

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

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 31ST DECEMBER 2003**

**CHAIRMAN'S STATEMENT**

**Results and Dividend**

I am pleased to announce that the unaudited consolidated profit after taxation for the six months ended 31st December 2003 of our Group is HK\$14,196,000 (2003: loss of HK\$3,640,000.00) as set out in the unaudited consolidated income statement which has been reviewed by the Company's audit committee.

The Directors resolved to recommend the payment of an interim dividend of 1.5 cent per share (2002: Nil) payable to shareholders whose names appear on the register of members at the close of business on 30th April 2004.

**Review of Operations**

***Hong Kong Properties***

2003 is a year of challenge for all the Hong Kong citizen. The Hong Kong economic was seriously attacked by the SARS and sunk to the bottom during the second quarter. However, following the signing of the CEPA and the relaxation of travel restriction for individual travelers from Mainland China in the third quarter of the year plus the maintenance of very low interest rate, portion of savings have gone to the property and the stock sectors. The demand for deluxe properties have increased and sale price has risen by 30% for this sector. Other property sectors are also bullish and the price increased by 15% to 25%.

***Properties under Development***

1. Blossom Terrace, No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan  
The site formation work is still in progress and it is expected to complete in the middle of this year. The foundation works contract has been awarded and construction work will commence at the later part of 2004.
2. Block 2, Villa Cecil Phase II, 192 Victoria Road, Pokfulam  
After the completion of Block 1 and Block 3, the construction of Block 2 was commenced in March 2004.

3. Villa Cecil Phase III, 216 Victoria Road, Pokfulam  
The work for access road and the stage 1 site formation was completed. The stage 2 site formation, foundation and piling has been awarded and commenced. It is expected that the superstructure work will start early next year.

#### *Rental Properties*

1. Cheuk Nang 21st Century Plaza, 250 Hennessy Road  
As result of recognition of the higher quality of the building in the area, the occupancy rate of the building is maintained over 95%.
2. Cheuk Nang Lookout, 30 Severn Road  
The remaining two villas are both leased. The Group has reclassified this property from “properties for sale” to “investment properties” in the accounts in view of our intention to hold the property as long term investment.
3. Villa Cecil Phase I, 200 Victoria Road, Pokfulam  
A formal Sale and Purchase Agreement in respect of Villa A2 was signed on 5th January, 2004. The sale price is over 20% higher than the previous sale. Completion took place on 22nd March, 2004. Profits in respect of the sale will be recognized in the second half of this year. Villa A1, the only villa unsold in Phase I, remains leased.
4. Villa Cecil Phase II, 192 Victoria Road, Pokfulam  
Occupation Permit of Block 3 was issued in November, 2003 and all the units of Block 3 are leased. All units in Block 1 except one vacant flat are all leased.
5. Car Parks at South View Garden, 80 Shek Pai Wan Road, Aberdeen  
About 60% of the car park spaces are rented and generated a steady income.

## ***Overseas Properties***

### Malaysia Properties

The property market of Kuala Lumpur, like Hong Kong, turns bullish due to its economic performance. Projection by the Economic Report 2003/2004, the Malaysia's rate of growth for the coming year will be about 6%.

Lot 690, 849, 851 and 1280, Section 57, Lorong Perak, Kuala Lumpur, Malaysia

#### Phase I

Our Joint Venture partner has launched per-sale of its Upper Portion in July, 2003 and 90% of their portion of units have been sold. The construction of the Upper Portion has commenced in December, 2003. We are preparing the tender documents in respect of the decoration work of our portion and work will soon start.

#### Phase II

We are now preparing new architectural application for the Development Order for Phase II. Barring unforeseen circumstances, our Malaysia property will prove to be excellent investment.

### **Prospect**

The US economy is seeing a steady rise and the Japanese economy is anticipating a stronger growth in G.D.P. In the past few months, all deluxe residential development in Hong Kong put to the market have achieved excellent sale result. It is anticipated that the bullish tendency is continuing with the existing very low interest rate, the decrease in unemployment rate and deflation together with the cooperation of Mainland China Government.

As large proportion of our property portfolio is luxurious homes, the sentiment is favourable to the future development of our group.

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

Hong Kong, 29th March 2004