

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2004

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, 2004 of our Group is HK\$5,475,000 (2003: HK\$14,196,000) as set out in the unaudited consolidated income statement which has been reviewed by the Company's audit committee.

Viewing the future prospect, the Directors resolved to recommend the payment of an interim dividend of 3 cents per share (2003: 1.5 cents), an increase of 100% when compare to last year.

Scrip Dividend

The Company proposes that a scrip dividend election will be offered to shareholders with Hong Kong addresses. Details of the scrip dividend scheme will be announced later. The interim dividend is payable to shareholders whose names appear on the register of members at the close of business on 22nd April, 2005.

Review of Operations

Hong Kong Properties

A strong rebound in the luxury property markets has been recorded during the second half of 2004. The integration of the local and China economies has created new wealth for businessmen and industrialists, who in turn have been investing into the local property market.

Our group has entered into a preliminary agreement to sell Villa A1 at Phase I, Villa Cecil at the price of HK\$39,000,000. Completion is scheduled to take place in April, 2005. The profit will be reflected in the accounts of the second half of the financial year.

Properties under Development

1. Cheuk Nang Bridge View Bay, Ting Kau, Tsuen Wan

The site formation work was completed. Foundation work is now in progress and it is anticipated that the foundation work will be completed soon. The superstructure work will commence by the second half of this year and followed by the pre-sale of the units within one year.

2. Villa Cecil Phase II, 192 Victoria Road, Pokfulam

The total construction of Phase II is now completed pending for issuance of Occupation Permit of apartment Block II.

3. Villa Cecil Phase III, 216 Victoria Road, Pokfulam

The stage II site formation work and the remaining part of the access road is now in progress. The construction of apartment Block I will be started this year.

Rental Properties

1. Cheuk Nang 21st Century Plaza, 250 Hennessy Road

The occupancy rate of the building is maintained over 95%.

2. Cheuk Nang Lookout, 30 Severn Road, The Peak

House C is under marketing. House B is under lease.

3. Villa Cecil Phase II, 192 Victoria Road, Pokfulam

All the units of apartments of Blocks I and III are all leased except 2 vacant flats.

China Properties

Cheuk Nang Lakeview Apartment

The Group has acquired a residential/commercial land through an auction held by the Shenzhen Land & Real Estate Exchange Centre on 26th November, 2004. The land is situated at Lot No. A819-0128, North of Bao Lung Gong Lu, Lung Hua Jie Dao, Bao An District with land area of 51,323.79m² (approximately 552,449.30 sq. ft.) and the total construction gross floor area is 118,180m² (approximately 1,272,089.50 sq. ft.). We have prepared the principal building plans pending for Government approval. It is planned to

build 4,800m² (approximately 51,667.20 sq. ft.) shopping centre and 17 blocks of residential buildings each consisted of 18 floors with 4 units per each floor plus one garden villa. Upon completion, there will be about total of 1,200 residential units.

Overseas Properties

Malaysia Properties

Chao Plaza

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

The upper development right (Level 12 to Level 41) of Phase I was sold to Mayland Parkview Sdn Bhd (“JV Partner”) under a Joint Venture Agreement dated 29th January 2003. We have received all the payments of the consideration from the JV Partner. The building was constructed upto the 41 floor and the JV Partner is now proceeding with the internal finishes. Regarding our portion of Level 1 to Level 11, the decoration of the show units is in progress and marketing activities will be commenced pending approval from the authority.

The Phases II and III are under planning.

Change of Directors

Mr. Tang Wing-Hong has retired as executive director on 14th February, 2005 and Mr. Lee Ying Kit was newly appointed as executive director of the Company on 15th February, 2005. We take this opportunity to express our gratitude to Mr. Tang for long term services and loyal, devoted contribution towards the Group and welcome Mr. Lee for joining our Group.

Prospects

In the coming years, we will balance our investment in Hong Kong, China and Malaysia. Since the economy of all three markets continue showing upward trend, our future direction will continue to look for new investment opportunities in these areas and increase our land bank.

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

Hong Kong, 23rd March, 2005