

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the headings "Directors' interests in shares" above and "Note 12 to the Condensed Interim Financial Statements" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, no person, other than those Directors of the Company, or the Company beneficially owned by Mr. Wong Sai Chung, whose interests are set out above, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

REVIEW OF PERFORMANCE

During the period under review, the Group successfully seized the appropriate market timing and sold a substantial portion of "The Blue Yard" residential project located in Tsuen Wan town centre. The remaining 170,000 sq.ft. shopping arcade is kept for long-term investment and rental purposes. Development of a 400,000 sq.ft. residential project in Yuen Long is expected to commence soon and the project is anticipated to be available for sale in 2003. Concurrently, the Group continues to liaise with the relevant governmental departments regarding the change in usage for certain portion of the Group's landbank in preparation for the development of various unique large-scale composite projects in Hong Kong and the New Territories.

The Group is currently developing the second phase of the 10 million sq.ft. large-scale property project in central Bangkok for sale. Sale of the completed first phase residential units has been progressing satisfactorily. As the project is currently free of bank borrowing, it will contribute significant cashflows to the Group in the coming years.

The launched units of the 2 million sq.ft first phase of "Shanghai Cannes", the Group's 20 million sq.ft. residential project in Shanghai, have been completely sold out. Buyers are gradually taking occupation of their new homes. This creates favorable conditions for the sale of the 3 million sq.ft. second phase of "Shanghai Cannes", which will be available for sale in 2003. At the same time, the Group is preparing for the construction of the 4 million sq.ft. third phase residential development. We are confident that "Shanghai Cannes" will provide substantial profits for the Group in the years to come.

“Concord World Phase II” spans a 1-kilometer stretch of Nanjing Road West in Shanghai. It will be developed into Shanghai’s most unique theme shopping avenue with gross floor area of approximately 4 million sq.ft.. The metropolitan features of Paris, London, Rome, New York and Tokyo on the shopping avenue will attract pedestrians and shoppers alike and the shopping avenue shall become the busiest exit of Shanghai’s subway system. As such, the Group expects that, upon the completion of the retail and related facilities, the project will contribute substantial recurring income to the Group. Furthermore, six apartment towers offering Shanghai’s highest luxury with gross area of approximately 1 million sq.ft. will be built atop the theme shopping avenue and are expected to be available for presale in 2003. The service apartments and shopping arcade of Concord World Phase I are currently fully let.

In March 2002, the Group acquired 50.45% equity interest in Winsan (Shanghai) Industrial Co. Ltd., a company whose A-shares are listed on the Shanghai Stock Exchange. Although its total assets only amounted to Rmb1.5 billion, Winsan (Shanghai) Industrial Co. Ltd. can provide an important platform for the Group’s asset restructuring.

OUTLOOK

During the last 10 years, assets of Asian and other countries had been and continue to be excessively drawn on under the “New Economy” banner largely propagated from the US market. Unfortunately, the “New Economy” bubble had burst and resulted in losses of trillions of dollars in “New Economy” production equipment investments in the US and Europe alone. The bearers of such losses are inevitably the banking sector, investors and the general public. It is impossible to recover from such massive monetary losses in merely two years. Therefore, the view that the U.S.A.’s economy is rapidly recovering is nothing more than the wishful thinking of politicians and those who benefit from such false optimism. For various reasons, China was least affected by this disaster. As such, the Group must seek to realize its enormous investments in Asia and China within a reasonable period. Furthermore, utilizing a stringent and clear mindset, together with professional and prudent financial control measures, the Group will seek for merger and acquisition targets with assets of good quality and potential. Such acquisitions will be executed to progressively enlarge the Group’s scale, enhance its competitiveness in the global arena, and at the same time reap generous profits for the Group.