



## Chinney Kin Wing Holdings Limited Announces Details of Proposed Listing on the Main Board of SEHK

### Highlights

- The fourth largest piling construction contractor in Hong Kong in terms of market share and revenue from 2012 to 2014<sup>1</sup>
- One of the only four foundation piling contractors who are admitted onto the Housing Authority List of Contractors in all the three categories of “large diameter bored piling”, “percussive piling” and “ground investigation works”
- Diversified customer base with customers in private sector including property developers like Cheung Kong Property, K. Wah International, S E A Holdings, construction companies, Urban Renewal Authority and etc.; while customers in public sector including Housing Authority, the Housing Society, CEDD, Highways Department, Architectural Services Department and etc.
- As at 20 October 2015, the awarded contract sum for all of the Group’s contracts on hand (including contracts in progress and contracts yet to be commenced) amounted to approximately HK\$3,240.6 million
- Intends to recommend dividends of not less than 50% of the Group’s profit and total comprehensive income attributable to the equity holders of the Group for the financial year ending 31 December 2016

(29 October 2015, Hong Kong) — **Chinney Kin Wing Holdings Limited** (“**Chinney Kin Wing**” or the “**Group**”), one of the largest and most successful players in the foundation industry in Hong Kong, has today announced the details of its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”).

### Offering Details

Chinney Kin Wing intends to offer a total of 382,500,000 shares (subject to the Over-allotment Option), of which 90% are for International Offering. The remaining 10% of the Offer Shares, or 38,250,000 shares, are for the Hong Kong Public Offer. After deducting underwriting fees and estimated expenses payable in connection with the Global Offering, and assuming an offer price of HK\$0.58 per Offer Share (being the mid-point of the indicative range of the offer price of HK\$0.50 to HK\$0.66 per share), net proceeds from the Global Offering are expected to be approximately HK\$185.8 million.

Hong Kong Public Offer will begin on 30 October 2015 (Friday) and will end at noon on 4 November 2015 (Wednesday). The final offer price and allotment results are to be announced on 10 November 2015 (Tuesday). Trading of Chinney Kin Wing’s shares is expected to commence on the Main Board of SEHK on 11 November 2015 (Wednesday) under the stock code 1556. Shares will be traded in 5,000 shares per board lot.

Haitong International Capital Limited is the Sole Sponsor, while Haitong International Securities Company Limited is the Sole Global Coordinator, Sole Bookrunner and the stabilising manager of the listing.

### Investment Highlights

#### ***Established history and renowned reputation in the industry***

Chinney Kin Wing is one of the only four foundation piling contractors who are admitted onto the Housing Authority List of Contractors in all the three categories of “large diameter bored piling”, “percussive piling” and “ground investigation works”. The Group’s capability to capture business opportunities is strengthened

<sup>1</sup>\*Source: Ipsos Report

through acquiring and expanding its fleet of piling equipment, expanding project portfolio, and building up professional qualifications by obtaining various registrations and certifications from relevant government bodies/public organizations.

***Diversified customer base and strong relationships with customers***

Chinney Kin Wing has a well-diversified customer base and strong relationships with its customers, which allows it to benefit from emerging opportunities in public sector while not being over-reliant on the dynamics of a single market segment. The Group's customers in private sector include property developers like Cheung Kong Property, K. Wah International, S E A Holdings, construction companies, Urban Renewal Authority, charity organizations as well as their respective main contractors; while customers in public sector include different departments of the Hong Kong Government, its related organizations and institutional bodies such as the Housing Authority, the Housing Society, CEDD, Highways Department and Architectural Services Department.

***Wide range of foundation piling services delivered by technically-capable teams***

Chinney Kin Wing's services cover different kinds of foundation works including (i) piling construction (such as bored piling, percussive H-piling, socketed H-piling, mini-piling and sheet piling) and other ancillary works (such as ELS works, site formation and pile cap construction); and (ii) drilling and site investigation. The Group's experienced and effective piling design and production teams allow it to offer comprehensive and high quality foundation piling solutions to customers.

***Direct control over the Group's broad range of piling machinery and equipment***

As at 30 April 2015, the Group's gross book value of machinery and equipment amounted to approximately HK\$632.3 million. This fleet of machinery and equipment mainly consists of crawler cranes, oscillators, reverse circulation drills, drilling rigs, hammers grabs and vibrators. Investment in machinery and equipment allows the Group to have direct control and flexibility in deploying resources, and enables the Group to exploit the market opportunities by bidding foundation projects of different sizes that offer attractive profit without the need to lease external machinery and equipment, which in turn minimizes costs and over-reliance on external parties.

***Experienced and visionary management team***

The management team of Chinney Kin Wing has more than 20 years of experience in the construction and foundation piling industries. Their solid experience and technical expertise delivers a competitive edge in formulating successful tendering proposals and strategies. In addition, to remain at the forefront of the competitive foundation piling market in Hong Kong, an Executive Panel has been established to enhance communication and transparency between different departments. The Executive Panel enables the management to proactively and efficiently address issues, develop a sense of collective responsibility and strengthen team spirit at the managerial level.

***Relentless focus on pleasant working environment, staff safety and training***

A pleasant, healthy and safe working environment is one of Chinney Kin Wing's core corporate values and it is the highest priority of every project. The Group advocates the slogan 快樂上班，平安回家 ("Work Happily and Return Home Safely") to all on-site workers and provides safety training to employees prior to commencement of each project. The accident rate at Chinney Kin Wing's construction sites was lower than the construction industry average in Hong Kong for the years ended 31 December 2012, 2013 and 2014.

**Business Strategies**

Chinney Kin Wing's principal business objective is to achieve sustainable growth in current business and to strengthen its capability to capture more business opportunities. Looking forward, the Group will continue to expand its scope of ancillary foundation services in order to complement foundation business and provide more comprehensive services to customers. At the same time, the Group intends to rely less on subcontractors and strive to directly engage in these ancillary works so as to have better control in the quality of the works it delivers to customers.

To maintain the leading position in the foundation industry in Hong Kong, the Group will also compete for sizeable foundation projects through acquiring new machinery, expanding its workforce and providing comprehensive trainings to staff. On the other hand, the Group will focus on "design and build" contracts and strengthening its ability in cost control and efficiencies to improve margins and profitability.

In view of the increasing spending by the Hong Kong Government on public works projects, Chinney Kin Wing will endeavor to capture the growing foundation works from public sector. The Group is also well positioned to pursue strategic geographical expansion and acquisitions, so as to further its business scale.

**Mr Fung Man Hei, Herman, Chairman and Executive Director of Chinney Kin Wing**, said, “The proposed listing of Chinney Kin Wing on the Main Board of SEHK marks another remarkable milestone for the Group, and is expected to further enhance our competitiveness in the foundation industry in Hong Kong. We also believe that the increase in the industry’s turnover could create more opportunities for our Group and contribute positively to our future growth. ”

– The End –

### **Financial Highlights**

	<b>For year ended 31 Dec 2012</b>	<b>For year ended 31 Dec 2013</b>	<b>For year ended 31 Dec 2014</b>	<b>4 mths ended 30 Apr 2014</b>	<b>4 mths ended 30 Apr 2015</b>
<b>Revenue (mil)</b>	1,048.7	1,178.3	1,381.5	481.5	599.8
<b>Gross Profit (mil)</b>	164.0	195.6	278.1	74.9	132.3
<b>Gross Margin</b>	15.6%	16.6%	20.1%	15.6%	22.1%
<b>Net Profit (mil)</b>	33.4	58.8	98.6	23.0	58.1
<b>Net Margin</b>	3.2%%	5.0%	7.1%	4.8%	9.7%

	<b>As at 31 Dec 2012</b>	<b>As at 31 Dec 2013</b>	<b>As at 31 Dec 2014</b>	<b>As at 30 Apr 2015</b>
<b>Current ratio</b>	1.1	1.0	1.0	1.0
<b>Gearing ratio</b>	13.8%	1.1%	0.0%	0.0%
<b>Debt to equity ratio</b>	Net cash	Net cash	Net cash	Net cash
<b>Interest coverage</b>	35.8	112.3	1,541.4	N/A
<b>Return on assets</b>	6.2%	7.9%	11.2%	16.8%
<b>Return on equity</b>	17.8%	26.1%	44.1%	61.9%

### **Use of Net Proceeds**

<b>Uses</b>	<b>%</b>	<b>Approx. HK\$ (mil)</b>
Investment in additional machinery and related storage and maintenance expenditures	60.0%	111.5
Investment in human resources	20.0%	37.2
Enhancement of our design capability and streamline the project implementation progress	10.0%	18.6
Replenishment of general working capital	10.0%	18.6

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