

CHEUK NANG (HOLDINGS) LIMITED
卓能(集團)有限公司

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31ST DECEMBER 2002

CHAIRMAN'S STATEMENT

Last year, the Government has announced nine measures to help the Hong Kong property market, nevertheless, the market reaction has not yet reflected. Our view strongly suggest the Government may consider the following:

1. Monitorium of the land premium for modification of land use or supply for a period of one and half year.
2. After the lapse of the one and a half year, limit the supply of land of 50 acres within the next three years.

Review of Operation

Properties for Sales

1. Sale of part of the air right of Phase 1 at Lot 690, 849, 851 and 1280, Section 57, Lorong Perak, Kuala Lumpur, Malaysia

A Joint Venture Agreement was entered into by our wholly owned subsidiary, Martego Sdn Bhd ("MSB") with Forefront Impact Sdn Bhd ("FISB"), a subsidiary of Malaysia Land Property Sdn Bhd ("the Agreement"). MSB agreed to sell the air right of the remaining of 41-storey service apartment (Phase I) situated on Lot 1280 at a consideration of Malaysia Ringgit Eighteen Million and Five Hundred Thousand (approximately HK\$37 Million). The Agreement is subject to the fulfillment of several condition precedents including but not limited to the obtaining of approval from Foreign Investment Committee within six months from the date of signing of the Agreement. After all the conditions are fulfilled, FISB will takeover to continue the construction of the building and the surrounding public works.

The remaining land (approximately 70%) for Phases II & III still remain our properties for further development.

2. Cheuk Nang Centre, 9 Hillwood Road
The last Shop on the Ground Floor was sold. As a result, the whole building was completely soldout.

3. South View Garden, 80 Shek Pai Wan Road, Aberdeen
A Provisional Sale and Purchase Agreement in respect of the remaining shop on Ground Floor was signed in February, 2003. Completion will take place in May, 2003.

Rental Properties

4. Cheuk Nang 21st Century Plaza
The quality of our building is well appreciated and as a result, the occupancy rate of the building has reached 95%.
5. Villa Cecil Phases I & II, Victoria Road, Pokfulam
The remaining two villas in Phase I have all rented. Six out of the seven units of Block 1 in Phase II are rented. The superstructure work of Block 3 was commenced in October, 2002 and will be completed in mid 2003.

Properties under Development

6. Blossom Terrace, No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan
The construction work will commence during this year.
7. Villa Cecil Phase III, 216 Victoria Road, Pokfulam
The works for site formation and access road will be commenced by the end of 2003.

Prospect

To help the stagnant of the Hong Kong's economy, the Government has show some effort trying to stabilize the problem and also announced some solutions to eliminate the fiscal deficit. Although the effectiveness cannot be seen now, hopefully better economic environment will be paved for the future.

Recently, a deluxe residential development in Cyberport (Residence Bel Air) was introduced to the market and the sale response is reasonably well. This establish the price of the deluxe residential units in Pokfulam. We will continue our development at Villa Cecil Phase 2 and Phase 3 which are situated at the neighbourhood of Cyberport and will substantially strengthen the Group's rental income after completion.

By order of the Board
CECIL CHAO SZE-TSUNG
Executive Chairman

Hong Kong, 26th March 2003