

Chairman's Statement

I am pleased to present the annual report for the year ended 31 December, 2002. The audited profit attributable to shareholders amounted to HK\$81,026,000 for the year ended 31 December, 2002.

DIVIDEND

The directors do not recommend the payment of a dividend for the year.

PROPERTY

In February 2003, the Group completed "The Blue Yard" project, a commercial and residential complex in the commercial hub of downtown Tsuen Wan. Despite the extremely negative property market conditions in Hong Kong, over 80% of the residential portion has been successfully sold. The remaining units shall be launched for sale in the near future as market conditions permit. The Group intends to keep the 160,000 sq.ft., shopping arcade portion of the development, named as "Concord Square", for long term investment purposes, which will contribute regular income to the Group.

In Shanghai, the shopping arcade and service apartments of "Concord World" - Phase I continue to enjoy high occupancy rates, which has laid down a solid foundation for the development of "Concord World" - Phase II, which will become the Group's most promising project in Shanghai. With a GFA of approximately 4.7 million sq.ft., the project will occupy an almost one-kilometre stretch of the booming Nanjing Road West commercial district and be facilitated with subway exits. The whole project will be developed into the most spectacular theme shopping street in Shanghai, which will bring tremendous amount of rental income to the Group.

"Shanghai Cannes" is another landmark residential project of the Group in Shanghai. With a site area of 10 million sq. ft., and a GFA of 20 million sq.ft., the project is one of the best selling residential developments in Shanghai. Recently, the project was nominated as "Shanghai's No. 1 Housing Development" and "2002-3 Asia's 10-Best Housing Developments" by "Hong Kong Property Journal". After the successful completion of Phase I, the Group is now actively developing Phase II with a GFA of over 3 million sq.ft., presales of which will start in mid-2003. With a total GFA of 20 million, "Shanghai Cannes" will generate stable and long-term income for the Group in the next five years.

The Group is co-developing a residential and commercial project with New World China Land Ltd. in Tien He, Guangzhou. With a GFA of approximately 500,000 sq.ft., Phase I was completed in August 2002. So far, over 80% of the units have been sold. The remaining units are gradually launched for sale. The development of Phase II has already started.

Meanwhile, the Group continues its discussions with the relevant HKSAR authorities relating to certain changes of land use rights, therefore paving ways for several other large scale projects in Hong Kong.



Mr. Wong Sai Chung
Chairman and Joint Managing Director

PETROLEUM PRODUCTS DISTRIBUTION

Following China's entrance into the WTO, the Group continues its active pursuit in the business of petroleum product distribution in China, mainly focusing on the operation and development of a gasoline station network along the economically developed coastal cities and provinces in China. The Group believes that wholesale and retailing of petroleum products in China will benefit from the sustained economic growth in China and be highly profitable in the long run.

A-SHARE COMPANY IN CHINA

In early 2002, the Group successfully completed its acquisition of a controlling stake in Winsan (Shanghai) Industrial Co., Ltd. ("Winsan"), an A-share company listed on the Shanghai Stock Exchange. Winsan will become the flagship of the Group's presence in the corporate and capital markets of China.

OUTLOOK

I do not believe that following the end of the Iraq war, the U.S. economy will bring an end to the global recession and lead to a strong recovery. The serious debt problems around the world created by excess capacity and the burst of the "dotcom bubbles" are impossible to extinguish in the near term. It is inevitable that both China's and Hong Kong's exports will be adversely affected. Furthermore, the sudden SARS crisis has severely dampened people's willingness to work. It seems that a new round of recession is arriving. While we should not be overly pessimistic, preparation for the worst should be kept in our agenda. Therefore, we shall continue to exercise stringent and clear mindsets, as well as professional and prudent financial management model, to direct the Group's future. In order to seek good investment opportunities and enhance our returns for the existing investments, we will continuously fine-tune our strategy in line with the changes of the economic and market conditions. Thus, we could create values for all of our shareholders.

ACKNOWLEDGMENT

I would like to express my sincere thanks to our shareholders, friends and staff.

By Order of the Board
Pacific Concord Holding Limited
Wong Sai Chung
Chairman and Joint Managing Director