



INTERIM REPORT 2002

CONDENSED CONSOLIDATED INCOME STATEMENT*FOR THE SIX MONTHS ENDED 30 JUNE 2002*

	<i>Note</i>	2002 (unaudited) HK\$'000	2001 (unaudited) HK\$'000
Turnover	2	11,336	26,752
Other revenue		3,736	28,878
Construction contract costs		(10,202)	(19,254)
System integration and training fees		(101)	–
Production overheads		(802)	–
Staff costs		(5,920)	(10,155)
Depreciation		(1,191)	(5,182)
Provision for doubtful debts		(926)	(234)
Amortisation of intangible assets		(21,309)	–
Other operating expenses		(8,284)	(12,834)
Operating (loss)/profit from operating activities		(33,663)	7,971
Share of profits less losses of			
Associated companies		–	(4,844)
Joint venture		–	(69)
Finance costs	3	(2,733)	(642)
(Loss)/profit from operating activities before taxation		(36,396)	2,416
Taxation	4	–	(109)
(Loss)/profit from operating activities after taxation		(36,396)	2,307
Minority interests		340	–
(Loss)/profit attributable to shareholders		(36,056)	2,307
(Loss)/earnings per share			
– Basic	5	(2.22) cents	<u>0.312 cents</u>
– Diluted	5	N/A	<u>0.309 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		At 30 June 2002 (unaudited) HK\$'000	At 31 December 2001 (audited) HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Intangible assets	6	347,149	329,640
Property, plant and equipment		3,412	4,135
Investment in a subsidiary	7	31,103	–
Club membership		1,763	1,763
		<u>383,427</u>	<u>335,538</u>
Current assets			
Investments held for resale		28,672	28,672
Gross amounts due from customers on construction contracts		1,909	–
Loans receivable	9	42,938	57,938
Accounts receivable	8	2,004	2,276
Prepayments, deposits and other receivables		30,691	65,444
Tax recoverable		3	–
Restricted cash		–	15,759
Bank and cash balances		11,123	45,140
		<u>117,340</u>	<u>215,229</u>
Current liabilities			
Gross amounts due to customers on construction contracts		1,538	3,193
Accounts payable	10	13,366	18,998
Accruals and other payables		23,058	14,574
Amount due to a related company		69	1,233
Provision for taxation		156	175
Bank and other borrowings		201	15,759
		<u>38,388</u>	<u>53,932</u>
Net current assets		<u>78,952</u>	<u>161,297</u>
Total assets less current liabilities		<u>462,379</u>	<u>496,835</u>

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

		At 30 June 2002 (unaudited) HK\$'000	At 31 December 2001 (audited) HK\$'000
	<i>Note</i>		
Non-current liabilities			
Redeemable debentures	13(a)	60,800	120,800
Convertible loan notes	13(b)	27,000	10,000
		<hr/>	<hr/>
		87,800	130,800
Minority interests		133,269	135,589
		<hr/>	<hr/>
NET ASSETS		241,310	230,446
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	11	193,046	149,850
Reserves	12	48,264	80,596
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		241,310	230,446
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2002

	Share capital (unaudited) <i>HK\$'000</i>	Share premium (unaudited) <i>HK\$'000</i>	Contributed surplus (unaudited) <i>HK\$'000</i>	Exchange reserve (unaudited) <i>HK\$'000</i>	Accumulated losses (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
At 1 January 2001	71,600	436,523	22,130	(1,085)	(188,693)	340,475
Issue of shares	11,800	-	-	-	-	11,800
Premium arising on issue of shares, net of issuing expenses	-	2,124	-	-	-	2,124
Exchange differences arising on consolidation	-	-	-	(3,198)	-	(3,198)
Profit for the period	-	-	-	-	2,307	2,307
At 30 June 2001	<u>83,400</u>	<u>438,647</u>	<u>22,130</u>	<u>(4,283)</u>	<u>(186,386)</u>	<u>353,508</u>
At 1 January 2002	149,850	446,088	22,130	659	(388,281)	230,446
Shares issued for conversion of convertible loan notes	14,196	-	-	-	-	14,196
Issue of shares	29,000	-	-	-	-	29,000
Premium arising on issue of shares, net of issuing expenses	-	3,924	-	-	-	3,924
Exchange differences arising on consolidation	-	-	-	(200)	-	(200)
Loss for the period	-	-	-	-	(36,056)	(36,056)
At 30 June 2002	<u>193,046</u>	<u>450,012</u>	<u>22,130</u>	<u>459</u>	<u>(424,337)</u>	<u>241,310</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2002

	<i>Note</i>	2002 (unaudited) HK\$'000	2001 (unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities	<i>14</i>	30,571	(1,307)
Investing activities			
Net cash outflow from acquisitions of subsidiaries		(33,110)	–
Purchase of property, plant and equipment		(681)	(168)
Advances to associated companies		–	(4,362)
Proceeds from disposal of property, plant and equipment		9	815
Net cash outflow from investing activities		(33,782)	(3,715)
Net cash outflow before financing activities		(3,211)	(5,022)
Financing activities			
Proceeds from issue of share capital		29,120	13,924
Redemption of debentures		(60,000)	–
Payment of finance lease liabilities		–	(2,559)
Proceeds from secured bank borrowings		–	3,924
Repayment of other unsecured bank borrowings		–	(278)
Net cash (outflow)/inflow from financing activities		(30,880)	15,011
Net (decrease)/increase in cash and cash equivalents		(34,091)	9,989
Cash and cash equivalents, beginning of period		45,140	(236)
Effect of change in exchange rates		(127)	(2,922)
Cash and cash equivalents, end of period		10,922	6,831
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		11,123	7,282
Bank overdrafts		(201)	(451)
– secured		(201)	(451)
		10,922	6,831

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2002

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed interim financial statements have not been audited or reviewed by the Company's auditors but have been reviewed by the Company's Audit Committee.

The unaudited condensed financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting". The accounting policies and basis of preparation used in the preparation of the condensed financial statements are the same as those used in the annual financial statements for the year ended 31 December 2001 except that the Group has changed certain of its accounting policies following its adoption of the SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2002:–

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

The effect of adopting these new and revised accounting policies described above on the financial position of the Group at 30 June 2001 is insignificant. Disclosure and certain comparative figures have been modified accordingly.

2. SEGMENTAL INFORMATION

The Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Primary reporting format – business segments

	unaudited			
	For the six months ended 30 June			
	Turnover		Operating (loss)/profit	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Construction contracts	9,689	14,951	(9,868)	770
System integration and training fees	476	–	(4,335)	–
Sale of television programs	–	11,801	–	2,009
Provision of network security services	1,171	–	(19,471)	–
Money lending	–	–	11	5,192
	11,336	26,752	(33,663)	7,971

2. SEGMENTAL INFORMATION (Continued)

Secondary reporting format – geographical segments

	unaudited			
	For the six months ended 30 June			
	Turnover	Operating (loss)/gain		
2002	2001	2002	2001	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Hong Kong	9,689	14,951	(9,857)	8,536
People's Republic of China	1,171	–	(19,471)	(3,173)
Taiwan	–	11,801	–	2,608
Singapore	476	–	(4,335)	–
	<u>11,336</u>	<u>26,752</u>	<u>(33,663)</u>	<u>7,971</u>

3. FINANCE COSTS

	unaudited	
	For the six months ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Interest on bank loans and overdraft	–	136
Interest on convertible loan notes and redeemable debentures repayable within five years	2,552	253
Interest element of finance leases	–	234
Others	181	19
	<u>2,733</u>	<u>642</u>

4. TAXATION

	unaudited	
	For the six months ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Company and subsidiaries		
– Hong Kong profits tax	–	30
– Taiwan income tax	–	79
	<u>–</u>	<u>109</u>

No provision for Hong Kong profits tax is required since the Group has no assessable profit in Hong Kong for the period. The amount provided for the period ended 30 June 2001 was calculated at 16% based on the estimated assessable profit in Hong Kong for the period. Overseas tax is calculated at tax rates applicable in countries in which the Group is assessable for tax.

5. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$36,056,000 (2001: profit of HK\$2,307,000) and on the weighted average number of 1,621,274,793 (2001: 739,474,173) ordinary shares in issue during the period.

The diluted loss per share for period ended 30 June 2002 is not shown as the ordinary shares issuable under outstanding share options and convertible loan notes were anti-dilutive.

Diluted earnings per share for the period ended 30 June 2001 was calculated based on the consolidated profit attributable to shareholders for the period of HK\$2,307,000 and the diluted weighted average number of 745,961,800 ordinary shares in issue during the period. It had been calculated after taking into account the outstanding share options as at 30 June 2001. The effect of the dilution resulting from the outstanding share options on the weighted average number of ordinary shares in issue during the period was an additional 6,487,627 ordinary shares. The shares were deemed to be issued at no consideration on the date when the options were granted. The ordinary shares issuable under outstanding convertible loan notes were anti-dilutive.

6. INTANGIBLE ASSETS

	Goodwill (unaudited) HK\$'000	Patents and trademarks (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 31 December 2001	2,385	327,255	329,640
Additions	38,818	–	38,818
Amortisation	(2,219)	(19,090)	(21,309)
	<hr/>	<hr/>	<hr/>
At 30 June 2002	<u>38,984</u>	<u>308,165</u>	<u>347,149</u>

7. INVESTMENT IN A SUBSIDIARY

On 30 April 2002, the Group acquired 100% equity interest in a company, which engaged in the management of a hotel in the People's Republic of China. The consideration of HK\$31 million was settled in cash and promissory notes.

8. ACCOUNTS RECEIVABLE

The Group has a policy of allowing its trade customers with credit period normally between 30 to 60 days or terms in accordance with construction contracts. The ageing analysis is as follows:–

	At 30 June 2002 (unaudited) HK\$'000	At 31 December 2001 (audited) HK\$'000
Less than 3 months	1,629	1,332
3 months to 6 months	–	–
6 months to 1 year	–	100
Over 1 year	5,142	5,485
Less: Provision for doubtful debt	(4,767)	(4,641)
	<u>2,004</u>	<u>2,276</u>

9. LOANS RECEIVABLE

The loans receivable represents loans made to various unrelated third parties. These loans are secured by convertible loan notes of an unrelated company whose shares are listed on The Stock Exchange of Hong Kong Limited and unlisted shares of certain unrelated companies. These loans bear interest at 18% per annum and are repayable on demand.

10. ACCOUNTS PAYABLE

	At 30 June 2002 (unaudited) HK\$'000	At 31 December 2001 (audited) HK\$'000
Less than 3 months	543	3,998
3 months to 6 months	104	811
6 months to 1 year	134	11
Over 1 year	12,585	14,178
	<u>13,366</u>	<u>18,998</u>

11. SHARE CAPITAL

	unaudited	
	Ordinary shares of HK\$0.10 each	
	Number of shares	Par value HK\$'000
<i>Authorised:</i>		
At 31 December 2001	2,000,000,000	200,000
Increase in authorised ordinary share capital	2,000,000,000	200,000
	<u>4,000,000,000</u>	<u>400,000</u>
<i>Issued and fully paid:</i>		
At 1 January 2001	716,005,000	71,600
Issue of shares	742,500,000	74,250
Exercise of share option	40,000,000	4,000
	<u>1,498,505,000</u>	<u>149,850</u>
At 31 December 2001	1,498,505,000	149,850
Conversion of convertible loan notes	141,955,830	14,196
New placement of shares	290,000,000	29,000
	<u>1,930,460,830</u>	<u>193,046</u>

By an ordinary resolution passed on 30 January 2002, the authorised ordinary share capital of the Company was increased from HK\$200,000,000 to HK\$400,000,000 by the creation of 2,000,000,000 shares of HK\$0.10 each.

The following shares were issued by way of placement at the following date. The reason for the increase in issued share capital was to raise additional general working capital for meeting general future cash outflow requirement and/or funds for potential acquisitions by the Company.

Date	Number of shares	Par value HK\$'000	Premium HK\$'000	Total HK\$'000
23 May 2002	<u>290,000,000</u>	<u>29,000</u>	<u>870</u>	<u>29,870</u>

12. RESERVES

	Share premium (unaudited) <i>HK\$'000</i>	Contributed surplus (unaudited) <i>HK\$'000</i>	Exchange reserve (unaudited) <i>HK\$'000</i>	Accumulated losses (unaudited) <i>HK\$'000</i>	Total (unaudited) <i>HK\$'000</i>
At 1 January 2001	436,523	22,130	(1,085)	(188,693)	268,875
Realisation of exchange reserve on disposal of subsidiaries	–	–	1,085	–	1,085
Premium arising on issue of shares, net of issuing expenses	9,565	–	–	–	9,565
Exchange differences arising on consolidation	–	–	659	–	659
Loss for the year	–	–	–	(199,588)	(199,588)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2001	446,088	22,130	659	(388,281)	80,596
Premium arising on issue of shares, net of issuing expenses	3,924	–	–	–	3,924
Exchange differences arising on consolidation	–	–	(200)	–	(200)
Loss for the period	–	–	–	(36,056)	(36,056)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2002	<u>450,012</u>	<u>22,130</u>	<u>459</u>	<u>(424,337)</u>	<u>48,264</u>

13. REDEEMABLE DEBENTURES AND CONVERTIBLE LOAN NOTES

(a) Redeemable debentures

On 27 November 2001, the Company issued redeemable debentures in the aggregate amount of HK\$201,800,000 as consideration of acquisition of certain subsidiaries. These debentures bear interest at 6% per annum with maturity date three years from the date of issuance. If the debentures are redeemed in whole or in part within one year from the date of issuance, no interest will be payable on the part that are so redeemed.

During the period ended 30 June 2002 and year ended 31 December 2001, a total of HK\$60,000,000 and HK\$81,000,000 debentures were redeemed respectively. The aggregate amount of the debentures outstanding as at 30 June 2002 and 31 December 2001 was HK\$60,800,000 and HK\$120,800,000 respectively.

(b) Convertible loan notes

(i) On 10 December 1999, the Company issued convertible loan notes in the aggregate amount of HK\$181,897,000 as consideration of acquisition of certain subsidiaries. These convertible loan notes bear interest at 5% per annum and are repayable in one lump sum after three years from the date of issuance or convertible into shares of the Company at the conversion price of HK\$1 at any time after the date of issuance. If the convertible loan notes are redeemed or converted in whole or in part within one year from the date of issuance, no interest will be payable on the part that are so redeemed or converted.

There was no conversion of convertible loan notes during the period. The aggregate amount of the convertible loan notes outstanding as at 30 June 2002 and 31 December 2001 was HK\$10,000,000.

(ii) On 26 March 2002, the Company issued convertible loan notes in the aggregate amount of HK\$35,000,000 as consideration of acquisition of a subsidiary. These convertible loan notes bear interest at 3% per annum with maturity date three years from the date of issuance.

During the period ended 30 June 2002, a total of HK\$18,000,000 convertible loan notes were converted. The aggregate amount of the convertible loan notes outstanding as at 30 June 2002 was HK\$17,000,000.

14. NOTES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of (loss)/profit from operating activities before taxation to net cash inflow/(outflow) from operating activities:

	unaudited	
	For the six months ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
(Loss)/profit from operating activities before taxation	(36,396)	2,416
Adjustments for:		
Amortisation of intangible assets	21,309	–
Depreciation of property, plant and equipment	1,191	5,182
Share of results of associated companies	–	4,844
Share of result of a joint venture	–	69
Loss/(profit) on disposal of property, plant and equipment	582	(588)
Interest income from bank deposits	(53)	(345)
Interest income from loans receivable	–	(10,312)
Interest income from a related party	–	(1,880)
Interest expense	2,733	642
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(10,634)	28
(Increase)/decrease in gross amounts due from customers		
on construction contracts	(1,909)	145
Decrease in accounts receivable	479	9,897
Decrease in loans receivable	15,000	–
Decrease in prepayments, deposits and other receivables	36,973	1,379
Decrease in accounts payable	(5,916)	(8,969)
Increase in accruals and other payables	2,096	432
(Decrease)/increase in gross amounts due to customers		
on construction contracts	(1,655)	1,445
Decrease in amount due to intermediate holding company	–	(3,921)
Decrease in amount due to immediate holding company	–	(3,872)
(Decrease)/increase in amount due to a related company	(1,164)	257
	<hr/>	<hr/>
Net cash inflow/(outflow) generated from operations	33,270	(3,179)
Net interest (paid)/received	(2,680)	1,931
Hong Kong profits tax paid	(19)	(59)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	30,571	(1,307)
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15. COMMITMENTS

As at 30 June 2002, the Group had the following operating lease commitments:

	At 30 June 2002 (unaudited) HK\$'000	At 31 December 2001 (audited) HK\$'000
Total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:		
Within one year	3,436	2,994
In the second to fifth years, inclusive	1,703	960
	<u>5,139</u>	<u>3,954</u>

The Group had no significant capital commitments as at 30 June 2002 and 31 December 2001.

16. CONTINGENT LIABILITIES

As at 30 June 2002, the Group had the following contingent liabilities:

- (a) The Group gave letters of indemnity amounting to approximately HK\$13,591,000 to certain insurance companies for their issuance of surety bonds which are inherent in the nature of the Group's construction business.
- (b) The Group is undergoing certain legal proceedings with its customers or sub-contractors in respect of alleged contractual entitlements. The amount of claim is approximately HK\$9,083,000. As the outcome cannot be reliably estimated, no provision for contingent losses has been made in the financial statements.
- (c) A former employee of the Group has filed a claim against the Company in respect of its failure to allot and issue to the former employee certain shares pursuant to the 1997 Share Option Scheme of the Company. The outcome of the claim is uncertain and cannot be reliably estimated. No provision has been made in respect of this claim in the financial statements.
- (d) A former director of the Company, allegedly claiming loss relating to purported share option exercised in 1999 amounted to HK\$18,787,000. As the outcome cannot be reliably estimated, no provision has been made in the financial statements.

17. RELATED PARTY TRANSACTIONS

- (a) The amounts with related parties are unsecured, interest-free and have no fixed repayment terms.
- (b) During the period, the Group paid legal and professional fees amounting to approximately HK\$1,040,000 (2001: HK\$616,000) to a legal consultant who is also an executive director of the Company for legal consultancy services rendered to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Result of First Half of Fiscal 2002

For the six months ended 30 June 2002 (the “Period”), Prosper eVision Limited and its subsidiaries (“the Group”) incurred a loss attributable to shareholders of HK\$36.1 million. Loss per share in the Period was 2.22 cents.

The economic environment in Hong Kong, where the bulk of the revenue of the Group was derived from, fared badly after the September 11 event in the United States and did not recover.

The consolidated turnover of the Group for the Period decreased by 58% to approximately HK\$11.3 million when compared with that of the corresponding period last year. The decline was mainly due to the exclusion of the turnover of Reach Video Production Co. Limited (“Reach Video”) amounting to HK\$11.8 million, which was excluded from consolidated accounts of the Group upon its disposal in 2001. The decline in the turnover of the other businesses was approximately 24%.

Construction Contractor

The stagnant economy in Hong Kong in general and the contraction in the property sector, in particular led to the highly competitive market conditions of the construction industry. As a result, the Group recorded a decrease in revenue deriving from construction contracts to HK\$9.7 million during the Period, representing a decline of 35%. Despite this, we managed to reduce the gross loss of our construction business slightly by stringent cost control measures over new construction contracts.

System Integration and IT Training

On 26 March 2002, the Group acquired a 50% interest in Great Win International Limited (“Great Win”). Great Win’s wholly owned subsidiary, Intwell Technology (S) Private Limited (“Intwell”) is principally engaged in the development, production and sale of computer hardware and software, integration of computer software and provision of training and after sales services in Singapore. Intwell contributed a turnover of HK\$476,000 and gross profit of HK\$374,000 since acquisition. The Singapore economy also suffered from economic downturn, which did not bode well for the business of Intwell. To counter this trend, Intwell is diversifying its business in developing the China market.

Provision of Network Security Services

The Group acquired Cyber Energy Inc. (“Cyber Energy”) late last year. 深圳安網達網絡技術有限公司 (“安網達”), the 60% subsidiary of Cyber Energy is principally engaged in the provision of network security services. Its strategy of utilizing its own sales force to break into the network security markets for China Government organizations and large private enterprises faced stiff competitions. Several significant contracts, which were anticipated to conclude, did not materialise. The management of 安網達 is now revising its strategy to form strategic alliances with large computer and Internet companies in China in order to leverage the customer bases of these enterprises. This strategy, if concluded successfully will significantly increase the turnover of 安網達 and reduce its sales and marketing expenses. During the Period, Cyber Energy recorded a turnover of HK\$1,170,000 and an operating loss of HK\$19.5 million, arose mainly from amortization of intangible assets amounted to HK\$19.1 million.

Control over Operating Expenses

To cope with the harsh economic environment, we took drastic steps to reduce operating expenses, including employee headcount. As a result, general and administrative expenses decreased by 37% and the staff cost decreased by 40% as compared with that of the corresponding period last year.

Share of Results of Associates

Last year, the Group recorded share of losses from associated companies amounting to HK\$4.8 million. As the associated companies were disposed of last year, no such share of losses arose this year.

Amortization of Intangible Assets

Amortization of intangible assets represented a significant portion of the total expenses for the Period. Such amortization arose upon our acquisitions of Cyber Energy last year, and the acquisition of Great Win this year. No amortization existed in the corresponding period last year.

FINANCIAL RESOURCES

Share Placements

During the Period, the Group has successfully completed a placing of 290 million ordinary shares of par value HK\$0.1 each. The placement generated net proceeds of approximately HK\$29 million for additional general working capital for meeting general future cash outflow requirement and/or funds for potential acquisitions by the Company.

Convertible Loan Notes

On 26 March 2002, the Group issued convertible loan notes in the aggregate amount of HK\$35 million as part consideration for the acquisition of Great Win. These convertible loan notes bear interest at 3% per annum with maturity date on 25 March 2005. During the Period, a total of HK\$18 million convertible loan notes were converted into 142 million ordinary shares of HK\$0.1 each. The aggregate amount of the convertible loan notes outstanding as at 30 June 2002 was HK\$17 million.

Gearing Ratio

The Group's gearing ratio, calculated as interest bearing current and non-current debts less cash on hand over shareholders' equity, improved slightly from 37% at the end of last year to 32% at 30 June 2002.

Finance Costs

Finance costs of HK\$2.7 million, represented an increase of HK\$2.1 million over the same period last year, was mainly attributable to the interests on convertible loan notes and redeemable debentures.

BUSINESS OUTLOOK

The construction business in Hong Kong will continue to face intense competition and very fine margin resulting from the continuing economic downturn and contraction of the construction industry. It is unlikely that the construction industry in Hong Kong will turnaround in the foreseeable future. In order to capitalise on our expertise in the construction field, we are looking for opportunities in the construction and property related areas in China, where the economy is growing rapidly. Cyber Energy and its subsidiary 安網達 will pursue the changed strategy of forming strategic alliances with computer and Internet companies in China in order to leverage on the customer bases of these enterprises. Intwell will continue to diversify its business into China, which will offer a better prospect.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2002 (2001: nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

At 30 June 2002, the interests of the directors and chief executives in the equity or debt securities of the Company and its associated corporation (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) were as follows:

Name of director	Type of interest	Number of shares held
Mr. Yu Won Kong, Dennis	Personal	20,000,000

Save as disclosed above, as at 30 June 2002, none of the directors or chief executives had any interests in, or had been granted, or exercised, any rights to subscribe for the equity or debt securities of the Company or of any of its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance or to the Model Code (including interests which they are deemed or taken to have under Section 31 or Part 1 of the Schedule to that Ordinance) or which are required, pursuant to Section 29 of that Ordinance, to be entered in the register referred to therein.

At no time during the period was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Company’s directors or members of its management to acquire benefits by means of the acquisition of shares in or debt securities (including debentures) of, the Company or any other body corporates.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that as at 30 June 2002, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of shareholders	Number of shares held	As a percentage of the issued share capital of the Company
Best Fortune Capital Ltd. ("Best Fortune") (<i>Note 1</i>)	253,769,585	13.14%
China Convergent Corporation Limited ("China Convergent") (<i>Note 2</i>)	241,169,585	12.49%
Gold Chief Investment Ltd. ("Gold Chief") (<i>Note 2</i>)	241,169,585	12.49%

Note:

1. Best Fortune holding 49.95% interest is the controlling shareholder of China Convergent. The interests of Best Fortune in the Company are held through China Convergent and Gold Chief. In addition, Best Fortune also holds in its own name 0.65% interest of the Company.
2. By virtue of the SDI Ordinance, China Convergent holding 100% interest in Gold Chief is deemed to be interested in the 241,169,585 shares held by Gold Chief.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2002. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 June 2002.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the six months ended 30 June 2002, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules save that non-executive directors have not been appointed for a specific term but are subject to retirement by rotation at the Annual General Meeting of the Company in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive directors, Mr. Yue Wai Keung, Mr. Tang Cheung Fai and Ms. Lee Sau Ying, Ellie.

By Order of the Board
Prosper eVision Limited
Cheung Doi Shu
Managing Director

Hong Kong, 25 September 2002