

# chairman's statement

On behalf of the Directors of Chun Wo Holdings Limited, I am pleased to present to the shareholders the Group's results and operations for the year ended 31 March 2001.

## RESULTS

I have pleasure to report that the audited consolidated profit after taxation and minority interests of the Group for the year ended 31 March 2001 is HK\$46.38 million, as compared to last year's profit of HK\$43.53 million, representing an increase of 6.5%. Turnover is HK\$2,720 million. Earnings per share for the reported year is HK6.4 cents.

## DIVIDENDS

The Directors recommended a final dividend of HK1.25 cents (1999/2000: HK1.25 cents) per share. This together with the interim dividend of HK1 cent (1999/2000: HK1.25 cents) per share will make a total dividend payment of HK2.25 cents (1999/2000: HK2.5 cents) per share for the year ended 31 March 2001.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 23 August 2001 to 29 August 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Registrars of the Company, Secretaries Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 22 August 2001.

## BUSINESS REVIEW

Hong Kong's economy has probably passed its worst days in the last downturn and is evolving into a slow recovery. The trend of interest rates decrease towards the end and beyond the reporting year helped restore the optimism and alleviate the financing cost of many business in the region. The construction industry in the reporting year continued to remain competitive, to a large extent due to the sluggishness of the private sector property market that contributed to a material portion of the construction market. A sustaining public works market, including in particular the railways expansion, transport and public housing construction, helped offset the slipping back in private building.

West Rail Phase 1 – Construction of Tin Shui Wai Station



# Civil Engineering Projects



West Rail Phase 1 – Construction of viaduct from Kam Tin to Tin Shui Wai



At the same time, the construction industry was hard-pressed to morph through continuing change and reform to cope with Government's, in a way also the public's, perpetually tightening demands and regulations on safety, environment, labour and quality related issues. These demands and regulations had been both shackles and driving forces to make the industry perform better. Despite the fact that the Group's vision had kept its management development in abreast with or sometimes ahead of these changes, it was inevitable to completely avoid incurring increasing overhead and operating costs in the process of coping with these changes. On the other hand, the Group's operating system and management organization were continuously streamlined to enable it to consolidate and reinforce its competitive edge in a competitive market.

The said market conditions had, without exception to the Group, resulted in an overall reduction of its business turnover in the reporting year. However, the Group's policy of diversification, innovating, retaining talent, refining management and seeking a wide range of construction works enabled it to maintain a steady profit level comparable to that of the preceding year, even though at a reduced level of turnover. The value of the Group's contracts on hand amounted to HK\$8.8 billion with HK\$5.4 billion worth of works outstanding.

The Group completed twenty projects in the reporting year, including Housing Authority's Shek Lei Estate Phase 7 development and Fortune Street Phase 1 development, residential development at 29-31 South Bay Close, the Serenade Cove buildings at Tsuen Wan, the Baycrest buildings at Ma On Shan, Aldrich Bay Phase 4 foundation works, Tung Chung Area 19 piling, MTR Kowloon Station Development Package 4 foundation works, piling and pile caps for Tin Shui Wai Private Sector Participation Scheme development, site formation for TKOTL 55 in Tseung Kwan O, the haul road at Tseung Kwan O serving the residential development Ocean Shores.

Works of on-going projects were progressing smoothly in pace with planning, with new contracts added to the job list during the year.

On building construction, the Tin Shui Wai Private Sector Participation Scheme development, featuring eleven high-rise residential towers, took off and continued to advance in good order. As the Group had material interest in the commercial properties and the cost of construction of this 4100 residential unit project, the successive decrease in interest rates during and beyond the reporting year had shed optimism on the cost performance of the project. The 5-block residential development at Tuen Mun Town Lot 386 commenced work in January 2001 and was progressing well. The Cable Landing Station at Tong Fuk in outlying Lantau, an extremely tight, nine-month contract to complete a "telecom hotel" for the U.S. based eTechnologies client Level 3 Communications, was steadily approaching its completion targeted in July 2001. The first compartment of this specially fitted building was completed in less than a month and handed over satisfactorily to the client for completing its connection and activation of a multi-terabit North Asian undersea cable system.





West Kowloon Reclamation  
Remaining Roadworks Stage 2

West Rail Permanent Way – Northern Area



# Civil Engineering Projects



West Rail Phase 1 – Construction of viaduct  
from Tin Shui Wai to Tuen Mun North