

DIVIDEND

The directors do not propose any interim dividends in respect of the six months ended 31st December, 2001 (2000: Nil).

RIGHTS ISSUE

On 3rd January, 2002, the Company issued 1,616,493,585 new shares of HK\$0.02 each in the Company to the then existing shareholders by way of rights issue in the proportion of one rights share (“Rights Share”) for every two existing shares then held.

The net proceeds of the rights issue of approximately HK\$32.3 million were used for the reduction of indebtedness of the Group.

REVIEW OF OPERATIONS & PROSPECTS

The Hong Kong real estate in recent months seems to be bottom out and few large scale development with units below 1,000 square feet has achieved satisfactory sales result and the activities of the deluxe residential sector has slightly increase. We believe if no negative factors arise, the confidence of the investors will increase and the property market will grow steadily throughout this year.

General performance of a few of our projects are as follows:

1. Although the office rental market is still staggering, the occupancy rate of Cheuk Nang 21st Century Plaza is still maintained at 90% with satisfactory rental income.
2. Villa Cecil Phase II, 192 Victoria Road, Pokfulam
The occupation permit for Block 1 has been issued on 1st March, 2002. Decoration and marketing activities has commenced.
3. Cheuk Nang Lookout, 30 Severn Road, The Peak
Decoration and marketing activities are in progress.
4. Cheuk Nang Centre, 9 Hillwood Road
An agreement for Sale and Purchase was signed for selling the remaining office premises at 21/F and 22/F.

The U.S. economy has gradually recovered after 911 and the Hong Kong economy will be benefited in the latter part of this year. Although the economic environment in the entire Asia is still not clear, the Hong Kong Government has already tried to release some of the heavy burdens for the public. The Budget released on 6th March, 2002 has already shown the firm attitude of the Government to tackle the problem.