

## LIQUIDITY AND FINANCIAL RESOURCES

### Debt and Gearing

As at 30 September 2001, the Group's bank and other borrowings amounted to approximately HK\$78,152,000 (31 March 2001: HK\$168,046,000). The reduction was principally as a result of the disposal of the ground engineering and building construction operations.

### Foreign Exchange Exposure

The Group's income and expenditure streams are mainly denominated in Hong Kong dollars, with limited/controlled exposure in Australian, Taiwanese and Singaporean dollars. Borrowings in the form of letters of credit, overdrafts and short term revolving loans are mainly denominated in Hong Kong dollars and bear interest at floating rates.

### Charges on Group Assets

The Group has pledged a property for sale and a leasehold property for certain banking facilities.

## MANAGEMENT AND STAFF

As at 30 September 2001, the Group had approximately 280 employees (31 March 2001: over 600). The staffing structure is under constant review as the shape of the Group develops. Remuneration packages are calculated at market rates, with share options offered at the discretion of the board of directors. The remuneration and share option packages of the directors of the Company must first be recommended by the Remuneration Committee which is comprised of non-executive directors.

## AUDIT COMMITTEE

The Group has an Audit Committee comprising of three non-executive directors, Messrs. Lester Garson Huang, Richard Siemens and Gary Forrest. The Audit Committee reviews the internal controls and audit-related matters, together with the interim and annual reports of the Group.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2001, the interests of the directors and their associates in the securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register maintained by the Company pursuant to section 29 of the SDI Ordinance or as otherwise 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were as follows:

Name of Company	Name of director	Nature of interests	Number of securities
ehealthcareasia Limited	Brian O'Connor	Personal	177,862,500 shares
		Corporate (Note 1)	1,520,303 shares
		Family (Note 2)	7,929,898 shares
	Sam Abunassar	Personal	59,287,500 shares
	Philip Kirkwood	Personal	19,862,500 shares
	Richard Siemens	Corporate	1,661,779 shares

Name of Company	Name of director	Nature of interests	Number of securities
Quality HealthCare Asia Limited ("QHA")	Brian O'Connor	Corporate (Note 1)	196,806,375 shares
		Family (Note 2)	255,384,184 shares
		Personal (Note 3)	7,750,000 share options
	Sam Abunassar	Personal (Note 3)	10,000,000 share options
	Philip Kirkwood	Personal	2,000,000 shares
	Richard Siemens	Personal (Note 3)	2,100,000 share options
		Corporate	15,732,062 shares

Notes:

- These shares are beneficially owned by Cherish Enterprises Limited ("Cherish"), a company incorporated in the British Virgin Islands, which is owned as to 50% by Montel Limited ("Montel"), also a company incorporated in the British Virgin Islands, which is in turn the trustee of a trust of which the family of Mr. O'Connor, a director, is the beneficiary.
- Montel owns 6,409,595 shares in the Company and 58,577,809 shares in QHA. In addition, Montel owns 50% of Cherish which owns 1,520,303 shares in the Company and 196,806,375 shares in QHA. Montel is the trustee of a trust of which the family of Mr. O'Connor is the beneficiary.
- These share options were granted under QHA's share option scheme adopted on 5 July 1993 (the "Scheme"). Details of the share options granted to the directors under the Scheme at 30 September 2001 were as follows:

Name of director	Number of shares under the share options	Date granted	Exercisable period (both dates inclusive)	Exercise price per share HK\$
Brian O'Connor	375,000	19/11/1998	19/11/1999-18/5/2002	0.660
	375,000	19/11/1998	19/11/2000-18/5/2002	0.660
	1,500,000	19/4/1999	3/5/2000-2/11/2002	0.870
	1,500,000	19/4/1999	3/5/2001-2/11/2002	0.870
	4,000,000	8/11/1999	15/5/2000-14/5/2003	1.280
Sam Abunassar	7,000,000	22/1/2000	15/8/2000-4/7/2003	2.350
	3,000,000	3/8/2000	16/2/2001-4/7/2003	1.920
Philip Kirkwood	300,000	19/11/1998	19/11/1999-18/5/2002	0.660
	300,000	19/11/1998	19/11/2000-18/5/2002	0.660
	500,000	19/4/1999	27/4/2000-26/10/2002	0.870
	500,000	19/4/1999	27/4/2001-26/10/2002	0.870
	500,000	1/11/1999	2/5/2000-1/5/2003	1.190

During the six months ended 30 September 2001, no share options were granted to and/or exercised by the directors of the Company.

Save as disclosed above, as at 30 September 2001, none of the directors and chief executives of the Company, or any of their associates, had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations, within the meaning of the SDI Ordinance, and none of the directors, nor any of their spouse or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights during the period.

Subsequent to the balance sheet date, as at 17 December 2001, being the latest practicable date for ascertaining the information contained in this document, details of the interests of the directors and their associates in the securities of the Company or any of its associated corporations were as follows:

Name of Company	Name of director	Nature of interests	Number of securities
ehealthcareasia Limited	Brian O'Connor	Personal	177,862,500 shares
		Corporate (Note 4)	1,520,303 shares
		Family (Note 5)	7,929,898 shares
	Sam Abunassar	Personal	59,287,500 shares
	Richard Siemens	Corporate	3,297,641 shares
QHA	Brian O'Connor	Corporate (Note 4)	200,040,328 shares
		Family (Note 5)	317,195,946 shares
		Personal	300,000,000 shares
		Personal (Note 6)	15,500,000 share options
	Sam Abunassar	Personal (Note 6)	20,000,000 share options
	Richard Siemens	Corporate	66,471,182 shares

Notes:

- These shares are beneficially owned by Cherish, a company incorporated in the British Virgin Islands, which is wholly owned by Montel.
- Montel owns 6,409,595 shares in the Company and 117,155,618 shares in QHA. In addition, Montel wholly owns Cherish which owns 1,520,303 shares in the Company and 200,040,328 shares in QHA.
- Details of the share options granted to directors under the QHA's share option scheme as at 17 December 2001 were set out below:

Name of director	Number of shares under the share options	Date granted	Exercisable period (both dates inclusive)	Exercise price per share HK\$
Brian O'Connor	750,000	19/11/1998	19/11/1999-18/5/2002	0.330
	750,000	19/11/1998	19/11/2000-18/5/2002	0.330
	3,000,000	19/4/1999	3/5/2000-2/11/2002	0.435
	3,000,000	19/4/1999	3/5/2001-2/11/2002	0.435
	8,000,000	8/11/1999	15/5/2000-14/5/2003	0.640
Sam Abunassar	14,000,000	22/1/2000	15/8/2000-4/7/2003	1.175
	6,000,000	3/8/2000	16/2/2001-4/7/2003	0.960

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2001, according to the register kept by the Company pursuant to Section 16(1) of the SDI Ordinance, and so far as is known to the Directors, the Shareholders who were directly or indirectly interested in 10% or more of the issued share capital of the Company carrying rights to vote in all circumstance at general meetings of the Company together with the number of shares in which they were deemed to be interested were:

<b>Name of substantial shareholders</b>	<b>Number of shares held</b>
QHA ( <i>Note</i> )	1,584,973,105
Quality HealthCare Investment Limited	1,584,973,105

*Note:* Quality HealthCare Investment Limited is a wholly-owned subsidiary of QHA. Accordingly, QHA indirectly owns 1,584,973,105 shares in the Company.

## PURCHASES, SALES OR REDEMPTIONS OF SHARES

There have been no purchases, sales or redemptions of the Company's shares by the Company or any of its subsidiaries during the period under review.

## COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Lam Hon Yiu, Leo**  
*Company Secretary*

Hong Kong, 21 December 2001