

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

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

**CHAIRMAN'S STATEMENT**

**Results and Dividend**

I am pleased to announce that the unaudited consolidated profit after taxation for the six months ended 31 December 2005 of our Group is HK\$97,649,000 (2004: HK\$5,475,000) 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 HK4.5 cents per share (2004: HK3 cents), an increase of 50% 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 24 April 2006.

**Review of Operations**

***Hong Kong Properties***

The US Federal Reserve has increased the interest rate for 8 times in 2005. In Hong Kong, rate-rise-cycle started in the 2nd quarter of 2005 and the best lending rate shot from 5% in 2004 to 7.75 to 8% in December 2005. Fortunately, the mortgage loan for home buyers are still about 5%. On the bright side, the Hong Kong Government worked in full effort to retrieve the local economy and the implementation of Closer Economic Partnership Arrangement (CEPA) plus the opening market for Renminbi in Hong Kong bring support to the outlook of Hong Kong economy and property market. In reflection, two lots of government land in West Kowloon had achieved excellent auction result.

Following are some of our major projects in Hong Kong:

1. *Cheuk Nang Bridgeview Bay, No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan*  
The foundation work was completed in December 2005 and the superstructure work commenced in January 2006.
2. *Villa Cecil Phase II, 192 Victoria Road, Pokfulam*  
Except the two vacant units in Block 3, all units in Villa Cecil Phase II are rental out with satisfactory income.
3. *Villa Cecil Phase III, 216 Victoria Road, Pokfulam*  
The superstructure work is still in progress and it is expected that Tower 1 will be completed by the end of 2006.
4. *Cheuk Nang 21st Century Plaza, 250 Hennessy Road*  
The occupancy of the building remains well performed.
5. *Cheuk Nang Lookout, 30 Severn Road, The Peak*  
Fully rented.

### ***Macau Properties***

As announced in September 2005, the Group has acquired a property at Estrada de Seac Pai Van adjacent to Cotai Strip in Coloane, Macau and the transaction was completed in December 2005. The building plan has already been submitted to the Macau authorities for approval. The proposed total gross floor area of the project is 114,181 square metres (approximately 1,229,044 square feet) comprised of residential portion and commercial/serviced apartment portion. The project will be developed in 2 phases. Phase 1 is the residential development comprised of 4 blocks of multi-storey buildings providing over 400 units of 2-room to 5-room deluxe residential units with gross floor area of 42,979 square metres (approximately 462,626 square feet). The development of Phase 2 will be for casino and commercial/serviced apartment with gross floor area of 71,202 square metres (approximately 766,418 square feet).

Macau is on full swing and is a city of vitality. The employment rate in Macau raised to the historical height. After the completion of the Venetian casino resort and other new casino hotels in the coming year, we believe the tourist industry and real estate will be further benefited.

The Macau Government aimed a long-term plan to increase the supply of land, to construct mass transportation system and redevelopment of some old districts which will give rise to more opportunities in properties investment and retails business.

After few months' adjustment, the price of commercial and residential unit has level to a reasonable level. Since the market has already digested the increase in interest rate and other seasonal impact, the transaction volume gradually increased. The luxury residential properties will be the leader of the market. We are confident that our investment in Coloane will bring good profit.

### ***Malaysia Properties***

According to the latest report released by the Bank Negara Malaysia, the Malaysian economy expanded at a strong annual rate of 5.2% in the fourth quarter of 2005. For the whole of 2005, the combination of strong domestic demand and exports resulted in an overall growth in real gross domestic product of 5.3%. The upward trend will be further driven up by the strong consumer spending and the global economic growth.

Although the Base Lending Rates in Malaysia was increased in December 2005 from 6% to 6.25% – 6.3% per annum, the desire of potential housing buyers is only slightly affected.

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

### ***Phase I***

The building will be completed this year and has applied for issuance of final Development Order and Certificate of Fitness. The decoration work and the marketing preparation work of our portion of units (i.e. Level 1 to Level 11) almost completed and marketing campaign will be launched in later this year.

### ***Phases II and III***

The new application for the Development Order of Phase II and III is yet to be approved by the authority.

### ***Car Park***

The income generated from the temporary car park is found satisfactory.

### ***China Properties***

On 11 November 2005 and 15 November 2005, the Municipal Bureau of Land Resources and Housing Management of Shenzhen (“MBLRHM”) issued “Announcement about further regulating commodity housing transactions”. The policy further regulates market transaction and discourages market speculations by introducing a total of 9 new measures. The regulations should not affect our project but will discipline the property market and thus, we consider a positive policy in long run.

According to announcement of MBLRHM, pre-sales projects with a total gross floor area of approximately 2.34 million square metres (approximately 25.19 million square feet) were approved. The pre-sales area approved of Longgang and Bao’an district accounting for 27.7% and 17.2% of the total pre-sale area being the two largest districts beyond the City centre.

*Cheuk Nang Garden (formerly known as Cheuk Nang Lakeview Apartment), Longhwa, Longgang, Shenzhen*

The working drawing including Mechanical & Electrical and Structural was submitted for approval and the commencement of construction has been applied in early March 2006. The site formation has commenced and expected to be completed in May 2006 and the other construction work will be followed immediately.

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

Hong Kong, 24 March 2006