

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the headings "Directors' interests in shares" above and in the share options disclosed in note 11 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 directors 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 2003, so far as was known to any of the Directors, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of issued Shares
Mr. Wong Sai Chung (note a)	Interests of controlled corporations	1,851,734,762	57.02
U.S. Concord (Holding) Limited (note b)	Interests of controlled corporations	1,203,661,437	37.06
Max Asialines Limited (note b)	Beneficial owner	809,600,592	24.93
Sanote Investments Limited (note b)	Beneficial owner	394,060,845	12.13
Concord Oil Group Limited (note c)	Interests of controlled corporations	457,017,311	14.07
Cebu Blue Limited (note c)	Beneficial owner and interests of a controlled corporation	457,017,311	14.07
Skyport Investments Limited (note c)	Beneficial owner	400,000,000	12.32

Notes:

- (a) Mr. Wong Sai Chung was taken to be interested in 1,851,734,762 Shares by virtue of his interests in U.S. Concord (Holding) Limited, Concord Oil Group Limited, Beaujet Development Limited (which beneficially owned 180,011,279 Shares) and Gain Time Holdings Limited (which beneficially owned 11,044,735 Shares).
- (b) U.S. Concord (Holding) Limited was taken to be interested in 1,203,661,437 Shares by virtue of its interests in Max Asialines Limited and Sanote Investments Limited.
- (c) Concord Oil Group Limited was taken to be interested in 457,017,311 Shares by virtue of its interests in Cebu Blue Limited. Cebu Blue Limited beneficially owned 57,017,311 Shares, and was taken to be interested in another 400,000,000 Shares (beneficially owned by Skyport Investments Limited) by virtue of its interests in Skyport Investments Limited.

Save as disclosed above, as at 30 June 2003, there was no person, so far as was known to any of the Directors, who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of any other member of the Group.

BUSINESS REVIEW AND PROSPECTS

During the period, due to the outbreak of Severe Acute Respiratory Syndrome (SARS) disease in Hong Kong and some major cities in the mainland China, most of the commercial activities were paralysed. Because of SARS, only a small number of the remaining residential units of our project "Blue Yard", which is situated in the center of Tsuen Wan, were sold out during the six months. Moreover, leasing of the 160,000 sq.ft. shopping arcade of the project was also temporarily slackened. As at the date of this report, the leasing activities have been improved. The construction of the residential project in Yuen Long, which should have been commenced in the first half of the year, was delayed. Construction work was rescheduled to commence towards the end of 2003 and pre-sale will be launched in next year, at the earliest. Nevertheless, the Group will accelerate the pace to discuss the development of the Group's land bank with the relevant departments of the Hong Kong Government in order to prepare for developing several large scale complexes.

The occupancy rates of the shopping arcade and service apartments of Concord World Phase I were similar to that of the corresponding period of last year. Concord World Phase II, with almost 4 million sq.ft. gross floor area occupying approximately 1 kilometer of Nanjing West Road in Shanghai, will be developed into a premier international and commercial area. Another significant residential development project of the Group in Shanghai named “Shanghai Cannes” was being sold during the period. The site area and the gross floor area of the whole project are 10 million sq.ft. and 20 million sq.ft. respectively.

80% of the residential units of Phase I of the project in Tien He, Guangzhou was sold last year. The project was jointly developed with New World Development Company Limited. As Guangzhou was one of the areas seriously affected by SARS, sale of the remaining units of the project was sluggish. The joint venture company has planned to launch the remaining units of Phase I to the market again and commence the construction of Phase II in the second half of the year.

The properties held by Winsan (Shanghai) Industrial Co., Ltd. (“Winsan”) were being sold during the period. Winsan was acquired by the Group in March last year and its A shares are listed on Shanghai Stock Exchange.

Since Thailand had successfully controlled the spread of SARS, commercial activities there were not quite affected. The Group’s major property project, with gross floor area of 10 million sq.ft. and situated at the center of Bangkok, was developed in accordance with the master plan of our associated company during the period. The completed Phase I was being sold during the period and the residential units of Phase II will also be launched for sale in the coming year. With no external debt, it is expected that the project will produce a significant net cash inflow to the Group.

Due to the wide spread of SARS, the retail operation of the Group’s 33%-owned oil business also slowed down during the period. However, with the strong support of the PRC government, it is expected that the market condition will improve in the second half of the year. The revenue and return from the retail operation of petroleum products will recover gradually.