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CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 711)

(Warrant Code: 1032)

COMMENCEMENT OF LEGAL PROCEEDINGS BY AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

This announcement is made by Chun Wo Development Holdings Limited (the “**Company**”) on a voluntary basis.

The Company hereby announces that a writ of summons (the “**Writ**”) has been issued at the High Court of the Hong Kong Special Administrative Region on 8 August 2013 by Chun Wo Building Construction Limited (“**CWB**”), an indirect wholly-owned subsidiary of the Company, against Metta Resources Limited (the “**Defendant**”), a company incorporated in the British Virgin Islands and is an independent third party (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company.

Background of the claim

In December 2010, CWB tendered for superstructure works in relation to the main buildings and associated facilities of Tsz Shan Monastery (慈山寺) complex at a site situated at Ting Kok, Tai Po District, New Territories, Hong Kong with the contract sum of approximately HK\$423 million in aggregate (the “**Project**”), which is a project monitored by Cheung Kong Property Development Limited. A contract (the “**Main Contract**”) was subsequently entered into between CWB and the Defendant in relation to the Project.

CWB has subsequently carried out works under the Main Contract and the occupation permit relating to the Project was obtained on 29 August 2012. However, in mid-2013, disputes and differences under the Main Contract arose. As at the date hereof, CWB seeks payment of an outstanding amount of approximately HK\$335 million (the “**Overdue Sum**”), representing additional works performed, and additional costs incurred, by CWB.

Summary of reliefs prayed for under the Writ

CWB claims against the Defendant under the Writ for, inter alia, the following reliefs:

1. the Overdue Sum, further and/or in the alternative to the Overdue Sum, such amount of damages to be assessed by the Court;
2. the additional amount attributable to a nominated subcontractor working under CWB for the Project; and/or
3. declaration by the Court to the effect that, inter alia, CWB was relieved from any obligation of completing any outstanding instructions from the representative of the Defendant by reason of repudiation of the Main Contract by the Defendant.

General

The Company will make further announcement(s), as and when appropriate, for any substantial progress of the litigation in compliance with the Listing Rules.

By order of the Board
Pang Yat Ting, Dominic
Chairman

Hong Kong, 8 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Pang Yat Bond, Derrick, Mr. Kwok Yuk Chiu, Clement and Madam Li Wai Hang, Christina and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Chan Chiu Ying, Alec, Mr. Hui Chiu Chung, Stephen JP and Mr. Lee Shing See GBS, OBE, JP.