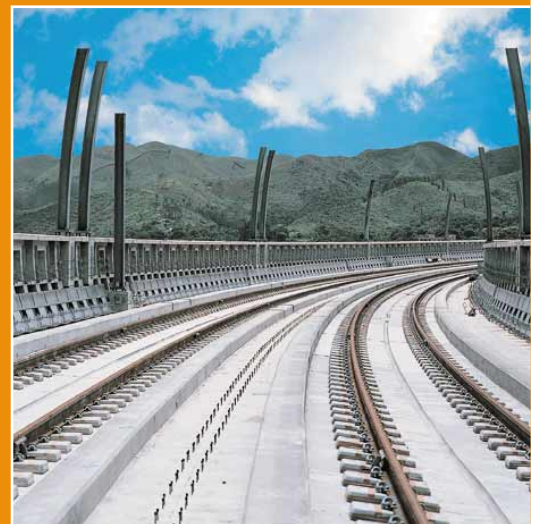


Civil Engineering Projects

Public Transport Interchange at Wu Kai Sha Station



Public Transport Interchange at Tai Wai Station



Permanent Way for East Rail Extensions

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 2005.

Results

Due to fierce competition in the construction industry, the audited consolidated profit after taxation and minority interests of the Group for the year ended 31 March 2005 is HK\$51.6 million, as compared to last year's profit of HK\$71.4 million, representing a decrease of 28%. Turnover is HK\$2,525 million, representing a decrease of 20%, as compared to last year's HK\$3,159 million. Earnings per share for the reported year is HK7 cents.

Dividends

The Directors recommended a final dividend of HK1.25 cents (2003/2004: HK2.65 cents) per share. This together with the interim dividend of HK1.25 cents (2003/2004: HK1.25 cents) per share will make a total dividend payment of HK2.5 cents (2003/2004: HK3.9 cents) per share for the year ended 31 March 2005.

Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 19 August 2005 to Wednesday, 24 August 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Registrars of the Company, Secretaries Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 18 August 2005.

Business Review

The reporting year has gone through a period of sustainable economic recovery as reflected by a rise in GDP by 4% as compared with the same time last year. Labour market conditions have improved significantly with unemployment rate falling to 5.7% at end June 2005, a 43-month low. However, recovery of the building and construction industry had been lagging behind due to keen competition.

At the time of writing this report, the Group's estimated value of contracts in hand stands at HK\$8.0 billion, with about HK\$4.2 billion outstanding.

Civil Engineering Projects

SkyPlaza and Associated Works
at Hong Kong International Airport



Construction Projects
for Hong Kong Disneyland Resort

The Group continued with the construction of various building projects. In the private residential development sector, "The Pacifica" and Tsing Yi Office at TYTL139 were substantially completed while "The Legend", Cyberport Phase II, "No. 8 Clear Water Bay Road" were on track. Works on various term contracts in waterworks and building works in the public sector were well under way. In addition, the specialised project on the Investigation of Sewers & Drains for the Drainage Services Department continued to progress ahead of schedule.

Tracklaying works and other construction works for two Public Transport Exchanges along Ma On Shan Rail at Wu Kai Sha and Tai Wai Stations were substantially completed. Among the Group's four construction projects for the Hong Kong Disneyland Resort, one had been completed with the other three nearing completion to meet its opening in September. Tracklaying for 36 km (track-meter) of a high speed railway in Taiwan was also substantially completed.

Notwithstanding the keen competition in the construction industry, the Group was awarded further contracts in both the private and public sectors in the year under review. These included the SkyPlaza and associated SkyPier Automatic People Mover Tunnel (both joint venture projects) at the Hong Kong International Airport, Improvement to the San Tin Interchange and a term building work contract with Government.

As reported in the last interim report, the Group has been looking prudently for opportunities in diversifying its construction business outside Hong Kong. In the fourth quarter, the Group succeeded in the award of the building project at Huang Sha Station of the Guangzhou Metro Light Rail System in the Mainland and piling contracts for The Venetian in Macau which were all progressing on track.

The Group's foundation construction arm was awarded the site formation and foundation contracts respectively for Victoria Shanghai Academy at Shum Wan Road and a Secondary-cum-Primary school at Shatin. In addition, the Group's electrical and mechanical ("E&M") construction arm was undertaking the E&M works at SkyPlaza. With the continual and stable development of the Group's foundation and E&M subsidiaries, the Group's capability in providing a one-stop design and build service to clients was strengthened.

The Group's security business subsidiary, City Security Company Limited, and property management operation, City Professional Management Limited, continued to provide professional services to the Group's construction sites and other clients' premises.

To pursue continuous growth and to counteract the anticipated fiercely competitive construction market in Hong Kong, the Group has been diversifying its business into property development since 1997. The Group's current property development above the Choi Hung MTR Station – "No. 8 Clear Water Bay Road", a unique development in the district, was well received in its presale in last October and this February, with a substantial number of units sold. The Group is confident of the economic growth in the Mainland and following the completion of the Zhongshan project last year, it has been exploring opportunities to extend its property development business across the border. The launch of series of macro-regulation measures by the Chinese Government has provided better opportunities for overseas property developers and investors in land acquisition. Three new projects at Shijiazhuang, Yixing and Yangzhou involving residential and commercial property developments were secured during the year under review and were progressing well.

Building Projects

Office Building at TYTL 139, Tsing Yi



The Pacifica at NKIL 6275 West Kowloon Reclamation

By virtue of its quality management and performance, the Group was awarded the Bronze Medal of the 2005 Hong Kong Management Association Quality Award. Various projects undertaken by the Group, like the waterworks project, the KCRC permanent way at the Northern Area project, were commended for performance in quality and safety. Working in a safe, environmentally responsible and considerate manner, the Group continued to receive the Considerate Construction Site Award and Safety Awards.

The Group is aware of its social responsibility and has been active in participating in charity and fund raising activities including the MTRC Hong Kong Walking Race 2005, Charity Day and Walk to Guangzhou organized by Sowers Action, lead sponsorship for The Hong Kong Coalition of Professional Services Fund Raising Walk, relief for South Asian tsunami, etc. In its environmental awareness, the Group had been adopting its Bio-Toilet system in remote construction sites. This system recycles waste water into flushing water without contaminating the ground or discharging them into the sewage system.

Outlook and Prospects

The need for more accommodation and infrastructures resulting from closer economic relationship of Hong Kong and the Mainland, accompanied by the rallying land auction biddings and the forthcoming opening of more tourist attractions including the Disneyland Resort, continues to sustain the economic recovery. In the light of the Government budgetting a gradual increase of capital expenditure from HK\$39.8 billion for 2005-06 to an average of HK\$43 billion for the next five years, the construction industry will probably catch up with the economic recovery.

As regards the public sector, the Government has been increasing the construction activities through its focus on urban renewal projects and maintenance projects. Plans on infrastructures include Hong Kong – Zhuhai – Macau Bridge, parts of the Route 10 – North Lantau to Yuen Long Highway, a 13-km long dual 3-lane highway, Harbour Area Treatment Scheme Stage 2 Programme, etc.

Despite the recent trend of rising interest rate, the current mortgage interest level is still acceptable in a continuing expectation of a performing property market, thereby benefiting the building and construction sector. Among the construction opportunities arising from various property development schemes along the railway lines, MTRC and KCRC plan to invite in this year open tenders for development of altogether more than 30,000 residential units.

The green light for the West Island Line of MTRC extending the Hong Kong Line from Sheung Wan to Kennedy Town was given by Executive Council at end June. MTRC had also proposed to Government the South Island Line and to extend the Kwun Tong Line to Whampoa Garden. Meanwhile, KCRC plans to link West Rail to Lok Ma Chau. The Group, with its excellent track record, is in a favourable position in taking part in these constructions. In addition, the Group is pursuing tracklaying works opportunities outside Hong Kong.

Building Projects

No. 8 Clear Water Bay Road Development
above Choi Hung MTR Station



The Legend at Tai Hang



Cyberport Phase II Residential Development

In Macau, the construction activities ranging from tourism attractions to hotel accommodations promoted by the entertainment industry coupled with limited indigenous construction resources provide emerging opportunities to Hong Kong contractors in this thriving construction market. There is a correspondingly flourishing property market and therefore increasing the need to build. By the time of writing this report, the Group has substantially completed two piling contracts in Macau and is securing further building contracts in this sustaining and significant construction market.

Proceeds from sales of the residential units of the "No. 8 Clear Water Bay Road" project, now enjoying buoyant market conditions, will generate appreciable income and profit for the Group. The remaining unsold units, located at higher levels with better views, should sell at higher returns. Revenue produced from the "Grandeur Terrace" shopping arcade and the anticipated contribution from the commercial premises of "No. 8 Clear Water Bay Road", expected to be open at end of this year, together will generate a stable recurring income to the Group. The Group's financial strength would be increasingly enhanced thus enabling further pursuance of property development and investment opportunities in Hong Kong and the Mainland.

The Group has been cautiously looking for investment opportunities in the Mainland. Negotiations in relation to its potential investment in a biopharmaceutical company in Shijiazhuang focusing on cardiovascular drug market are under way. It is expected that the final agreement on this investment could be reached in the near future.

In this revitalizing economy, the Group continues to grasp appropriate opportunities to diversify and to increase the return of its businesses.

Acknowledgment

I would like to extend my gratitude and appreciation to the Board and our Management, as well as to all our staff, for their excellent work. I would also like to thank our shareholders, financiers, business partners and clients for their continuing support.

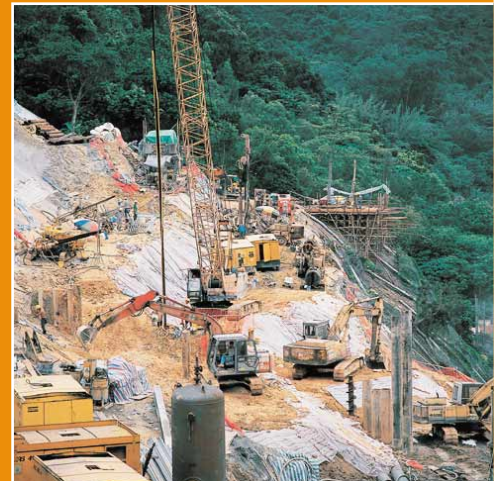
Pang Kam Chun

Chairman

Hong Kong, 26 July 2005

Minor Works & Foundation Projects

Minor Works for
Architectural Services Department



Site Formation and Foundation Works
for School at Shum Wan Road