

INTERIM RESULTS 2002

The Board of Directors (the “Directors”) of Can Do Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2002 with comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	Six months ended	
		2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Turnover	3	11,553	11,669
Building management fees		(137)	(1,013)
Gross profit		11,416	10,656
Other revenue		1,364	105
Gain on disposal of an associate		56,859	–
Unrealised holding loss on short term investment		(51,688)	–
Administrative expenses		(2,513)	(5,714)
Reversal of provisions for losses on restructuring		–	17,878
Profit from operating activities	4	15,438	22,925
Finance costs		(7,071)	(22,202)
Share of loss of an associate		(59)	(3,838)
Profit/(loss) before tax		8,308	(3,115)
Tax	5	(600)	–
Net profit/(loss) attributable to shareholders		<u>7,708</u>	<u>(3,115)</u>
Earnings/(loss) per share	6		
Basic		<u>0.60 cent</u>	<u>(0.47 cent)</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended	
	30 September	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Opening balance – Total equity at 1 April (audited)	127,075	(107,604)
Net profit/ (loss) for the period (unaudited)	7,708	(3,115)
Issue of shares, net of share issue expenses (unaudited)	59,960	210,800
Reserve release upon disposal of an associate (unaudited)	–	(14,040)
	<hr/>	<hr/>
Closing balance – Total equity at 30 September (unaudited)	<u>194,743</u>	<u>86,041</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 September 2002	31 March 2002
<i>Notes</i>		<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
		350,730	350,730
	7	<u>60,000</u>	<u>–</u>
		<u>410,730</u>	<u>350,730</u>
CURRENT ASSETS			
	8	5,112	–
		1,313	1,733
	9	3,838	3,306
		<u>123,808</u>	<u>127,096</u>
		<u>134,071</u>	<u>132,135</u>
CURRENT LIABILITIES			
		15,764	20,761
		600	–
	10	60,447	91,446
	11	<u>25,744</u>	<u>8,394</u>
		<u>102,555</u>	<u>120,601</u>
NET CURRENT ASSETS		<u>31,516</u>	<u>11,534</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>442,246</u>	<u>362,264</u>
NON-CURRENT LIABILITIES			
	11	(187,503)	(175,189)
	12	<u>(60,000)</u>	<u>(60,000)</u>
		<u>(247,503)</u>	<u>(235,189)</u>
		<u>194,743</u>	<u>127,075</u>
CAPITAL AND RESERVES			
	13	539,320	479,320
		<u>(344,577)</u>	<u>(352,245)</u>
		<u>194,743</u>	<u>127,075</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30 September	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
NET CASH INFLOW /(OUTFLOW) FROM		
OPERATING ACTIVITIES	5,562	(48,847)
Net cash outflow from financing activities	<u>(8,850)</u>	<u>(32,659)</u>
DECREASE IN CASH AND		
CASH EQUIVALENTS	(3,288)	(81,506)
Cash and cash equivalents at beginning of year	<u>127,096</u>	<u>1,819</u>
CASH AND CASH EQUIVALENTS AT		
END OF PERIOD	<u>123,808</u>	<u>(79,687)</u>
ANALYSIS OF BALANCES OF CASH AND		
CASH EQUIVALENTS		
Cash and bank balances	123,808	1,342
Bank overdraft	<u>–</u>	<u>(81,029)</u>
	<u>123,808</u>	<u>(79,687)</u>

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**1. BASIS OF PREPARATION**

The interim financial statements are unaudited but have been reviewed by the Audit Committee of the Company.

The unaudited condensed consolidated interim financial statements (the “Interim Report”) have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and the requirements of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). The accounting policies and basis of preparation used in the preparation of the Interim Report are the same as those used in the Group’s annual financial statements for the year ended 31 March 2002. In addition, the Group has adopted the following revised or new SSAPs which are effective for accounting periods commencing on or after 1 April 2002.

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognized gains and losses to a statement of changes in equity. The condensed consolidated statements of changes in equity for the current interim period and the comparative figures have been presented in accordance with this revised SSAP.

In accordance with SSAP 15 (Revised), the cash flow equivalents are presented by means of cash flow statement which classifies cash flows during the period according to operating, investing and financing activities. Condensed consolidated cash flow statement for the six months ended 30 September 2002 have been restated to accord with the current period’s presentation.

The adoption of the remaining revised and new SSAPs had no material effect on the results for the current period or the prior period. Accordingly, no prior period adjustment is required.

Certain comparative figures of the interim financial statements have been reclassified to conform with the current period’s presentation.

2. PRINCIPAL ACTIVITIES

The principal activities of the Group are engaged in the property development and investment in Hong Kong. During the period, the Group also made strategic investments in information technology, logistic and natural gas businesses.

3. TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the gross rental income derived from the investment properties during the period.

Turnover and contribution to profit from operating activities for the six months ended 30 September 2002 are all generated by business in Hong Kong.

No separate analysis of business or geographical segment information is presented as the Group sole business is that of property development and investment in Hong Kong.

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging / (crediting)

	Six months ended	
	30 September	
	(unaudited)	(unaudited)
	2002	2001
	HK\$'000	HK\$'000
Staff costs (including directors' remuneration)		
Wages and salaries	198	179
Provident fund	7	–
	205	179
Depreciation	–	1
Interest income	(956)	(77)

5. TAX

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period.

No provision for deferred tax has been made as the net effect of timing differences is insignificant (2001: Nil).

The revaluation of the Group's investment properties does not constitute a timing difference and consequently, the amount of potential deferred tax thereon has not been quantified.

6. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the net profit attributable to shareholders for the period ended 30 September 2002 of HK\$7,708,000 (2001: loss of HK\$3,115,000) and the weighted average of 1,284,427,541 (2001: 660,813,187) ordinary shares in issue during the period.

No diluted earnings/(loss) per share amounts have been presented as the exercise of the Company's outstanding exercisable share options, redeemable convertible preference shares and convertible bonds during both periods would be anti-dilutive.

7. LONG TERM INVESTMENT

Long term investment represents 30% equity interest in an unlisted company which engages in the supply and trading of liquid petroleum gas in bulk and in cylinder, the provision of piped gas and sale of liquid petroleum gas household appliance.

8. SHORT TERM INVESTMENT

Short term investment represents the carrying value of 284 million shares of ordinary shares in cCyberChina Holdings Limited.

9. ACCOUNTS RECEIVABLE

The Group maintains a defined credit policy and normally allows an average credit period of 30 days to its tenants. The ageing analysis of the accounts receivable is as follows:

	30 September	As at
	2002	31 March
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Within 1 month	1,422	1,390
1 to 3 months	1,696	1,456
Over 3 months	720	460
	3,838	3,306

10. DUE TO RELATED COMPANIES

The loan of HK\$54,000,000, which bears interest at a rate of 3.5% per annum, is secured by a second mortgage charge on certain investment properties of the Group with an aggregate carrying value of HK\$350,000,000 and is repayable on 23 October 2002.

The promissory note of HK\$4,480,000, which was unsecured and borne interest at the Hong Kong prime rate, was repaid in October 2002.

11. INTEREST-BEARING BANK LOAN AND OTHER BORROWINGS

	30 September 2002 (unaudited) HK\$'000	31 March 2002 (audited) HK\$'000
Bank loan, secured	<u>198,247</u>	<u>168,583</u>
Unsecured promissory note payable	<u>15,000</u>	<u>15,000</u>
Total bank loan and other borrowings	213,247	183,583
Portion classified as current liabilities	<u>(25,744)</u>	<u>(8,394)</u>
Long term portion	<u>187,503</u>	<u>175,189</u>

Bank loan

The bank loan is repayable:

	30 September 2002 HK\$'000 (unaudited)	As at 31 March 2002 HK\$'000 (audited)
Within one year	10,744	8,394
In the second year	11,140	8,710
In the third to fifth years, inclusive	35,944	26,132
Beyond five years	<u>140,419</u>	<u>125,347</u>
	<u>198,247</u>	<u>168,583</u>

The bank loan 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.

11. INTEREST-BEARING BANK LOAN AND OTHER BORROWINGS (Continued)**Promissory note payable**

	As at	
	30 September 2002 HK\$'000 (unaudited)	31 March 2002 HK\$'000 (audited)
Within one year	15,000	–
In the second year	–	15,000
	<u>15,000</u>	<u>15,000</u>

As at 30 September 2002, a promissory note payable is unsecured, bear interest at prime rate per annum and is repayable on 18 September 2003. The promissory note was repaid in November 2002.

12. CONVERTIBLE BONDS

On 4 January 2002, the Company issued convertible bonds for an aggregate principal amount of HK\$60,000,000 at par to certain independent investors (the “Bonds”). The maturity date of the Bonds is 4 January 2005 (the “Maturity Date”). The Bonds bear interest at a rate of 5% per annum payable semi-annually in arrears on 30 June and 31 December.

The holders of the Bonds (the “Bondholders”) have the option to convert the principal outstanding amount of the Bonds in whole or in part into ordinary shares of the Company at any time before the Maturity Date at the conversion price of HK\$0.25 per share (subject to adjustment) (the “Conversion Price”).

At any time after the expiry of 12 months from the issue date, the Company has the right to redeem the whole (but not part) of the outstanding Bonds at the redemption amount which is 105% of the principal amount of the Bonds to be redeemed together with accrued interest thereon.

Unless previously redeemed or converted or purchased and cancelled, the Company will redeem each convertible bond on the Maturity Date at the redemption amount, which is 100% of the principal amount of the outstanding convertible bonds together with accrued interest from and including the last interest payment date up to but excluding the Maturity Date.

During the period, no Bonds were redeemed or converted into ordinary shares of the Company.

13. SHARE CAPITAL

	30 September 2002		31 March 2002	
	Number of shares (in thousand) (unaudited)	HKS'000 (unaudited)	Number of shares (in thousand) (audited)	HKS'000 (audited)
Authorised:				
Ordinary shares of HK\$0.25 each	<u>10,000,000</u>	<u>2,500,000</u>	<u>3,920,000</u>	<u>980,000</u>
‘A’ Redeemable convertible preference shares of HK\$0.25 each	<u>400,000</u>	<u>100,000</u>	<u>400,000</u>	<u>100,000</u>
‘B’ Redeemable convertible preference shares of HK\$0.25 each	<u>284,000</u>	<u>71,000</u>	<u>284,000</u>	<u>71,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.25 each At 31 March 2002 (audited)	<u>1,233,280</u>	<u>308,320</u>		
Issue of shares	<u>240,000</u>	<u>60,000</u>		
At 30 September 2002 (unaudited)	<u>1,473,280</u>	<u>368,320</u>		
‘A’ Redeemable convertible preference shares of HK\$0.25 each At 31 March 2002 (audited) and at 30 September 2002 (unaudited)	<u>400,000</u>	<u>100,000</u>		
‘B’ Redeemable convertible preference shares of HK\$0.25 each At 31 March 2002 (audited) and at 30 September 2002 (unaudited)	<u>284,000</u>	<u>71,000</u>		

During the period, the following movements in share capital were recorded:

- (a) On 22 June 2002, the extraordinary general meeting of the Company was held and an ordinary resolution was passed by the shareholders of the Company to increase the authorized share capital of the Company from HK\$1,151,000,000 to HK\$2,671,000,000 by the creation of additional 6,080,000,000 ordinary shares of HK\$0.25 each in the capital of the Company.

13. SHARE CAPITAL (Continued)

- (b) On 23 August 2002, 240,000,000 new ordinary shares of the Company at HK\$0.25 each were issued and allotted in full to independent third parties to settle the consideration of HK\$60,000,000 for acquisition of an investment engaged in natural gas business in the People Republic of China.

14. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had minimum total lease receivables under non-cancellable operating leases which fall due as follows:

	As at	
	30 September	31 March
	2002	2002
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within one year	18,810	17,678
In the second to fifth years, inclusive	10,490	9,446
	<u>29,300</u>	<u>27,124</u>

Operating lease receivables represent rental income receivable by the Group for certain of its investments properties.

15. CAPITAL COMMITMENT

	As at	
	30 September	31 March
	2002	2002
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Contracted, but not provided for (<i>Note</i>)	<u>400,000</u>	<u>400,000</u>

Note:

On 14 September 2000, the Group entered into a conditional sale and purchase agreement with an independent third party for the acquisition of the entire issued share capital and the shareholders' loan of Growing China Limited ('Growing China'), a company incorporated in the British Virgin Islands at a consideration of HK\$400,000,000. The principal assets of Growing China are residential blocks and a commercial complex located at Chengdu, Sichuan Province, the PRC. The consideration of HK\$340 million is expected to be satisfied by the issue and allotment of approximately 301 million new ordinary shares of the Company and the balance of HK\$60 million in cash. The agreement has not become unconditional and parties to the agreement agreed on 19 December 2000 with a supplemental agreement to extend the long stop date of the agreement to such date as the parties may agree in writing, and details of the extension were announced by the Company on the even date. In the opinion of the Directors of the Company, unless the parties mutually agree to complete the agreement, no payment under the agreement will be made within the next twelve months from the date of this report.

16. POST BALANCE SHEET EVENT

Open Offer

On 9 November 2002, the Directors announced that the Company proposed to raise not less than HK\$18.4 million before expenses by issuing not less than 73,664,000 offer shares by way of an open offer at a price of HK\$0.25 per share (the “Offer Share”) on the basis of one Offer Share for every twenty existing ordinary shares held by shareholders of the Company whose addresses are shown on the register of members in Hong Kong (the “Open Offer”). The Company also proposed that the holders of the Offer Shares will receive bonus shares on the basis of twenty four bonus shares for every Offer Share (the “Bonus Issue”). The Directors also announced that they intended, inter alia, to consolidate shares of the Company on the basis of every two issued and unissued ordinary shares into one consolidated share (the “Share Consolidation”). The net proceed of approximately HK\$17.4 million raised by the Open Offer will be used for the repayment of the Group’s outstanding indebtedness in part and general working capital. Details of the Open Offer, the Bonus Issue and the Share Consolidation are set out in the circular dated 27 November 2002. In this regard, an extraordinary general meeting was held on 13 December 2002 and all relevant resolutions proposed were passed by the shareholders of the Company. The Open Offer together with the Bonus Issue and the Share Consolidation are now in progress and are expected to become unconditional and effective on 6 January 2003 and 8 January 2003 respectively.

INTERIM DIVIDEND

The Directors have resolved that no interim dividend will be declared in respect of the six months ended 30 September 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FUTURE PLAN

The Group is engaged in property development and property investment in Hong Kong. The turnover of the Group for the period of six months ended 30 September 2002 amounted to HK\$11.6million (2001 : HK\$11.7 million) was mainly contributed by the rental income of Golden Plaza, No. 745 – 747 Nathan Road, Kowloon. As at 30 September 2002, almost all of the total gross floor area of Golden Plaza has been rented. A professional management company has been employed to handle the property management and leasing of Golden Plaza.

On 5 August 2002, the Group entered into an agreement for the acquisition of 30% equity interest of Power Insight Investments Limited, which wholly owns North East Asia Energy International (Holdings) Limited and is principally engaging in the supply and trading of liquid petroleum gas (“LPG”) in bulk and cylinder, provision of piped gas and the sales of LPG household appliance. The consideration of the acquisition of HK\$60,000,000 was settled by way of issuance of 240,000,000 new ordinary shares of the Company at HK\$0.25 each (the “Consideration Shares”). The acquisition was completed on 23 August 2002 and the Consideration Shares were issued and allotted on the same date.

On 12 August 2002, the Group disposed 49% equity interest of Masterful Resources Limited, an investment involving in information technology and logistic businesses, at a consideration of HK\$56,800,000. The consideration was satisfied by the issue and allotment of 284,000,000 ordinary shares of eCyberChina Holdings Limited (“eCyber”) at HK\$0.20 each, which represented approximately 9.9% of the enlarged share capital of eCyber. By investing in the shares of eCyber, which is listed in The Stock Exchange of Hong Kong Limited, would not only provide a good opportunity for the Group to capture the earning potentials of information technology related businesses, but also to increase the liquidity of the Group’s investments. The transaction was completed on 5 September 2002 and a gain on disposal of approximately HK\$56,859,000 was recorded.

During the period, the financial position of the Group has been improved. It has established a good foundation for the future expansion and development of the Group. Acquisitions in information technology, logistic and natural gas businesses represent a good opportunity for the Group to diversify its businesses and income sources. The Directors believe that it is 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 CAPITAL RESOURCES

As at 30 September 2002, the Group had outstanding borrowings of approximately HK\$333.7 million (31 March 2002: HK\$335.0 million), comprising secured bank borrowings of HK\$198.2 million, an unsecured promissory note payable of HK\$15 million, loans due to related companies amounted to HK\$60.5 million and convertible bonds of HK\$60 million. At the same date, the Group's net current assets was increased to HK\$31.5 million from HK\$11.5 million as reported on 31 March 2002. The total assets and total liabilities of the Group as at 30 September 2002 was recorded as HK\$544.8 million (31 March 2002: HK\$482.9 million) and HK\$350.1 million (31 March 2002: HK\$355.8 million) respectively. The gearing ratio of the Group as at 30 September 2002, as measured by total liabilities over total assets, was 64.3% (31 March 2001: 73.7%).

As at 30 September 2002, the Group had total cash and bank balances of approximately HK\$123.8 million (31 March 2002: HK\$127.1 million).

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2002, 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 had a share option scheme approved by the shareholders in the extraordinary general meeting held on 13 December 1999 (the "Old Scheme") 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 Old Scheme. After the adoption of the amended Chapter 17 of the Listing Rules with effect from 1 September 2001, certain terms of the Old Scheme require amendment in order to comply with the new requirements under Chapter 17 of the Listing Rules. In the annual general meeting of the Company held on 16 September 2002, resolutions were passed to terminate the Old Scheme and a new share options scheme was adopted (the "New Scheme"). The exercise price is adjustable in accordance with the provisions of the New Scheme. The shares options granted by the Company under the Old Scheme will not be affected by the New Scheme. As at 30 September 2002, no options were granted under the New

Scheme and options to subscribe for ordinary shares of HK\$0.25 each in the Company granted to directors under the Old Scheme as follows:

Name	Date of grant	Exercise price per share HK\$	Number of shares under options
Yeung Sau Chung	22 June 2001	0.25	23,590,000
Liu Shun Chuen	22 June 2001	0.25	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 2002, 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 ^{Note 1}
Tem Fat Hing Fung (Holdings) Limited	195,250,000 ^{Note 2}
TEMFAT Investments (Holdings) Limited	195,250,000 ^{Note 2}

Note: 1. The entire issued share capital of Regent Medal Assets Corp. is beneficially owned by Mr. Chan Yuen Ming.

2. 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 195,250,000 shares in accordance with the SDI Ordinance.

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 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 2002, 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 shares option scheme to its employees linked to individual performance as recognition of and reward for value creation.

The Group operates a defined contribution mandatory provident fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme.

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 2002, 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 of the Company has reviewed with management the accounting principles and practices adopted by the Group including the review of the unaudited interim financial statements.

By Order of the Board
Yeung Sau Chung
Director

Hong Kong, 20 December 2002