

Vision Century Corporation Limited
威新集團有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)



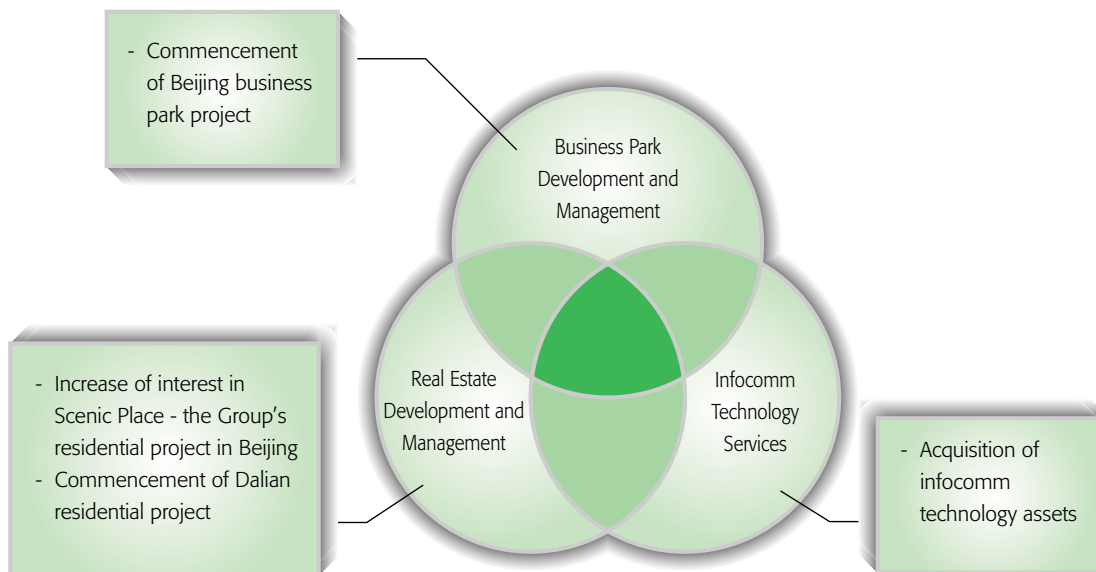
CONTENTS

• Management Discussion & Analysis	1
– Review of Operations	2
– Financial Review	5
– Prospects	11
• Condensed Interim Financial Statements	12
• Supplementary Information	26

2002 INTERIM RESULTS HIGHLIGHTS

- Improved financial performance
- Strengthened financial position - successfully raised HK\$350 million through rights issue exercise
- Increased business exposure to Mainland China with total assets held in Mainland China increased 13% when compared with December 2001
- Acquisition of infocomm technology assets to enhance core competencies
- Business park project in Tsinghua Science Park, Beijing commenced
- Increased shareholding in Beijing residential project

GROWTH STRATEGIES OF VISION CENTURY CORPORATION LIMITED



MANAGEMENT DISCUSSION & ANALYSIS

TO OUR SHAREHOLDERS

Vision Century Corporation Limited and its subsidiaries ("the Group") delivered a considerably improved operational and financial performance for the six months ended 30th June 2002, reporting continuing and good progress in meeting the Group's business growth and financial strategies.

The operational performance of the Group for this interim period reflected initial success of the long-term growth strategy adopted by the new management since taking over the Group in March 2001. Our growth strategies allow us to concentrate on businesses that build shareholder value, to grow in high margin businesses and to deliver quality and excellence to our customers.

Central to building the long-term financial strength of the Group is to enhance funding sources for expansion and growth whilst maintaining a balanced funding approach for our real estate, business park and infocomm technology projects. During the period, the Group increased its capital base and strengthened its capital structure with the completion of a rights issue exercise. This reflected strong and continued investor support for the Group's growth strategies, especially that of the majority shareholders.

The Directors are optimistic about the Group's long-term growth prospects and believe that each area of our operations will benefit from adherence to our long-term growth strategies - by concentrating on three core competencies in business park development and management, real estate development and management, and infocomm technology services in Mainland China. This will place the Group in a good stead to build upon the good start made in this initial period for the years ahead.

MANAGEMENT DISCUSSION & ANALYSIS (continued)

REVIEW OF OPERATIONS

China Business

Vision (Shenzhen) Business Park

The occupancy rate of Phase 1 of Vision (Shenzhen) Business Park ("VSBP"), which offers a total IT office space of 23,500 sq.m., reached 85% in June 2002. During the period, a recreation centre was fitted out in the park, offering its progressive IT community a full-service "work-live-play" environment.

The park's Phase 2 development, comprising six buildings with an amenity centre, is to be executed in stages. Upon completion, the 6.1-hectare Phase 2 development will yield a gross floor area ("GFA") of 104,800 sq.m.. The conceptual design of Phase 2 development has been submitted to relevant government authorities and is pending approval.

Business Park Project in Tsinghua Science Park, Beijing

Following the Memorandum of Understanding signed with Tsinghua Science Park Development Centre in Beijing, which is an enterprise set up by the Tsinghua University for the development of science parks, in September 2001, a joint venture agreement and a land development agreement were signed between Beijing Tsinghua Science Park Construction Co. Ltd. ("Tsinghua") and the Group on 19th April 2002.

Thereafter, Tsinghua and the Group established a joint venture company named Vision Huaqing (Beijing) Development Co. Ltd. ("Vision Huaqing") in Mainland China to undertake the development, management, and operations of a business park and related business park services mainly for companies engaged in technology related businesses.

The first development project by Vision Huaqing will be on Plot B14 of the Tsinghua Science Park. The Tsinghua Science Park has a land area of 22 hectares, with a projected GFA of 600,000 sq.m.. The joint development project on Plot B14, located on the prime south-east corner of the Tsinghua Science Park, will cover a land area of about 8,200 sq.m., with a total permissible GFA of about 39,000 sq.m.. This will be an IT office block development designed for technology and IT-related users. Its targeted clients are companies engaged in software development, research and development, multi-media/animation, banking including back office operation, data warehouse, Internet data centres, hosting centres, call centres and other IT related businesses. At 30th June 2002, conceptual design for the development has commenced, and the project is expected to be completed by mid-2004.

International Marketing for Shenzhen and Beijing Business Park Projects

International marketing for the Group's business park projects progressed rapidly and extensively in the first half of 2002. A roadshow was held in the United States to target specifically the R&D/IT community looking to setting up bases in or expansion to Mainland China. Marketing reach to overseas clientele was further enhanced through tapping the international network of the Group's Singapore-based shareholders and associates.

MANAGEMENT DISCUSSION & ANALYSIS *(continued)*

REVIEW OF OPERATIONS *(continued)*

China Property Projects

Development of the Group's two prime residential condominium projects, Scenic Place in Beijing and Vista Place in Dalian, continued during the past six months.

The construction of Scenic Place Phase I in Beijing is expected to be completed by June 2003. Phase I of Scenic Place consists of 3 residential blocks covering a total GFA of approximately 99,000 sq.m. with 788 units of varying sizes. Sales of Phase I units commenced in the first quarter of 2002. As at 30th June 2002, the construction has reached top-up stage and we are working on E&M and external works.

In April 2002, the Group entered into an exchange agreement with China Land Group Limited in a move to direct its resources to property development in Mainland China. The agreement, which was completed in June 2002, will enable the Group to increase its shareholding in Beijing Gang Lu Real Estate Development Co., Ltd., which is the developer of Scenic Place, Beijing, from 50% to 65%. This is in line with increasing our business exposure to Mainland China.

The Group's residential project in Dalian, Vista Place, is a condominium development situated in the city's central business district Zhongshan District and covers a total GFA of approximately 60,000 sq.m. offering 441 residential units. Construction commenced in April 2002 and is well underway with excavation works completed. The project is expected to be completed by December 2003 and sales are expected to commence by May 2003.

The Group is also actively exploring development opportunities in other major cities of Mainland China, including Shanghai, Shenzhen and Guangzhou.

Infocomm Technology Services

The acquisition of infocomm technology businesses from CyberCity Holdings Limited ("CCH") was completed in the first half of 2002. This resulted in a portfolio of two main groups focusing on:-

- *Enterprise Network Services* – Establish digital highways between physical spaces, and provide linkages across different communication platforms. To realise this, the Group provides technology services serving every business need, from building of complete e-infrastructure to systems integration and security management.
- *Education and Training Services* – Empower e-learning environments, and facilitate knowledge sharing and digital content development for both its corporate and individual clients.

MANAGEMENT DISCUSSION & ANALYSIS *(continued)*

REVIEW OF OPERATIONS *(continued)*

(a) Enterprise Network Services

The main group undertaking the enterprise network services is Nova Network Group (“Nova Network”). Nova Network is a provider of enterprise network solutions, offering hosting, virtual private network, VoIP and leased line services. Headquartered in Shenzhen with offices and Internet data centres in Dongguan and Beijing, Nova Network enables enterprises to run their network related services more efficiently and more effectively. Its network solutions help companies with multiple locations inside or outside Mainland China to substantially reduce their telecommunication costs.

One exciting development for Nova Network is Mainland China’s ardent efforts to build e-governments at provincial and municipal levels. This will open up vast opportunities for enterprise network solution providers. To tap these opportunities, Nova Network has joined forces with strategic partners from overseas to provide a wider suite of value-added services to include security management, and wireless and cross-border VPN services.

(b) Education and Training Services

There are three groups of companies under this Education and Training Services Group. CC-Edu Group (“CC-Edu”) is a developer and distributor of K-12 IT education content materials. CC-Edu also has an exclusive licensing agreement with Edusoft to operate English training centres in Mainland China. In March 2002, CC-Edu opened its first English training centre in Shenzhen, offering high quality English training to office workers.

The language training programmes offered by CC-Edu include self-learning modules in computer laboratory, small group tutorials with English native-speaking teachers, and active environment to encourage learning through role-playing and situational conversations.

CC-Edu has also established long-term relationships with several China provinces to supplement their IT textbooks with customised educational CD-ROMs for school students. The strong relationships and the exclusive bundling arrangements offer CC-Edu unique opportunities to distribute digital contents in Mainland China.

The 8th Network Group specialises in Mainland China market consulting and corporate training. It is headquartered in Beijing and has sales offices in Shanghai and Singapore.

Beijing Golden Voyage Electronic Technology Company Limited (“BGV”) is an education application service provider (“EASP”) company. Based in Beijing with sales offices in Harbin, Changchun, Shenyang, Dalian, Taiyuan, Shanghai and Guangzhou, the company builds e-learning platforms and delivers education services through these platforms to corporations and educational institutions.

The e-learning platforms developed by BGV enable education and business entities to establish their own Intranet and/or Internet learning environments.

The company also develops and distributes management data mining systems for large enterprises. In 2002, BGV became a regional distributor of Brio data mining system.

MANAGEMENT DISCUSSION & ANALYSIS *(continued)*

REVIEW OF OPERATIONS *(continued)*

Hong Kong Business

Hong Kong Property Projects

Amid continued depressed sentiments of the Hong Kong property market and in line with the Group's business strategy to increase its real estate development in the Mainland China market, the Group continued to divest assets under its Hong Kong property portfolio in the first half of 2002.

Up to 30th June 2002, the Group sold 77% of the total 330 units of Greenery Place, Yuen Long. Sales for the 46 residential units of Elite Court, Sai Ying Pun, commenced in March and 24% of the units were sold.

Other residential properties marketed by the Group during the period included Harbourview Garden in Kowloon City, Villa Sapphire in Tuen Mun and Tycoon Place in Tai Po. All the remaining units of Tycoon Place were sold whilst there were only 7 remaining units at Harbourview Garden.

The Group's remaining interest in the units of Villa Sapphire was exchanged with China Land Group Limited, resulting in increased interest in Scenic Place, the Group's residential project in Beijing.

For Hung Hom KIL 10663 site, an appeal was made to the Lands Department regarding the land premium. We are actively reviewing the viability of the project, which inter-alia, is dependent on the land premium being levied.

For the various lots in Demarcation District 387 Sham Tseng, the Group is still studying different development options, including application for land use re-zoning to develop these land plots for residential use.

FINANCIAL REVIEW

Major Acquisitions

The Group completed several major acquisitions for the six months ended 30th June 2002.

On 19th April 2002, the Group entered into a Joint Venture Agreement with Tsinghua to establish a joint venture company called Vision Huaqing in Mainland China to engage in developing, managing and operating a business park and related business park services mainly for companies engaged in technology related businesses. The first project will be the development of a business park in Beijing at a total development cost of up to RMB390 million. Details of the transaction were set out in the Group's Circular dated 9th May 2002.

On 28th May 2002, the Group completed an acquisition of the entire issued share capital of CyberCity Investments Limited ("CCI") from CCH for the consideration of HK\$140 million which was satisfied by way of allotment and issue of 334,285,714 consideration shares equivalent to an issue price of HK42 cents per consideration share.

MANAGEMENT DISCUSSION & ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

The core businesses of CCI include (i) IT infrastructure and data centre related businesses, (ii) education and training services, (iii) incubation and (iv) localisation and business consulting services. The acquisition allows a rapid expansion of the Group's business capabilities in information technology enabling the Group to jump-start a comprehensive range of infocomm technology services for its customers in Mainland China. Details of the acquisition were set out in the Group's Circular dated 17th April 2002.

On 14th June 2002, the Group also completed an Exchange Agreement with China Land Group Limited whereby the Group increased its shareholding in its Scenic Place project in Beijing and at the same time disposed of its interest in its Villa Sapphire property project in Hong Kong. The transaction enables the Group to direct its resources on property development in Mainland China. Details of the transaction were set out in the Group's Circular dated 9th May 2002.

Rights Issue

With the support of our shareholders, the Group successfully completed the rights issue exercise on 28th May 2002 raising approximately HK\$350 million. With the enlarged capital base, the Group will be in a good stead to continue the development of projects under its core business portfolio, encompassing real estate development and management, business park development and management, and infocomm technology businesses.

Financial Results

Overall Performance

The Group's loss attributable to shareholders was HK\$8 million, representing an almost 96% improvement as compared to the same period last year. On a per-share basis, the Group recorded a loss of HK0.4 cents, a substantial reduction of HK10.2 cents compared to the same period last year.

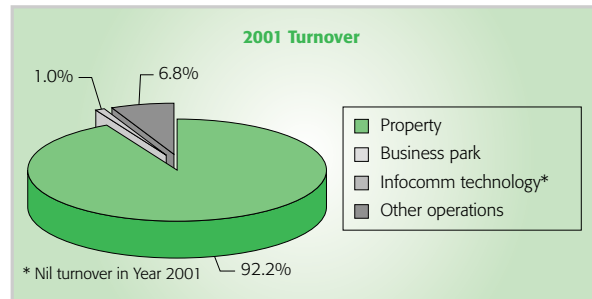
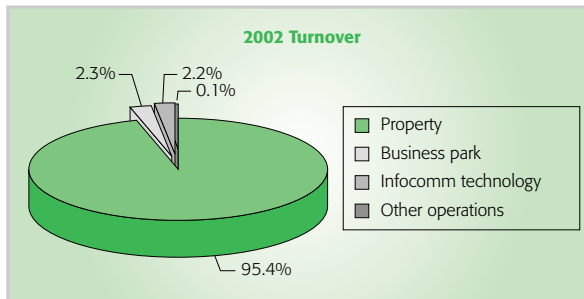
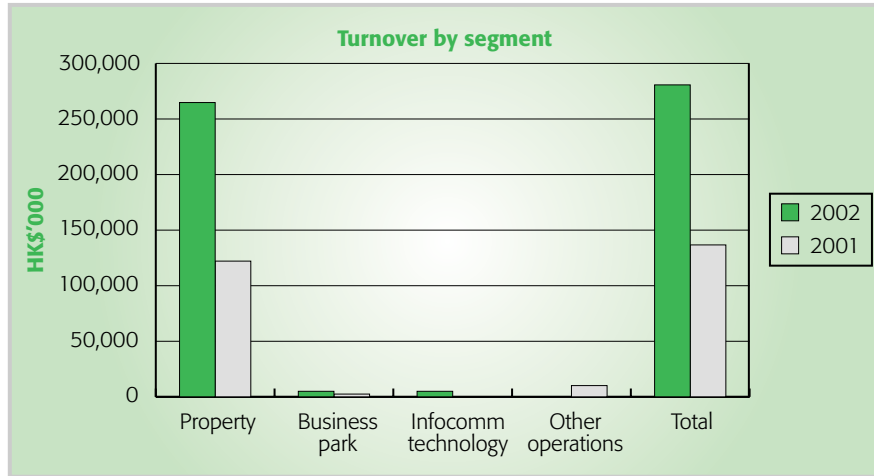
Turnover increased by 112% to HK\$280 million as compared to 2001. Gross profit was HK\$19 million as compared to a gross loss last year. There was a reduction in other revenues by HK\$10 million, mainly due to re-direction of focus to the Group's core business.

No further provision in relation to property projects was made in the period under review. As a result of cost-cutting measures, administrative expenses dropped from HK\$22 million to HK\$21 million.

MANAGEMENT DISCUSSION & ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Finance costs were reduced substantially to HK\$14 million, which was attributable to reductions in bank and other borrowings as well as a low interest rate regime. The repayment of bank and other borrowings was financed primarily by proceeds on sales of property projects.



MANAGEMENT DISCUSSION & ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Business Segments

Property

The property segment remained the key contributor to the Group's revenue. Turnover of the property segment was HK\$267 million or 95% of the total turnover. Albeit fierce competition in the Hong Kong property market, the Group succeeded in selling the properties on hand at reasonable prices.

Business Park

The business park located in Shenzhen, Mainland China continued to provide stable income stream to the Group with turnover of HK\$6 million.

Infocomm Technology

Following the restructuring of the Group's existing technology business and completion of acquisition of infocomm technology business from CCH in May 2002, a new and major business segment has been put in place. During the period under review, turnover for the segment was HK\$6 million.

Other Operations

Other operations of the Group include mainly investment in infrastructure, and securities trading and investment business. Turnover of this segment dropped substantially to HK\$0.1 million as a result of the Group's measures to divest non-core businesses. The Group is still actively seeking to divest all other non-core assets and businesses.

Geographical Segments

Hong Kong

Geographically, Hong Kong remained the principal location for the Group's turnover which constituted 96% of the overall turnover. Turnover increased by 105% to HK\$268 million from HK\$131 million. Overall, there was a HK\$1 million loss for the Hong Kong operation.

Mainland China

The Group currently has two residential property projects in Mainland China. These projects are still in the development stage. Together with the Group's business park operation and newly acquired infocomm technology business in Mainland China, turnover from Mainland China business increased to HK\$12 million, representing 4% of the total turnover.

MANAGEMENT DISCUSSION & ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Assets

The value of the Group's total assets increased to HK\$2,694 million as at 30th June 2002. The increment was largely due to the completion of rights issue and acquisition of infocomm technology business in May 2002, mitigated by a reduction in the amount of properties held for sale.

The property segment still constituted the majority of the Group's assets but its share decreased from 57% in December 2001 to 53% in June 2002 as the Group's core businesses have expanded to cover business park development as well as infocomm technology businesses. The assets held by the other two businesses amounted to HK\$1,007 million.

As the Group's business exposure has been increased to Mainland China, total assets held in Mainland China increased 13% from HK\$1,556 million in December 2001 to HK\$1,763 million in June 2002. To finance the growth of its Mainland China business, the Group has secured additional Renminbi borrowings to reduce currency exposure. As at 30th June 2002, Renminbi borrowings stood at HK\$197 million, a net increase of HK\$15 million compared with year end balance of 2001. The remaining borrowings are denominated in Hong Kong dollar.

Shareholders' Funds

Following the completion of the acquisition of CCI shares from CCH and the rights issue exercise, the Group's total shareholders' funds increased 39% from HK\$1,221 million to HK\$1,702 million as at 30th June 2002. Compared with the total assets of HK\$2,694 million, shareholders' equity was 63% of the total assets. This represented a significant improvement from 50% of the total assets as at 31st December 2001.

Liquidity and Capital Resources

With the increased sales activities in the first half of 2002, the Group's borrowings were reduced substantially. As at 30th June 2002, the Group's total borrowings including convertible bonds were HK\$572 million, representing a 23% reduction compared to HK\$740 million as at 31st December 2001. On the other hand, the Group's cash and bank deposits balance increased to HK\$411 million. As at 30th June 2002, the net debt (measured by total bank borrowings minus cash and bank deposits) position of the Group was HK\$161 million. Compared to the Group's net debt of HK\$607 million as at 31st December 2001, this represented a significant reduction of HK\$446 million or 73%.

With the enlarged capital base and reduction of external borrowings, the Group's gearing ratio (measured by total borrowings divided by shareholders' funds) excluding convertible bonds reduced significantly to 30% in June 2002 from 55% in December 2001. Gearing ratio including convertible bonds was also reduced to 34% in June 2002 from 61% in December 2001. Net debt divided by total shareholders' funds also reduced to 9% in June 2002 from 50% in December 2001.

MANAGEMENT DISCUSSION & ANALYSIS (continued)

FINANCIAL REVIEW (continued)

Secured versus Unsecured Borrowings

The majority of the Group's borrowings were on a project finance basis. However, it is the Group's intention to re-structure its debts to the corporate level. As at 30th June 2002, about 60% of the total borrowings were on a project finance basis, a decrease of 16% from 76% in December 2001.

Short-term versus Long-term Borrowings

The maturity profile of the Group's convertible bonds and borrowings is summarised in percentage term below.

	30th June 2002		31st December 2001	
	HK\$ million	%	HK\$ million	%
Within one year	506	88%	555	75%
In the second year	66	12%	185	25%
Total	572	100%	740	100%

In August 2002, the Group has successfully completed a HK\$232 million financial restructuring exercise to refinance its short-term project borrowings (within one year) with a three-year corporate banking facility. Upon completion of this refinancing arrangement, the loan maturity profile of the Group significantly improves and the Group is in a sounder financial position to pursue its new business initiatives.

Financial Management

Foreign Currency Risk

As at 30th June 2002, the change in denomination of the Group's total borrowings including convertible bonds is summarised as follows:

	30th June 2002		31st December 2001	
	HK\$ million	%	HK\$ million	%
In Hong Kong dollar	375	66%	558	75%
In Renminbi	197	34%	182	25%
Total	572	100%	740	100%

MANAGEMENT DISCUSSION & ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

During the six-month period, the Group's Renminbi borrowings continued to increase while its Hong Kong dollar borrowings continued to fall as a result of more loan repayments from the Group's Hong Kong property sales. The relative increase in the proportion of Renminbi borrowings is in line with the Group's new business exposure to Mainland China and with the Group's financial policies to reduce its potential exposure of foreign currency risk by further exploring Renminbi financing opportunities as much as possible.

Interest Rate Risk

As at 30th June 2002, about 58% (31st December 2001: 66%) of the Group's total borrowings are on a floating rate basis whilst the remaining 42% (31st December 2001: 34%) are fixed rate borrowings. The Group will continue to maintain a mix of floating rate and fixed rate borrowings with a view to hedge against any foreseeable interest rate exposure, if necessary.

Pledge of Assets

The Group's bank loans, overdrafts and other loans were secured against certain investment properties, completed properties held for sale and under development with carrying values of HK\$813 million (31st December 2001: HK\$752 million) and bank balances of HK\$105 million (31st December 2001: HK\$44 million).

Contingent Liabilities

As at 30th June 2002, the Company issued guarantees totaling HK\$185 million (31st December 2001: HK\$393 million), of which HK\$184 million (31st December 2001: HK\$383 million) was utilised in respect of bank and other borrowings granted to its subsidiaries.

PROSPECTS

The Group has enunciated long term growth strategies and is well placed in the market to build on its position as a leading business and real estate solutions provider integrating space, technology and services in Greater China.

The successful increase of our business exposure to Mainland China, with the latter's real estate and technology markets recording upbeat growth, gives early evidence that the new growth strategies of the Group will be rewarding to its shareholders.

The Group has also differentiated itself from its competitors by broadening its base of core competencies and offering distinctive real estate and technology products and services to ensure that our customers benefit from the skills and capabilities of the best operators in each field.

In view of China's WTO membership and Beijing's successful bid for Olympics 2008, the Group is optimistic about business expansion and development in the Mainland China market. While there is still work to be done to further improve our financial performance, the year ahead will see the Group's growth strategies, strengthening core competencies and enhancing our future earnings.

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2002

	Note	Unaudited Six months ended 30th June	
		2002 HK\$'000	2001 HK\$'000
Turnover	2	279,890	132,039
Cost of sales		(226,501)	(126,033)
Direct operating expenses		(34,283)	(22,426)
Gross profit/(loss)		19,106	(16,420)
Other revenues		3,111	13,162
Provisions made for operations	3	-	(136,749)
Administrative expenses		(20,928)	(22,284)
Operating profit/(loss)	4	1,289	(162,291)
Finance costs		(14,208)	(22,548)
Share of results of associated companies		4,264	3,596
Share of results of a jointly controlled entity		(533)	2,289
Loss before taxation		(9,188)	(178,954)
Taxation	5	-	(408)
Loss after taxation		(9,188)	(179,362)
Minority interests		1,512	2,345
Loss attributable to shareholders		(7,676)	(177,017)
Basic loss per share	6	(0.4) cents	(10.6) cents

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2002 AND 31ST DECEMBER 2001

	Note	Unaudited 30th June 2002 HK\$'000	Audited 31st December 2001 HK\$'000
Non-current assets			
Fixed assets	7	822,437	784,733
Intangible assets	7	115,669	–
Interests in associated companies		89,034	95,606
Interest in a jointly controlled entity		148,661	150,773
Investments in equity securities		18,404	11,783
		<u>1,194,205</u>	<u>1,042,895</u>
Current assets			
Amount due from a related company		103,569	103,569
Properties held for sale		271,078	452,733
Properties under development		662,651	678,939
Inventories		3,740	–
Debtors, deposits and prepayments	8	48,195	29,143
Bank balances and cash		410,897	133,334
		<u>1,500,130</u>	<u>1,397,718</u>
Current liabilities			
Amount due to ultimate holding company		–	50,000
Creditors and accruals	9	295,254	255,943
Taxation payable		833	833
Convertible bonds		66,000	66,000
Bank and other borrowings	10	439,933	489,273
		<u>802,020</u>	<u>862,049</u>
Net current assets		<u>698,110</u>	<u>535,669</u>
Total assets less current liabilities		<u>1,892,315</u>	<u>1,578,564</u>
Financed by:			
Share capital	11	283,619	166,794
Reserves		1,418,073	1,053,968
Shareholders' funds		<u>1,701,692</u>	<u>1,220,762</u>
Minority interests		<u>122,405</u>	<u>170,764</u>
Non-current liabilities			
Retention money		2,255	1,927
Bank and other borrowings	10	65,963	185,111
		<u>1,892,315</u>	<u>1,578,564</u>

CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

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

	Unaudited	
	Six months ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
Net cash inflow from operating activities	120,378	17,362
Net cash inflow from/(used in) investing activities	1,367	(28,640)
Net cash inflow from financing	163,865	63,075
Increase in cash and cash equivalents	285,610	51,797
Cash and cash equivalents at 1st January	124,025	22,265
Effect of foreign exchange rate changes	86	(89)
Cash and cash equivalents at 30th June	409,721	73,973
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	410,897	122,798
Bank overdrafts	(1,176)	(48,825)
	409,721	73,973

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

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

	Unaudited							
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Investment properties revaluation reserve <i>HK\$'000</i>	Goodwill reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2002	166,794	1,898,780	19,575	(126,694)	196	2,745	(740,634)	1,220,762
Issue of shares	116,825	373,841	-	-	-	-	-	490,666
Share issue expenses	-	(2,060)	-	-	-	-	-	(2,060)
Loss for the period	-	-	-	-	-	-	(7,676)	(7,676)
At 30th June 2002	283,619	2,270,561	19,575	(126,694)	196	2,745	(748,310)	1,701,692

	Unaudited							
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Investment properties revaluation reserve <i>HK\$'000</i>	Goodwill reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2001	166,794	1,898,780	-	(126,694)	196	2,800	(343,981)	1,597,895
Exchange differences	-	-	-	-	-	(119)	-	(119)
Loss for the period	-	-	-	-	-	-	(177,017)	(177,017)
At 30th June 2001	166,794	1,898,780	-	(126,694)	196	2,681	(520,998)	1,420,759

CONDENSED INTERIM FINANCIAL STATEMENTS *(continued)*

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation and accounting policies

These unaudited consolidated condensed interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

These condensed interim financial statements should be read in conjunction with the 2001 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31st December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2002:

SSAP 1 (revised)	:	Presentation of financial statements
SSAP 11 (revised)	:	Foreign currency translation
SSAP 15 (revised)	:	Cash flow statements
SSAP 25 (revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

The changes to the Group's accounting policies and the effect of adopting these new policies are set out below:

SSAP 11 (revised): Foreign currency translation

The balance sheet of subsidiaries, jointly controlled entity and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the income statement is translated at an average rate. Exchange differences are dealt with as a movement in reserves.

In prior periods, the income statement of foreign enterprises was translated at closing rate. This is a change in accounting policy, however, the translation of income statement of foreign enterprises in prior periods has not been restated as the effect of this change is not material to the current and prior periods.

2 Segment information

The Group is principally engaged in property development, investment and management, business park development and management, infocomm technology investment.

The Group is organised into four main business segments:

Property – development, investment and management of properties

Business park – development and management of business parks

Infocomm technology – investment in info-communications and education projects, as well as provision of technology services

Other operations – infrastructure investment and securities investment

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

2 Segment information (continued)

An analysis of the Group's turnover and results for the period by business segments is as follows:

	Six months ended 30th June 2002					Group HK\$'000
	Property HK\$'000	Business park HK\$'000	Infocomm technology HK\$'000	Other operations HK\$'000	Corporate HK\$'000	
Turnover	<u>267,089</u>	<u>6,419</u>	<u>6,248</u>	<u>134</u>	<u>-</u>	<u>279,890</u>
Segment results	<u>21,434</u>	<u>5,116</u>	<u>(788)</u>	<u>(751)</u>	<u>(23,722)</u>	<u>1,289</u>
Finance costs						(14,208)
Share of results of associated companies	4,554	-	(290)	-	-	4,264
Share of results of a jointly controlled entity	-	-	-	(533)	-	(533)
Loss before taxation						<u>(9,188)</u>
Taxation						<u>-</u>
Loss after taxation						<u>(9,188)</u>
Minority interests						<u>1,512</u>
Loss attributable to shareholders						<u>(7,676)</u>
	Six months ended 30th June 2001					
	Property HK\$'000	Business park HK\$'000	Infocomm technology HK\$'000	Other operations HK\$'000	Corporate HK\$'000	Group HK\$'000
Turnover	<u>121,703</u>	<u>1,331</u>	<u>-</u>	<u>9,005</u>	<u>-</u>	<u>132,039</u>
Segment results	<u>(141,660)</u>	<u>(1,731)</u>	<u>(3,328)</u>	<u>6,712</u>	<u>(22,284)</u>	<u>(162,291)</u>
Finance costs						(22,548)
Share of results of associated companies	4,586	-	(990)	-	-	3,596
Share of results of a jointly controlled entity	-	-	-	2,289	-	2,289
Loss before taxation						(178,954)
Taxation						(408)
Loss after taxation						(179,362)
Minority interests						2,345
Loss attributable to shareholders						<u>(177,017)</u>

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

2 Segment information (continued)

The Group's four business segments operate in two main geographical areas:

Hong Kong – property investment, development and management, investment in info-communications and education projects, provision of technology services, as well as securities investment.

Mainland China – property investment, development and management, development and management of business parks, investment in info-communications and education projects, provision of technology services, as well as infrastructure investment.

An analysis of the Group's turnover and contribution to operating profit/(loss) for the period by geographical segments is as follows:

	Turnover		Operating profit/(loss)	
	Six months ended 30th June 2002 HK\$'000	2001 HK\$'000	Six months ended 30th June 2002 HK\$'000	2001 HK\$'000
Hong Kong	267,681	130,708	(1,035)	(159,904)
Mainland China	12,209	1,331	2,324	(2,387)
	279,890	132,039	1,289	(162,291)

Sales are based on the country in which the customer is located. There are no sales between the segments.

3 Provisions made for operations

	Six months ended 30th June	
	2002 HK\$'000	2001 HK\$'000
Provisions made in relation to:		
Property projects	-	126,749
Long-term investment in equity securities	-	10,000
	-	136,749

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

4 Operating profit/(loss)

Operating profit/(loss) is stated after crediting and charging the following:

	Six months ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
Crediting		
Rental income from		
– investment properties		
Gross income	6,419	1,331
Less: direct outgoings	(850)	(509)
	5,569	822
– properties held for sale	1,967	2,238
Write-back of provision for bad debts	1,149	–
Net realised and unrealised holding gain on trading securities	–	5,009
Realised gain on sales of non-trading securities	–	11,554
	3,308	2,295
Charging		
Depreciation of fixed assets	(861)	(317)
Less: amounts capitalised to properties under construction and under development		
	2,447	1,978
Realised loss on sales of non-trading securities	94	–
Unrealised holding loss on non-trading securities	705	–
Amortisation of goodwill	580	–
Amortisation of development costs	107	–
Loss on disposal of a subsidiary	712	–
Operating lease rentals in respect of land and buildings	1,812	1,680
Staff costs (including directors' remuneration)	19,889	16,236
Retirement benefit costs	179	483

5 Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group has no assessable profit for the period (2001: 16% on assessable profit).

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

6 Loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$7,676,000 (2001: HK\$177,017,000).

The basic loss per share is based on the weighted average of 1,887,386,413 (2001: 1,667,935,487) ordinary shares in issue during the period. Diluted loss per share is not shown as the potential ordinary shares are anti-dilutive.

7 Capital expenditure

	Goodwill HK\$'000	Negative goodwill HK\$'000	Development costs HK\$'000	Total intangible assets HK\$'000	Fixed assets HK\$'000
Net book value at 1st January 2002	–	–	–	–	784,733
Acquisition of subsidiaries	118,158	(6,378)	4,411	116,191	37,502
Additions	–	–	165	165	4,261
Disposals	–	–	–	–	(751)
Depreciation	–	–	–	–	(3,308)
Amortisation	(580)	–	(107)	(687)	–
Net book value at 30th June 2002	<u>117,578</u>	<u>(6,378)</u>	<u>4,469</u>	<u>115,669</u>	<u>822,437</u>

8 Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors and its ageing analysis is as follows:

	Within 3 months HK\$'000	3 months to 6 months HK\$'000	Over 6 months HK\$'000	Total HK\$'000
Balance at 30th June 2002	<u>6,033</u>	<u>1,747</u>	<u>1,038</u>	<u>8,818</u>
Balance at 31st December 2001	<u>9,158</u>	<u>279</u>	<u>–</u>	<u>9,437</u>

Trade debtors represent considerations in respect of sold properties and rental receivables.

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental receivables are billed in advance and are payable by tenants upon receipts of billings.

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

9 Creditors and accruals

Included in creditors and accruals are trade creditors and its ageing analysis is as follows:

	Within 3 months HK\$'000	3 months to 12 months HK\$'000	Total HK\$'000
Balance at 30th June 2002	<u>99,572</u>	<u>-</u>	<u>99,572</u>
Balance at 31st December 2001	<u>108,953</u>	<u>5,285</u>	<u>114,238</u>

10 Bank and other borrowings

	Bank loans and overdrafts		Other loans	
	30th June 2002 HK\$'000	31st December 2001 HK\$'000	30th June 2002 HK\$'000	31st December 2001 HK\$'000
Secured	449,060	564,641	51,891	101,478
Unsecured	3,060	8,265	1,885	-
	<u>452,120</u>	<u>572,906</u>	<u>53,776</u>	<u>101,478</u>
Current portion of bank and other borrowings	<u>(386,157)</u>	<u>(423,673)</u>	<u>(53,776)</u>	<u>(65,600)</u>
	<u>65,963</u>	<u>149,233</u>	<u>-</u>	<u>35,878</u>

At 30th June 2002, the Group's bank loans, overdrafts and other loans were repayable as follows:

	Bank loans and overdrafts		Other loans	
	30th June 2002 HK\$'000	31st December 2001 HK\$'000	30th June 2002 HK\$'000	31st December 2001 HK\$'000
Within one year	386,157	423,673	53,776	65,600
In the second year	65,963	149,233	-	35,878
	<u>452,120</u>	<u>572,906</u>	<u>53,776</u>	<u>101,478</u>

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

11 Share capital

	Authorised	
	No. of shares	HK\$'000
Ordinary shares of HK10 cents each		
At 1st January 2002	2,200,000,000	220,000
Increase in authorised share capital	<u>7,800,000,000</u>	<u>780,000</u>
At 30th June 2002	<u>10,000,000,000</u>	<u>1,000,000</u>
	Issued and fully paid	
	No. of shares	HK\$'000
At 1st January 2002	1,667,935,487	166,794
Issue of shares	<u>1,168,253,457</u>	<u>116,825</u>
At 30th June 2002	<u>2,836,188,944</u>	<u>283,619</u>

By an ordinary resolution passed at a special general meeting of the Company on 3rd May 2002, the authorised share capital of the Company was increased from HK\$220,000,000 to HK\$1,000,000,000 by the creation of 7,800,000,000 new shares of HK10 cents each.

On 28th May 2002 the issued share capital of the Company was increased by the allotment and issue of 833,967,743 new shares ("Rights Shares") at a price of HK42 cents per share. The Rights Shares were issued by way of rights issue on the basis of one Rights Share for every two existing shares held by the shareholders. These shares rank pari passu with the existing shares.

In addition, 334,285,714 ordinary shares of HK42 cents per share were issued on 28th May 2002 as consideration for the acquisition of a subsidiary. These shares rank pari passu with the existing shares.

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

12 Acquisition

On 28th May 2002 the Group acquired the entire issued share capital of CyberCity Investments Limited ("CCI") which principally engaged in infocomm technology business. The consideration of HK\$140,400,000 (equivalent to approximately US\$18 million) was satisfied by way of allotment and issue of 334,285,714 ordinary shares of HK42 cents per share.

The consideration is subject to an upward adjustment of HK\$14,973,000 (equivalent to approximately US\$1,920,000) pursuant to the terms of a put options scheme ("Campusall Put Options") dated 26th September 2000 between CCI and nine former shareholders of Campusall Limited ("Put Options Holders"), a subsidiary of CCI, under which the latter has an option to require CCI to purchase their respective shareholdings in another subsidiary of CCI. Prior to the completion of the acquisition, one of the Put Options Holders exercised its options for US\$550,000. Consideration for exercising the remaining Campusall Put Options in full amounted to HK\$10,683,000 (equivalent to approximately US\$1,370,000).

Fair value of the net identifiable assets of CCI at the date of the completion of the acquisition was HK\$41,346,000 and the resulting goodwill of HK\$118,158,000 will be amortised on a straight-line basis over its estimated useful life in accordance with the Group's accounting policy.

13 Contingent liabilities

At 30th June 2002, the Company issued guarantees to the extent of HK\$185,499,000 (31st December 2001: HK\$393,346,000) of which HK\$184,299,000 (31st December 2001: HK\$382,546,000) was utilised in respect of bank and other borrowings granted to its subsidiaries.

Management anticipates that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

14 Commitments

(a) Capital commitments

	30th June 2002 HK\$'000	31st December 2001 HK\$'000
Contracted but not provided for		
– Investment in equity securities	9,423	–
– Purchase of property, plant and equipment	1,920	–
Authorised but not contracted for	–	–
	11,343	–

CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

14 Commitments (continued)

(b) Commitments under operating leases

At 30th June 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th June 2002 HK\$'000	31st December 2001 HK\$'000
Not later than one year	15,514	4,065
Later than one year and not later than five years	23,122	1,753
Over five years	14,152	–
	<u>52,788</u>	<u>5,818</u>

(c) Future minimum rental payments receivable

At 30th June 2002, the Group had future minimum rental payments receivable under non-cancellable leases in respect of land and buildings as follows:

	30th June 2002 HK\$'000	31st December 2001 HK\$'000
Not later than one year	13,386	15,809
Later than one year and not later than five years	14,073	20,873
Over five years	–	215
	<u>27,459</u>	<u>36,897</u>

The Group's operating leases are with terms ranging from one to six years.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF VISION CENTURY CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 12 to 24.

Directors' responsibilities

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with SSAP 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the Directors.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June 2002.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 17th September 2002

SUPPLEMENTARY INFORMATION

EMPLOYEE INFORMATION

As at 30th June 2002, the Company and its subsidiaries had 447 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical cover, subsidised educational and training programmes as well as a share option scheme.

DIRECTORS' INTERESTS IN SHARES

(a) *Interests in shares of the Company*

As at 30th June 2002, none of the Directors of the Company, nor their associates had or were deemed to have any disclosable interests in the share capital 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 kept by the Company pursuant to Section 29 of the SDI Ordinance.

(b) *Interests in options to subscribe for the Company's shares*

A share option scheme for employees (including executive directors) of the Company and its subsidiaries was adopted by the Company on 10th January 2000 (the "Share Option Scheme"). As at 30th June 2002, no option had been granted, exercised or remained outstanding under the Share Option Scheme.

Save for the Share Option Scheme, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and as at 30th June 2002, none of the Directors nor chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

SUBSTANTIAL SHAREHOLDERS

The following corporations were recorded in the register of interests kept by the Company under section 16(1) of the SDI Ordinance or had notified the Company as having an interest of 10% or more of the issued share capital of the Company as at 30th June 2002:

Name of substantial shareholder	Number of issued shares held	Percentage holding
Vision Century Limited ("VCL")	1,971,785,985	69.5%
CyberCity Holdings Limited ("CCH")	2,306,071,699	81.3% (<i>Note 1</i>)

Note 1: These shares include 1,971,785,985 shares held by VCL, a company 40% owned by CCH and a company in which CCH is deemed to be interested.

CCH has distributed to its various shareholders its interest in the shares of the Company. The distribution was completed on 28th August 2002 and there are approximately 909.4 million shares, representing approximately 32.1% of the Company's issued share capital are in public hands. Details of the transaction are set out in the Company's Prospectus dated 6th May 2002 and its announcements dated 27th May 2002, 25th June 2002, 23rd July 2002, 20th August 2002 and 29th August 2002.

SUPPLEMENTARY INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS *(continued)*

Apart from the aforesaid, as at 30th June 2002 the Company had not been notified of any interest amounting to 10% or more of the issued share capital of the Company required to be disclosed pursuant to the SDI Ordinance.

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2002.

AUDIT COMMITTEE

The members of the audit committee of the Company, comprising three Independent Non-Executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Alan Howard Smith J.P. and Ms. Wang Poey Foon, Angela, and a Non-Executive Director, Dr. Han Cheng Fong.

The audit committee has reviewed with the management and PricewaterhouseCoopers the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim report for the six months ended 30th June 2002.

CODE OF BEST PRACTICE

None of the Directors 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 30th June 2002, 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
Vision Century Corporation Limited
Chua Tiow Chye
Managing Director

Hong Kong, 17th September 2002



Vision Century Corporation Limited
威新集團有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

25/F., 625 King's Road, North Point, Hong Kong

香港北角英皇道625號25樓

Phone 電話 : (852) 2826 2826

Fax 傳真 : (852) 2826 2888

www.visioncentury.com.hk