

As the debt restructuring exercises were completed and the Rights Issue became unconditional, the financial position of the Group has been improved. It has established a good foundation for the future expansion and development of the Group. As mentioned, the acquisition in information technology and logistic businesses represents a good opportunity for the Group to diversify its businesses. The Directors believe that it would be better for the Group to explore other investment opportunities with earning potentials to increase investments in Hong Kong and the mainland China so as to further diversify its sources of income and existing business.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group adopted proactive measures, including assets disposals and capital fund raising which were completed in September 2001, to reduce the Group's overall gearing level. As a result, there have been significant changes to the assets and liabilities of the Group. As at 30 September 2001, the Group had total cash and bank balances of approximately HK\$1.3 million (31 March 2001: HK\$1.8 million) and outstanding borrowings of HK\$273.1 million, comprising promissory notes payable of HK\$19.5 million and secured bank borrowings of HK\$253.6 million, which is secured by certain of the Group's investment properties with an aggregate value of HK\$350,000,000 and an assignment of the rental income derived therefrom. At the same date, the Group's net current liabilities was decreased to HK\$111.9 million from HK\$601.5 million as reported as at 31 March 2001. The total assets and liabilities of the Group as at 30 September 2001 have been decreased to HK\$377.4 million (31 March 2001: HK\$591.1 million) and HK\$291.4 million (31 March 2001: HK\$698.7 million) respectively. The gearing ratio of the Group as at 30 September 2001, as measured by total liabilities over total assets, was 77.2% (31 March 2001: 118.2%).

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2001, none of the directors and their associates had any interests in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), or had any rights to subscribe for equity or debt securities of the Company, which are required to be recorded in the register kept under section 29 of the SDI Ordinance or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

The Company has a share option scheme (the "Scheme") approved by the shareholders in the extraordinary general meeting held on 13 December 1999 under which the directors may, at their discretion invite any full time employees, including full time executive directors, of the Group to take up options to subscribe for ordinary shares of HK\$0.25 each of the Company subject to the terms and conditions stipulated in the Scheme. The exercise price is adjustable in accordance with the provisions of the Scheme. On 22 June 2001, the Company granted share options to certain directors to subscribe for up to 33,700,000 ordinary shares of the Company at an exercise price of HK\$0.25 per share at any time before 12 December 2009.

Can Do Holdings Limited

Pursuant to the Rights Issue completed subsequent to the period end, the maximum number of shares to be issued upon the exercise of the share options were adjusted accordingly. Details of these share options before and after the Rights Issue are as follows:

Name	Date of grant	Exercise price per share before and after the Rights Issue <i>HK\$</i>	Number of shares under options before Rights Issue	Adjusted number of shares under options after Rights Issue
Yeung Sau Chung	22 June 2001	0.25	16,850,000	23,590,000
Liu Shun Chuen	22 June 2001	0.25	16,850,000	23,590,000

None of these share options have been exercised since the date of grant.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2001, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares
Tem Fat Hing Fung (Holdings) Limited (<i>Note</i>)	195,750,000
TEMFAT Investments (Holdings) Limited	195,750,000

Note: TEMFAT Investments (Holdings) Limited is a wholly-owned subsidiary of Tem Fat Hing Fung (Holdings) Limited, and therefore Tem Fat Hing Fung (Holdings) Limited is deemed to be interested in the 195,750,000 shares in accordance with the SDI Ordinance.

As at the date of this report, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares
Regent Medal Assets Corp.	344,480,000 <i>Note</i>
Tem Fat Hing Fung (Holdings) Limited	195,750,000
TEMFAT Investments (Holdings) Limited	195,750,000

Note: The entire issued share capital of Regent Medal Assets Corp. is beneficially owned by Mr. Chan Yuen Ming.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYMENT AND REMUNERATION POLICY

At 30 September 2001, the Group's total number of staff was two. The Group remunerates its employees based on their performance, experience and prevailing industry practices. The Group has set up share option scheme to its employees linked to the individual performance as recognition of and reward for value creation.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited during the six months ended 30 September 2001, except that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements.

By Order of the Board

Yeung Sau Chung

Director

Hong Kong, 28 December 2001