revenue in its history, at approximately HK\$4.8 billion (including share of jointly controlled entities). Revenue on this scale is a testimony to our success in winning major contracts and our reputation in the industry; we see this as a good base from which to build up our profitability over the coming years. On the property development front, we have been active in preparing ourselves for re-entering the Hong Kong property market in the near future, as part of the strategic refocus planned last year. Our specific goal is to increase our net profit by 10% per annum in the coming few years, an achievement I believe to be manageable in the current environment.”

Construction

The significant improvement on this segment's revenue and profit was mainly due to the successfully completion of some profitable projects and recognition of profit in relation to those projects completed at 20% or over the total estimated contract value of individual project in the year under review. Compared to the last year, revenue for this segment rose by 26% to a record high of HK\$4.3 billion. Achieving business turnaround, the Group delivered profit attributable to owners of the Company of HK\$57.3 million in the year under review.

As at 31 March 2012, the estimated value of the Group's contracts in hand was approximately HK\$20.5 billion, of which HK\$10.2 billion remains outstanding. These figures represent increases of 28% and 4% respectively over the comparable figures as at 31 March 2011. Three key mega-sized contracts obtained in the year included the Guangzhou-Shenzhen-Hong Kong Express Rail Link; the new Whampoa Station on the Kwun Tong Line Extension; and the Wong Chuk Hang Depot of the South Island Line (East). Other subsidiaries of the Group's construction arm also progressed satisfactorily in contract wins and work schedule.

Some projects were successfully completed during the year. The design and construction of expansion of Tseung Kwan O Hospital, the carcass works for a residential development at Hung Shui Kiu at Yuen Long and interior fitting out works for towers and town houses in the same place; tower fitting out for a residential development in Tseung Kwan O; piling works for an area of residential development in Central and Western District; and a term contract for waterworks on Lantau Island and the Outlying Islands.

Property Development

Progress continues at the Group's residential development in the second-tier city of Hebei Province, Shijiazhuang, although sales of Tower 9 of Arc de Royal has slowed significantly in past year. In September 2011 and March 2012, the Group completed the handover of residential units in Tower 10 and Tower 9 of the Arc de Royal respectively, following the issue of a completion certificate. The last and the most prominent residential building of the development, Tower 8, is scheduled for open sale in July 2012.

At Le Palais Royal in Shanwei, Guangdong Province, 40% of the residential units had been sold to buyers as at 31 March 2012. The Group will relaunch sale of the remainder once it is confident that market sentiment is on the rise and it can obtain satisfactory prices. Besides, the land acquired by the Group in Shenyang, Liaoning Province, with the intention of developing a commercial project, has been cleared. Future action will be taken until government policies are eased.

Other businesses

The Group's property investment business performed well in the year under review. "Infinity 8" shopping mall at Choi Hung in Hong Kong achieved an average 25% increase in rental revenues across the year for tenancy renewals and new tenancy, while the total annual income generated from shop rental and parking services rose by 32% over the previous year.

The Group's security and property management has achieved notable growth during the year under review. This Group was awarded as 1st runner up of 2011 Best Security Contractor Award by MTR Corporation Limited ("MTRC") for three consecutive years. The MTRC also awarded the Group a

number of sizable and prestigious contracts, including Le Prestige at LOHAS Park; it had also succeeded in acquiring a new and remarkable project Hysan Place, which will be a new landmark in Causeway Bay.

Outlook & Prospects

The outlook for the next five or more years remains strong for Hong Kong's investment in infrastructure. Annual expenditure on capital works will exceed \$70 billion for each of the next few years as mentioned in 2012-13 Budget. Major projects that are likely to be upcoming in the near term include the Shatin-Central Link Railway, projects related to the Hong Kong-Zhuhai-Macao Bridge development, the Kai Tak Development Plan, the Tuen Mun-Chek Lap Kok Link, the remainder of the Central Wanchai Bypass, and the Liantang/ Heung Yuen Wai Boundary Control Point. All of these mega-projects are ones that the Group will be a strong contender for, either on its own or in partnership with others. Further, the Hong Kong government has raised the possibility of the industry's participation in local public housing construction projects in the future.

The private sector too is expected to be the source of some major projects over the next few years. With many opportunities arising from the development of the West Kowloon Cultural District, the building construction sector should be a vibrant one over the next few years. This rich array of upcoming projects suggests there should be room for the Group to improve its net profit margin steadily over the next few years.

The opportunities in the Hong Kong property development tend to arise and be taken very quickly indeed. And the Group's new focus on its property development business will be on Hong Kong. The Group is looking to acquire and complete a couple of smaller projects over the next five years or so. The Group has already actively looking for suitable project tenders and joint venture partners, and expects to embark on our first development project in Hong Kong soon. This should pave the way for more substantial work through joint ventures further down the track.

In view of the property market in Mainland China, seeing both challenges and opportunities ahead, management is cautiously optimistic about its property development operation as a whole, and will focus on Shijiazhuang in the coming years. As for the property development in Shanwei, Le Palais Royal, the open sale of its shopping arcade commenced in May 2012, with 30% having been pre-sold as at 31 May 2012.

Mr. Pang continued, "Chun Wo has a sound strategic plan in place for all its business segments, and is in a strong position for moving forward. It is currently generating record revenues and its prospects, especially for its construction segment, are very bright. The strategic realignment of its property development is opening up new and valuable possibilities for the next few years. These prospects and unfolding opportunities for the Group suggest that its immediate financial goal of boosting its net profit by 10% each year is eminently achievable. In this connection, the Group will be much better and stronger so as to offer shareholders regular satisfactory returns."

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New major projects awarded in FY2011/12

Project Name	Category	Project Commencement Date	Expected Completion Date	Attributable Contract Value (HK\$' Million)
1 MTR Contract No. 907 - South Island Line (East): Wong Chuk Hang Depot Site Formation and Piling	Foundation Works	Apr 2011	Nov 2012	163
2 MTR Contract No. 1002 - Kwun Tong Line Extension: Whampoa Station and Overrun Tunnel	Railway	May 2011	May 2015	456
3 German Swiss International School Redevelopment Phase 3	Building Construction	Jun 2011	Jun 2014	196
4 Harbour Area Treatment Scheme Stage 2A Upgrading Works at Stonecutters Island Sewage Treatment Works - Effluent Tunnel and Disinfection Facilities	Civil Engineering Works	Jun 2011	Jan 2015	347
5 Cycle Tracks and Associated Facilities along the Seafront at Tseung Kwan O Town Center South	Civil Engineering Works	Jul 2011	Jan 2013	92
6 Design and Construction of Foundation Works including Pile Caps for the Urban Renewal Project at Castle Peak Road/Cheung Wah Street(K20) & Castle Peak Road/Hing Wah Street(K23) at Sham Shui Po	Foundation Works	Jul 2011	Nov 2012	162
7 12/WSD/10 - Replacement and Rehabilitation of Water Mains, Stage 4 Phase 1 - Mains in Eastern and Southern Districts	Maintenance Works	Jul 2011	Aug 2015	543
8 9/WSD/10 - Replacement and Rehabilitation of Water Mains, Stage 4 Phase 1 - Major Mains in Western New Territories	Maintenance Works	Jul 2011	Apr 2015	431
9 Express Rail Link Contract 830 Trackwork and Overhead Line System	Railway	Jul 2011	May 2015	526
10 Construction of Lift Towers and Associated Works in Kwai Shing West Estate	Maintenance Works	Aug 2011	Nov 2012	33
11 1/WSD/11(L) - Term Contract for Waterworks District L – Lantau and the Outlying Islands	Maintenance Works	Sep 2011	Aug 2014	220
12 Fitting Out Works Contract for the Proposed Residential Development at NKIL 4782, 4-22 Alnwick Road, Kowloon Tong	Fitting Out Works	Oct 2011	Aug 2012	25
13 District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties Managed by District Maintenance Offices / Kowloon West and Hong Kong (2) 2011/2014	Maintenance Works	Oct 2011	Sep 2014	300
14 MTR Contract 965B - Corporation Limited South Island Line (East) Building Services for Wong Chuk Hang Depot	E&M Works	Mar 2012	Jul 2015	99

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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, fitting out and interior design, electrical and mechanical engineering, track-work engineering and maintenance works. Its signature projects included the Central-Wan Chai Bypass Tunnel, Guangzhou-Shenzhen-Hong Kong Express Rail Link, Expansion of Tseung Kwan O Hospital, Tuen Mun Western Trunk Sewerage, MTR Corporation - South Island Line and The Kwun Tong Line Extension. 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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