



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)

Interim Report 2004
二零零四年中期報告



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Ang Ah Lay (*Chief Executive Officer*)

Non-executive Directors

Dr. Han Cheng Fong (*Chairman*)

Ms. Chong Siak Ching (*Deputy Chairman*)

Mr. Lew Syn Pau

Mr. Goh Yong Chian, Patrick

Mr. Hui Choon Kit (*Alternate to Dr. Han Cheng Fong*)

Mr. Goh Kok Huat (*Alternate to Ms. Chong Siak Ching*)

Mr. Goh Toh Sim (*Alternate to Mr. Lew Syn Pau*)

Independent Non-executive Directors

Mr. Alan Howard Smith *J.P.* (*Deputy Chairman*)

Mr. Kwong Che Keung, Gordon

Ms. Wang Poey Foon, Angela

EXECUTIVE COMMITTEE

Dr. Han Cheng Fong (*Chairman*)

Ms. Chong Siak Ching

Mr. Lew Syn Pau

Mr. Goh Yong Chian, Patrick

Mr. Ang Ah Lay

AUDIT COMMITTEE

Mr. Kwong Che Keung, Gordon (*Chairman*)

Mr. Alan Howard Smith *J.P.*

Mr. Goh Yong Chian, Patrick

Ms. Wang Poey Foon, Angela

REMUNERATION COMMITTEE

Mr. Alan Howard Smith *J.P.* (*Chairman*)

Dr. Han Cheng Fong

Mr. Lew Syn Pau

COMPANY SECRETARY

Mr. Chan Tin Wai, David

AUDITORS

PricewaterhouseCoopers

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Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Standard Registrars Limited

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Hong Kong

COMPANY WEBSITE

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STOCK CODE

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MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The encouraging results of Vision Century Corporation Limited (the “Company”) and its subsidiaries (together, the “Group”) for the six months ended 30 June 2004 were delivered within the improved operating environments in Hong Kong and China. After several years of economic hardship, Hong Kong has set out on the road to recovery. The spill over from China’s strong economic growth, the benefits of Closer Economic Partnership Arrangement (CEPA) and other measures adopted by the Chinese government to promote business in Hong Kong have combined to restore confidence. Meanwhile, the Chinese economy continues to surge ahead in 2004, with the first quarter growth of 9.8% and second quarter growth of 9.6% year-on-year. Against this background, the Group’s real estate activities in Hong Kong and China performed well.

During the six months under review, the Group continued with the restructuring and repositioning process, which started in 2003. Consistent with this process, the Group divested several non-core and non-performing assets and activities, including the Infocomm business and the 25% shareholding in a power plant in Wuhu, China. With these divestments, the Group’s focus is now property development, investment and management. The steps taken last year to control cost tightly and to improve productivity have started to bear results. During the period under review, the Group also better managed the allocation of its human resource to activities with the potential to deliver acceptable returns.

All the above initiatives taken so far bode well for the future and will underpin the Group’s improved performance in 2004.

REVIEW OF OPERATIONS

During the first half of 2004, the Group focused on optimising its resources and streamlining operations and organizational structures so as to improve performance. Higher yields were extracted from existing assets, such as the business park (Phase 1) in Shenzhen and several loss-making and/or non-core assets which were disposed of. The Group’s three development properties in Beijing and Dalian were aggressively managed so as to achieve completion as soon as possible. These developments are expected to be completed in the second half of 2004 and to generate further revenue to boost profitability.

Concurrent with the restructuring and repositioning process, the Group made significant progress during the period under review towards improving operational efficiency. Costs were tightly controlled and human resources were better managed and allocated to activities with the potential to generate return. Reflecting the success of the steps taken to cut operating costs, substantial savings were realised across the board. During the period under review, staff costs (including directors’ remuneration) fell to HK\$16 million from HK\$25 million for the corresponding period of 2003.

Business park sector

Vision (Shenzhen) Business Park (“VSBP”)

The average occupancy of this 23,500 sqm property improved to 88% during the first 6 months of 2004 compared to 80% of the corresponding period of 2003. Besides the improved occupancy rate, VSBP also successfully upgraded the profile and mix of the tenants occupying the building.

VSBP continued during the period to offer consistent and high quality value-added international standard of services to all our tenants. This differentiated VSBP from its competitors within Shenzhen Hi-tech Industrial Park and throughout Shenzhen.

The process to secure the necessary permits for construction of Phase 2 started during the period under review. Barring unforeseen circumstances, construction for the initial stage of Phase 2 is planned to commence by early 2005. At the same time, a reputable master planner had been appointed to produce a detailed world-class master plan for the Phase 3 site which covers a land area of 254,088 sqm with a developable gross floor area of over 400,000 sqm. This exercise is to help persuade the Shenzhen authorities to extend the current construction deadline to beyond 31 December 2005.

Vision International Centre

Vision International Centre, the Group's joint venture project with Beijing Tsinghua Science Park Construction Co., Ltd., a subsidiary of the prestigious Tsinghua University in Beijing, is a 13-storey high quality and state-of-the-art business park facility located within the Tsinghua Science Park in Zhongguancun, Haidian District, Beijing. Construction work on this project progressed as scheduled.

When completed, the building will yield a gross floor area of about 30,000 sqm fully wired-up space, suitable to multi-national corporations and domestic companies engaged in technology and IT-related business, research-based activities in biomedical and pharmaceutical and education related to technology, multi-media and animation. In addition, there will be two basements of 9,000 sqm to accommodate some 200 car-park lots. The building will offer an international standard of property management, with a comprehensive range of value-added facilities and amenities available to all its occupants.

During the first 6 months of 2004, a comprehensive marketing programme to secure tenants had been launched. Led by Jones Lang LaSalle, suitable global and domestic potential tenants have been identified and approached and the Group is confident that the quality of the building and the availability of a high standard of property services will be attractive to users requiring such premises to house their operations.

Real estate development

Property projects in Hong Kong

The Hong Kong economy exhibited a strong, broad-based upturn in early 2004, continuing from the growth momentum it experienced in the second half of 2003. Consumer spending recovered from the setback of SARS and in part due to the strong increase in the number of mainland arrivals and improved employment market, with the unemployment rate falling to its lowest in two years at 6.9% in June 2004. In this environment, the average home prices rose by between 25% and 30% in the first six months of 2004, although a market consolidation with a reduced volume of transactions was evident in the second quarter.

In this improved market, the Group sold 18 residential units of Elite Court in Sai Ying Pun and the 3 remaining residential units in the Harbourview Garden project in Kowloon City. As at 30 June 2004, 14 units in Elite Court were still held by the Group.

During the period, the Group agreed to sell the various lots in Demarcation District 387 Sham Tseng, New Territories. The development viability of this site was considered unacceptable. The sale of this peripheral asset was completed in August 2004.

Property projects in China

Scenic Place, Beijing

Scenic Place is a residential development in XuanWu District, Beijing. It is sited between the West Second Ring Road and the West Third Ring Road. When fully built, the development will have a floor area of over 400,000 sqm. The already completed Phase 1 of the development has a total gross floor area of 85,500 sqm, comprising 3 residential towers of 788 furnished and bare-shell flats in various sizes, from 70 sqm to 147 sqm.

The Group continued to sell the flats at Scenic Place (Phase 1) during the first half of 2004. A total of 536 units with a sales value totalling RMB363 million was contracted for by 30 June 2004. The construction of all the 3 towers of Phase 1 was completed and 475 units had been handed over to the purchasers. In order to provide value-added services to the residents, recreational facilities, convenience stores and other amenities were installed during the period.

Pursuant to new regulations promulgated by the Beijing Land Bureau in April 2004, all sites by which land use right titles had not been obtained by 31 August 2004, maybe put up for auctions. Despite efforts made, the Group did not receive the titles relating to the remaining undeveloped site and as at the date of this report was still awaiting to receive the outcome from the authorities.

The Ninth ZhongShan, Dalian

The marketing of the Dalian project, named The Ninth ZhongShan, continued during the first half of 2004. As at 30 June 2004, the Group had entered into agreements to sell 146 of the 432 elegant apartments. This development is superbly located at the core area of ZhongShan District, which is the Central Business District of Dalian. The twin-tower, one 30-storey and the other 32-storey, will offer panoramic views of Dalian and its coastline. Several construction and site difficulties were experienced in this project during the first half of 2004. The project is now expected to be completed in the second half of 2004, a delay of about six months. Given its prime location, high quality construction, and a comprehensive club house, it is expected that interest from prospective buyers will remain high.

Infocomm technology services

The Group entered into agreements to divest its Infocomm business on 30 June 2004. This activity had consistently been loss-making since it was acquired in 2002, despite considerable management efforts. The divestment of Infocomm business will free-up capital locked in this non-performing activity and enable the Group to concentrate its resources in the development of real estate business, which has the potential to develop into a core competence to deliver superior performance.

FINANCIAL REVIEW

For the six months ended 30 June 2004, the Group recorded a profit attributable to shareholders of HK\$0.4 million, recovering from a loss attributable to shareholders of HK\$34 million for the corresponding period in 2003. On a per-share basis, the Group recorded a profit of HK0.01 cents. The improvement was attributable to the improved performance from the Group's property projects in the mainland and Hong Kong and the cost savings realised from the several measures adopted in 2003.

Review of overall performance

Turnover for the six months ended 30 June 2004 increased by 149% to HK\$189 million from HK\$76 million in the corresponding period of 2003 primarily due to the recognition of revenue from the sale of apartments of Scenic Place (Phase 1) development in Beijing.

Finance costs rose to HK\$5 million from HK\$4 million because of the increases in the average interest rates and borrowings. The repayment of bank and other borrowings was financed primarily by the proceeds realised from the sale of development property.

Due to the adoption of revised accounting standards on deferred tax in 2003, the Group recorded a deferred tax credit of HK\$1 million which represented the income tax effect on the temporary difference resulting from the recognition of revenue and expenses for tax and financial reporting purposes.

During the period under review, the Group continued to divest its non-core assets and loss-making activities, including the Infocomm business. The divestment process has repositioned the Group to focus its resources to grow the real estate business more aggressively.

Business segments

Property

The property segment continued to be the key contributor to the Group's revenue during the period under review. Turnover of the property segment was HK\$177 million or 94% of the total turnover compared to HK\$66 million or 87% of the total turnover for the corresponding period in 2003. The Group had sold all the remaining residential units in Harbourview Garden and certain units in Elite Court in Hong Kong. Revenue of HK\$113 million was recognized during the period for the apartments sold at Scenic Place (Phase 1) in Beijing.

Business park

Phase 1 of the business park in Shenzhen continued to provide a stable income stream for the Group during the period under review. It earned HK\$7 million in gross rental for the six months ended 30 June 2004 compared to HK\$6 million for the corresponding period in 2003.

Infocomm technology

Despite intense efforts in restructuring and consolidating the Infocomm business, it continued to be loss-making although at a reduced level. During the period under review, the Infocomm technology segment contributed HK\$5 million (first six months 2003: HK\$4 million) to the Group's turnover and suffered a loss of HK\$6 million (first six months 2003: HK\$11 million). After an in-depth review of the Infocomm business structure and operations, the Board of Directors concluded that the disposal of this business was in the Group's best long-term strategic interests. Consistent with this, the Group entered into agreements to sell the entire Infocomm business on 30 June 2004.

Other operations

Other operations of the Group included the non-core investment in an electricity power plant in Wuhu, China. The Group entered into a preliminary agreement on 5 June 2004 to sell its entire interest in wholly-owned Hong Kong-incorporated, Bohan Limited for a cash consideration of RMB102.5 million (approximately HK\$96.7 million), which held the 25% effective interest in the said power plant.

Geographical markets

Hong Kong

During the period under review, the turnover derived from Hong Kong was maintained at HK\$66 million. Following the completion of Scenic Place (Phase 1) in Beijing, the proportion of turnover derived from Hong Kong declined significantly to 35%, from 87% for the corresponding period in 2003.

China

The turnover earned from the operations in the mainland amounted to HK\$123 million (equivalent to 65% of the Group's turnover) compared to an insignificant HK\$10 million in the first six months of last year. This robust growth was due to the recognition of sales from Scenic Place (Phase 1). The greater dependency on the mainland to drive turnover and profit growth is expected to continue in the years ahead, consistent with the Group's strategy to shift its focus and resources there (while reducing exposure in Hong Kong) to take advantage of the attractive business opportunities.

Assets

The value of the Group's total assets increased to HK\$1,882 million as at 30 June 2004, HK\$209 million higher than that as at 31 December 2003.

Assets held under the property segment amounted to HK\$1,141 million as at 30 June 2004 or 61% of the Group's total assets compared to HK\$1,019 million as at 31 December 2003. Assets held under the business park segment increased to HK\$433 million from HK\$364 million as at 31 December 2003. The assets held by the other businesses increased to HK\$308 million, which constituted 16% of the Group's total assets compared to 17% as at 31 December 2003.

Total assets held in the mainland amounted to HK\$1,632 million as at 30 June 2004, representing 87% of the Group's total assets, compared to 86% as at 31 December 2003.

Shareholders' funds

The Group's total shareholders' funds increased slightly from HK\$701 million as at 31 December 2003 to HK\$703 million as at 30 June 2004. On a per-share basis, the consolidated net asset value of the Group as at 30 June 2004 increased marginally to HK24.8 cents, compared to HK24.7 cents as at 31 December 2003. The total shareholders' funds were 37% of the total assets of HK\$1,882 million as at 30 June 2004.

Financial resources, liquidity and capital structure

Liquidity and capital resources

During the period under review, the Group's total borrowings increased by 45% to HK\$800 million as at 30 June 2004, up from HK\$552 million as at 31 December 2003. The Group's gearing ratio also jumped to 114% as at 30 June 2004 from 79% as at 31 December 2003. The increase in gearing ratio reflected the funding requirements of the Group's development projects in the mainland, all of which were scheduled to be completed in the second half of 2004.

The Group's cash and bank balances increased by 40% to HK\$381 million as at 30 June 2004 from HK\$271 million as at 31 December 2003.

Short-term and long-term borrowings

The maturity profiles of the Group's bank and other borrowings outstanding as at 30 June 2004 and 31 December 2003 are summarized as follows:

	30 June 2004		31 December 2003	
	HK\$ million	%	HK\$ million	%
Within one year	674	84	474	86
In the second year	36	5	78	14
In the third to fifth year	90	11	—	—
Total	800	100	552	100

Financial management

Foreign currency risk

In order to balance finance costs and currency risk, the Group increased both Hong Kong dollar borrowings and renminbi borrowings during the period under review. The Group did not use any financial instrument to hedge foreign currency risk because such risk exposure to foreign exchange rate fluctuations was considered minimal.

The denomination of the Group's bank and other borrowings outstanding as at 30 June 2004 and 31 December 2003 are summarized as follows:

	30 June 2004		31 December 2003	
	HK\$ million	%	HK\$ million	%
In HK\$	342	43	167	30
In RMB	458	57	385	70
Total	800	100	552	100

Interest rate risk

The Group was exposed to changes in interest rate fluctuations to the extent that they affected the cost of funds for floating rate borrowings. As at 30 June 2004, about 43% of the Group's total borrowings were on a floating rate basis whilst the remaining 57% were fixed rate borrowings. In comparison, 30% of the borrowings were on floating rates and 70% on fixed rates as at 31 December 2003. The Group would continue to maintain a mixture of floating rate and fixed rate borrowings and take actions to hedge against any foreseeable interest rate exposure, if necessary.

Pledge of assets

As at 30 June 2004, the Group's bank loans, overdrafts and other loans were secured by certain investment properties, completed properties held for sale, properties held for development and properties under development with carrying values of HK\$1,017 million (31 December 2003: HK\$753 million) and cash deposits of HK\$194 million (31 December 2003: HK\$153 million).

Contingent liabilities

As at 30 June 2004, the Company issued guarantees to the extent of HK\$553 million (31 December 2003: HK\$329 million) of which HK\$486 million (31 December 2003: HK\$320 million) was utilized in respect of bank and other borrowings granted to its subsidiaries.

Disposal of interests in subsidiaries and a jointly controlled entity

On 5 June 2004, the Group entered into a preliminary agreement to sell at a cash consideration of HK\$96.7 million its 100% interest in Bohan Limited ("Bohan") which indirectly held the 25% interest in an electricity power plant in Wuhu, China. On 20 July 2004, a sale and purchase agreement was entered into subsequently for the disposal of Bohan.

On 30 June 2004, the Group entered into agreements to sell Nova Network Holdings Limited ("Nova"), CC-Edu Holdings Limited ("CC-Edu") and Campusall Company Limited ("Campusall"). Nova, CC-Edu and Campusall together constituted the entire range of the Infocomm business and their sale represented the Group's divestment of this loss-making activity.

PROSPECTS

Looking forward to the rest of 2004, there are continued concerns arising from the credit tightening measures in the mainland's real estate sector. This may depress housing prices as the impact of tighter mortgage lending is more fully felt. Market conditions in the mainland will be challenging.

Much progress had been achieved in the past 6 months to refocus and reposition the Group through planned divestments. As at today, the Group's principal core business is the investment, development and management of real estate in the mainland. Management is currently in the process of formulating a new corporate strategy and business plan to push the Group forward to achieve sustainable profitable growth in the years ahead. This will include the recruitment and reallocation of new and existing employees so as to develop a core competence necessary to support and drive the business successfully.

The Group's operating performance for the current financial year should improve with the expected recognition of revenue from the two residential projects and the soon-to-be completed office building in Beijing.

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2004**

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2004	2003
		HK\$'000	<i>HK\$'000</i>
Turnover	2	189,112	75,871
Cost of sales		(140,506)	(48,022)
Direct operating expenses		(27,635)	(39,341)
		<hr/>	<hr/>
Gross profit/(loss)		20,971	(11,492)
Other revenues		1,616	1,964
Provisions made for operations	4	(2,897)	(10,326)
Administrative expenses		(13,672)	(22,330)
Other income		6,385	–
		<hr/>	<hr/>
Operating profit/(loss)	5	12,403	(42,184)
Finance costs		(4,984)	(4,130)
Non-operating provisions made	6	(5,481)	–
Share of results of associated companies		590	2,350
Share of results of a jointly controlled entity		(3,920)	3,066
		<hr/>	<hr/>
Loss before taxation		(1,392)	(40,898)
Taxation	7	582	5,222
		<hr/>	<hr/>
Loss after taxation		(810)	(35,676)
Minority interests		1,180	1,935
		<hr/>	<hr/>
Profit/(loss) attributable to shareholders		370	(33,741)
		<hr/>	<hr/>
Earnings/(loss) per share – basic	8	0.01 cents	(1.2) cents
		<hr/>	<hr/>

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2004 AND 31 DECEMBER 2003**

	Note	Unaudited 30 June 2004 HK\$'000	Audited 31 December 2003 HK\$'000
Non-current assets			
Fixed assets	9	405,951	338,328
Intangible assets	9	(1,292)	(1,550)
Interests in associated companies		342	1,152
Interest in a jointly controlled entity		97,091	105,089
Investments in equity securities		16,387	16,387
Deferred tax assets		3,462	2,793
		<u>521,941</u>	<u>462,199</u>
Current assets			
Properties held for sale		167,608	119,316
Properties under development		477,164	513,223
Debtors, deposits and prepayments	10	335,027	306,905
Bank balances and cash		380,685	271,178
		<u>1,360,484</u>	<u>1,210,622</u>
Current liabilities			
Creditors and accruals	11	307,173	324,350
Bank and other borrowings	12	673,596	474,164
		<u>980,769</u>	<u>798,514</u>
Net current assets		<u>379,715</u>	<u>412,108</u>
Total assets less current liabilities		<u>901,656</u>	<u>874,307</u>
Financed by:			
Share capital	13	283,619	283,619
Reserves		418,883	417,424
Shareholders' funds		<u>702,502</u>	<u>701,043</u>
Minority interests		<u>72,358</u>	<u>94,926</u>
Non-current liabilities			
Bank and other borrowings	12	126,796	78,338
		<u>901,656</u>	<u>874,307</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2004**

	Unaudited HK\$'000					
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Total
At 1 January 2004	283,619	2,270,561	196	423	(1,853,756)	701,043
Exchange differences	-	-	-	1,089	-	1,089
Profit for the period	-	-	-	-	370	370
At 30 June 2004	<u>283,619</u>	<u>2,270,561</u>	<u>196</u>	<u>1,512</u>	<u>(1,853,386)</u>	<u>702,502</u>

	Unaudited HK\$'000					
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Total
At 1 January 2003	283,619	2,270,561	196	2,678	(1,007,653)	1,549,401
Exchange differences	-	-	-	(2,724)	-	(2,724)
Loss for the period	-	-	-	-	(33,741)	(33,741)
At 30 June 2003	<u>283,619</u>	<u>2,270,561</u>	<u>196</u>	<u>(46)</u>	<u>(1,041,394)</u>	<u>1,512,936</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2004**

	Unaudited	
	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Net cash used in operating activities	(39,205)	(44,352)
Net cash used in investing activities	(75,848)	(74,230)
Net cash inflow from/(used in) financing	227,833	(42,350)
Increase/(decrease) in cash and cash equivalents	112,780	(160,932)
Cash and cash equivalents at 1 January	251,384	327,482
Effect of foreign exchange rate changes	2,073	(586)
Cash and cash equivalents at 30 June	366,237	165,964
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	380,685	165,964
Bank overdrafts	(14,448)	-
	366,237	165,964

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 Institute of Certified Public Accountants.

These condensed interim financial statements should be read in conjunction with the 2003 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 31 December 2003.

2 **Principal activities and segmental analysis of operations**

The Group is principally engaged in property development, investment and management, business parks 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-communication and education projects, as well as provision of technology services
- Other operations – infrastructure investment and securities investment

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

2 Principal activities and segmental analysis of operations (continued)

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

	Six months ended 30 June 2004						Group
	Property	Business park	Infocomm technology (Note 3)	Other operations	Corporate	Eliminations	
Turnover	177,034	6,693	5,416	-	-	(31)	189,112
Segment results (before gain on disposal of subsidiaries)	24,231	1,819	(6,280)	(123)	(13,629)	-	6,018
Gain on disposal of subsidiaries	-	-	6,385	-	-	-	6,385
Segment results	24,231	1,819	105	(123)	(13,629)	-	12,403
Finance costs							(4,984)
Non-operating provisions made							(5,481)
Share of results of associated companies	590	-	-	-	-	-	590
Share of results of a jointly controlled entity	-	-	-	(3,920)	-	-	(3,920)
Loss before taxation							(1,392)
Taxation							582
Loss after taxation							(810)
Minority interests							1,180
Profit attributable to shareholders							370

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

2 Principal activities and segmental analysis of operations (continued)

	Six months ended 30 June 2003						Group
	HK\$'000						
	Property	Business park	Infocomm technology (Note 3)	Other operations	Corporate	Eliminations	
Turnover	66,263	5,720	3,970	–	–	(82)	75,871
Segment results (before gain on disposal of subsidiaries)	(12,205)	3,353	(11,448)	(165)	(21,719)	–	(42,184)
Gain on disposal of subsidiaries	–	–	–	–	–	–	–
Segment results	(12,205)	3,353	(11,448)	(165)	(21,719)	–	(42,184)
Finance costs							(4,130)
Non-operating provisions made							–
Share of results of associated companies	2,350	–	–	–	–	–	2,350
Share of results of a jointly controlled entity	–	–	–	3,066	–	–	3,066
Loss before taxation							(40,898)
Taxation							5,222
Loss after taxation							(35,676)
Minority interests							1,935
Loss attributable to shareholders							(33,741)

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

- Hong Kong – property investment, development and management, investment in info-communication and education projects, provision of technology services, as well as securities investment
- China – property investment, development and management, development and management of business parks, investment in info-communication and education projects, provision of technology services, as well as infrastructure investment

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

2 Principal activities and segmental analysis of operations (continued)

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

	Turnover		Operating profit/(loss)	
	Six months ended 30 June		Six months ended 30 June	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	66,152	66,275	17,951	(29,541)
China	122,960	9,596	(5,548)	(12,643)
	189,112	75,871	12,403	(42,184)

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

3 Discontinuing operation

On 30 June 2004, the Group entered into various sale and purchase agreements to sell Nova Network Holdings Limited ("Nova"), CC-Edu Holdings Limited ("CC-Edu") and Campusall Company Limited ("Campusall"). Nova, CC-Edu and Campusall together constituted the entire range of the Infocomm business and the operation of this segment discontinued on that date.

4 Provisions made for operations

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Provisions made/(written back) in relation to:		
Property projects	-	10,571
Fixed assets	14	(15)
Inventories	(18)	(90)
Doubtful debts	2,901	(140)
	2,897	10,326

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5 Operating profit/(loss)

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

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Crediting		
Rental income from		
– investment properties		
Gross income	6,709	5,638
Less: direct outgoings	(1,351)	(514)
	5,358	5,124
– properties held for sale	600	273
Realisation of negative goodwill	258	172
	2,719	4,396
Charging		
Depreciation of fixed assets	(98)	(84)
Less: amounts capitalised to properties held for development	(917)	(898)
amounts capitalised to properties under development	1,704	3,414
Amortisation of goodwill	–	3,135
Operating lease rentals in respect of land and buildings	757	2,585
Staff costs (including directors' remuneration)	15,948	24,574
Retirement benefit costs	–	181

6 Non-operating provisions made

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Provisions made for impairment in values of interest in a jointly controlled entity	4,077	–
Provision for consideration receivable	1,404	–
	5,481	–

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

7 Taxation

The amount of taxation (charged)/credited to the consolidated income statement represents:

	Six months ended 30 June	
	2004	2003
	HK\$'000	HK\$'000
Current taxation – overseas	(87)	–
Deferred taxation	669	5,222
	582	5,222

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

8 Earnings/(loss) per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$370,000 (2003: loss of HK\$33,741,000) and the weighted average of 2,836,188,944 (2003: 2,836,188,944) ordinary shares in issue during the period. Diluted earnings per share has not been shown as there were no dilutive potential ordinary shares.

9 Capital expenditure

	Negative goodwill	Fixed assets
	HK\$'000	HK\$'000
Net book value at 1 January 2004	(1,550)	338,328
Exchange difference	–	741
Additions	–	70,972
Disposals	–	(1,371)
Depreciation	–	(2,719)
Realisation	258	–
Net book value at 30 June 2004	(1,292)	405,951

10 Debtors, deposits and prepayments

	30 June	31 December
	2004	2003
	HK\$'000	HK\$'000
Trade debtors (note a)	8,323	3,297
Deposits	271,318	272,356
Prepayments	28,087	18,846
Others	27,299	12,406
	335,027	306,905

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

10 Debtors, deposits and prepayments (continued)

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

	<i>HK\$'000</i>			
	Within 3 months	3 months to 6 months	Over 6 months	Total
Balance at 30 June 2004	<u>8,297</u>	<u>26</u>	<u>–</u>	<u>8,323</u>
Balance at 31 December 2003	<u>3,237</u>	<u>–</u>	<u>60</u>	<u>3,297</u>

Trade debtors represent considerations in respect of sold properties, rental receivables and receivables from sales of goods.

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. For sales of goods, the Group granted credit terms to each customer ranging from 60 to 120 days.

(b) Included in debtors, deposits and prepayments are payments for certain lands in China of which formal land use right certificates have not yet been obtained by the Group. Pursuant to new regulations promulgated by the Beijing Land Bureau (the "Bureau") during the period, all sites by which land use right titles had not been obtained by 31 August 2004, maybe put up for auctions and the original owner will be compensated for the payments made.

The Group has certain lands with payments amounted to approximately HK\$270,000,000 which are now being reviewed by the Bureau for the application of land use right certificates. In directors' opinion, the outcome of the above event, although uncertain at present, is unlikely to have a material financial impact on the Group's financial statements for the period.

11 Creditors and accruals

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Trade creditors (<i>note a</i>)	40,102	52,902
Receipts in advance	198,379	179,683
Accruals	25,925	31,034
Others	42,767	60,731
	<u>307,173</u>	<u>324,350</u>

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

	<i>HK\$'000</i>			
	Within 3 months	3 months to 12 months	Over 12 months	Total
Balance at 30 June 2004	<u>1,462</u>	<u>3,809</u>	<u>34,831</u>	<u>40,102</u>
Balance at 31 December 2003	<u>41,242</u>	<u>11,660</u>	<u>–</u>	<u>52,902</u>

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

12 Bank and other borrowings

	Bank loans and overdrafts		Other loans	
	30 June 2004 HK\$'000	31 December 2003 HK\$'000	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Secured	718,944	523,708	9,000	9,000
Unsecured	72,448	19,794	-	-
	791,392	543,502	9,000	9,000
Current portion of bank and other borrowings	(664,596)	(465,164)	(9,000)	(9,000)
	126,796	78,338	-	-

At 30 June 2004, the Group's bank loans, overdrafts and other loans were repayable as follows:

	Bank loans and overdrafts		Other loans	
	30 June 2004 HK\$'000	31 December 2003 HK\$'000	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Within one year	664,596	465,164	9,000	9,000
In the second year	36,532	78,338	-	-
In the third to fifth year	90,264	-	-	-
	791,392	543,502	9,000	9,000

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

13 Share capital

	Authorised	
	No. of shares	HK\$'000
At 30 June 2004 and 31 December 2003	10,000,000,000	1,000,000
	Issued and fully paid	
	No. of shares	HK\$'000
At 30 June 2004 and 31 December 2003	2,836,188,944	283,619

At 30 June 2004 and 31 December 2003, share options outstanding have the following terms:

	Exercise price	Number of options		Vested percentage	
		30 June 2004	31 December 2003	30 June 2004	31 December 2003
Directors	HK\$0.1706	10,000,000	10,000,000	-	-
Other employees	HK\$0.1706	10,065,000	10,065,000	-	-
		20,065,000	20,065,000	-	-

No share options were granted, cancelled or lapsed during the period (2003: nil).

14 Contingent liabilities

At 30 June 2004, the Company issued guarantees to the extent of HK\$553,489,000 (31 December 2003: HK\$329,496,000) of which HK\$486,355,000 (31 December 2003: HK\$320,392,000) 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.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

15 Commitments

(a) Capital commitments

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Contracted but not provided for		
– Investment in equity securities	–	9,365
– Properties held for development	60,807	123,121
– Properties under development	202,530	239,182
Authorised but not contracted for		
– Properties held for development	9,618	11,438
	272,955	383,106

(b) Commitments under operating leases

At 30 June 2004, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Others	
	30 June 2004 HK\$'000	31 December 2003 HK\$'000	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Not later than one year	2,262	3,000	–	88
Later than one year and not later than five years	3,515	4,330	–	–
	5,777	7,330	–	88

(c) Future minimum rental payments receivable

At 30 June 2004, the Group had future minimum rental payments receivable under non-cancellable leases in respect of land and buildings as follows:

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Not later than one year	13,286	11,743
Later than one year and not later than five years	10,582	8,325
	23,868	20,068

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

16 Subsequent events

On 20 July 2004, the Group entered into a sale and purchase agreement to sell at a cash consideration of HK\$96.7 million its 100% interest in Bohan Limited ("Bohan") which indirectly held the 25% interest in an electricity power plant in Wuhu, China. The disposal of Bohan is unlikely to have a material impact on the Group's financial statements for the year ending 31 December 2004.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

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 9 to 22.

Respective responsibilities of directors and auditors

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 Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying of 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 30 June 2004.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9 September 2004

SUPPLEMENTARY INFORMATION

EMPLOYEE INFORMATION

As at 30 June 2004, the Company and its subsidiaries had approximately 150 employees, down from 419 a year ago. The huge drop was due principally to the 202 employees who ceased employment with the Group with the divestment of the Infocomm business, while the other 67 resulted from redundancies, resignations or retirements. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical cover, subsidised educational and training programs as well as a share option scheme.

DIRECTORS' INTERESTS

As at 30 June 2004, the following directors and the chief executive of the Company and/or any of their respective associates had the following interests or deemed interests in the long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(a) Long position in the shares of the Company:

Name of director	Number of ordinary shares beneficially held	Nature of interest	Approximate percentage of total shareholding (%)
Ms. Chong Siak Ching *	1,157,897	Personal	0.04
* Non-executive Director			

SUPPLEMENTARY INFORMATION (continued)

DIRECTORS' INTERESTS (continued)

(b) Long position in the underlying shares of equity derivatives of the Company:

Name of director	Date of grant	Exercise period	Share options in the Company		Number of total underlying shares	Approximate percentage of total shareholding (%)
			Exercise price per share option HK\$	Number of share options outstanding		
Dr. Han Cheng Fong #	31/12/2003	31/12/2004 – 30/12/2013	0.1706	1,500,000	1,500,000	0.05
Ms. Chong Siak Ching #	31/12/2003	31/12/2004 – 30/12/2013	0.1706	1,000,000	1,000,000	0.04
Mr. Alan Howard Smith J.P.**	31/12/2003	31/12/2004 – 30/12/2013	0.1706	1,000,000	1,000,000	0.04
Mr. Ang Ah Lay	31/12/2003	31/12/2004 – 30/12/2013	0.1706	2,500,000	2,500,000	0.09
Mr. Lew Syn Pau #	31/12/2003	31/12/2004 – 30/12/2013	0.1706	1,000,000	1,000,000	0.04
Mr. Kwong Che Keung, Gordon **	31/12/2003	31/12/2004 – 30/12/2013	0.1706	1,000,000	1,000,000	0.04
Ms. Wang Poey Foon, Angela **	31/12/2003	31/12/2004 – 30/12/2013	0.1706	1,000,000	1,000,000	0.04

Non-executive Director

** Independent Non-executive Director

Save as disclosed above, as at 30 June 2004, none of the directors and the chief executive of the Company and/or any of their respective associates had any interest or deemed interest in the long and short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

SUPPLEMENTARY INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2004, the following persons (other than the directors or the chief executive of the Company) had an interest in the following long position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the shares of the Company:

Name of shareholder	Notes	Nature of interest	Number of ordinary shares held	Approximate percentage of total shareholding (%)
Ascendas Pte Ltd. ("Ascendas")	1	Corporate	1,566,891,340	55.25
Ascendas Land International Pte Ltd. ("Ascendas Land")	2	Corporate	1,566,891,340	55.25
Riverbook Group Limited ("Riverbook")	3	Corporate	1,566,891,340	55.25
Fraser and Neave Limited ("F&N")	4	Corporate	1,566,891,340	55.25
Fraser and Neave Investments (Hong Kong) Limited ("F&N Investments")	5	Corporate	1,566,891,340	55.25
Vision Century Limited ("VCL")		Corporate	1,566,891,340	55.25
Mr. Ng Poh Meng ("Mr. Ng")	6	Personal, Family and Corporate	177,890,551	6.27
Ms. Ng Lee Ngo ("Mrs. Ng")	6	Personal, Family and Corporate	177,890,551	6.27
Dr. Jiang Xiaoming, Simon		Personal	158,884,553	5.60

Notes:

- The interest disclosed comprised 1,566,891,340 shares beneficially owned by Ascendas Land through the subsidiaries as disclosed in notes 2 and 3 below. Ascendas Land is a wholly-owned subsidiary of Ascendas.
- The interest disclosed comprised 1,566,891,340 shares beneficially owned by Riverbook through VCL. Riverbook is a wholly-owned subsidiary of Ascendas Land.
- The interest disclosed comprised 1,566,891,340 shares held by VCL, which is 50% owned by Riverbook.
- The interest disclosed comprised 1,566,891,340 shares beneficially owned by F&N Investments through VCL. F&N Investments is a wholly-owned subsidiary of F&N.
- The interest disclosed comprised 1,566,891,340 shares held by VCL, which is 50% owned by F&N Investments.
- The interest disclosed comprised 34,764,697 shares held by Mr. Ng, 11,578,969 shares held by Mrs. Ng, 125,757,400 shares held by Newmark Capital Holdings Limited ("Newmark") and 5,789,485 shares held by Global Capital Ventures Limited ("Global"). Under the provisions of Part XV of the SFO, Mr. Ng was deemed to control or have an interest in Newmark and Global. Mr. Ng was also deemed to have an interest in the shares owned by his wife, Mrs. Ng, and vice versa. Mrs. Ng held 50% of the entire issued share capital of Newmark in trust for Mr. Ng and Mrs. Ng was otherwise not deemed to have an interest in Newmark.

SUPPLEMENTARY INFORMATION (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Save as disclosed above, as at 30 June 2004, no other person (other than the directors or the chief executive of the Company) had an interest in the long and short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

On 20 May 2003, the share option scheme adopted by the Company on 10 January 2000 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted by the Company to comply with the new amendments to the Listing Rules in respect of share option schemes of a listed company. As a result, the Company would no longer grant any further options under the Old Share Option Scheme. No share option was granted under the Old Share Option Scheme since the date of its adoption. As at 30 June 2004, there were 20,065,000 share options outstanding under the New Share Option Scheme.

Details of the movements of the share options under the New Share Option Scheme during the period were as follows:

Name or category of participant	Number of share options				Outstanding as at 30/6/2004	Date of grant of share options	Exercise period of share options (Note 1)	Exercise price per share option** HK\$
	Outstanding as at 1/1/2004	Granted during the period	Exercised during the period	Lapsed/Cancelled during the period				
Directors								
Dr. Han Cheng Fong *	1,500,000	-	-	-	1,500,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
Ms. Chong Siak Ching *	1,000,000	-	-	-	1,000,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
Mr. Lai Seck Khui * (Note 3)	1,000,000	-	-	-	1,000,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
Mr. Alan Howard Smith J.P. **	1,000,000	-	-	-	1,000,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
Mr. Ang Ah Lay	2,500,000	-	-	-	2,500,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
Mr. Lew Syn Pau *	1,000,000	-	-	-	1,000,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
Mr. Kwong Che Keung, Gordon **	1,000,000	-	-	-	1,000,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
Ms. Wang Poey Foon, Angela **	1,000,000	-	-	-	1,000,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>			
Other employees								
In aggregate	10,065,000	-	-	-	10,065,000	31/12/2003	31/12/2004 – 30/12/2013	0.1706
	<u>20,065,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,065,000</u>			

SUPPLEMENTARY INFORMATION *(continued)*

SHARE OPTION SCHEME *(continued)*

* Non-executive Director

** Independent Non-executive Director

** The Company's closing share price on the day immediately before the grant date of share options (i.e. 30/12/2003) was HK\$0.1720 (Note 2)

Notes:

- The vesting period of the share options is in the following manner:

Vesting schedule	Percentage of shares over which an option is exercisable (%)
Before the first anniversary of the date of grant	Nil
On or after the first but before the second anniversary of the date of grant	25
On or after the second but before the third anniversary of the date of grant	25
On or after the third but before the fourth anniversary of the date of grant	25
On or after the fourth anniversary of the date of grant	25

In relation to the share option, if the eligible participant, during any of the periods specified above, exercises that share options for such number of shares which, in aggregate, represents less than the number of shares for which the eligible participant may exercise in respect of such period, the balance of the shares comprised in that option for which the eligible participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of shares which the eligible participant may exercise in the next succeeding period or periods.

- The price of the Company's shares as at the date of grant of the share options is the closing price of the Company's shares as listed on the Stock Exchange on the trading day immediately prior to the date of the share options.
- Mr. Lai Seck Khui resigned as a non-executive director of the Company on 4 May 2004. Pursuant to the share option scheme of the Company, an option holder may exercise his or her option within 3 months of such cessation. Therefore, Mr. Lai was still entitled to the share options as at 30 June 2004.

The financial impact of the share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are lapsed or cancelled prior to their exercise date are deleted from the register of outstanding options.

The directors of the Company do not consider it appropriate to disclose a theoretical value of the share options granted because a number of factors crucial for the valuation cannot be determined. Accordingly, any valuation of the options based on various speculative assumptions would not be meaningful, but would be misleading to the shareholders of the Company.

SUPPLEMENTARY INFORMATION *(continued)*

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004 (2003: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on the Stock Exchange during the six months ended 30 June 2004.

AUDIT COMMITTEE

The Audit Committee comprised four non-executive directors, three of whom are independent non-executive directors. It is chaired by an independent non-executive director.

The Audit Committee is answerable to the Board of Directors and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee had reviewed with the management of the Company and PricewaterhouseCoopers, the auditors of the Company, the accounting principles and practices adopted by the Group and had discussed auditing, internal controls and financial reporting matters, including the review of the interim report of the Company for the six months ended 30 June 2004.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the Board of Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim report of the Company, except that the independent non-executive directors of the Company are not appointed for specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company.

BOARD OF DIRECTORS

As at the date hereof, the Board of Directors comprises one executive director, namely Mr. Ang Ah Lay; four non-executive directors, namely Dr. Han Cheng Fong (whose alternate is Mr. Hui Choon Kit), Ms. Chong Siak Ching (whose alternate is Mr. Goh Kok Huat), Mr. Goh Yong Chian, Patrick and Mr. Lew Syn Pau (whose alternate is Mr. Goh Toh Sim); and three independent non-executive directors, namely Mr. Alan Howard Smith *J.P.*, Mr. Kwong Che Keung, Gordon and Ms. Wang Poey Foon, Angela.

By Order of the Board
Vision Century Corporation Limited
Ang Ah Lay
Executive Director and Chief Executive Officer

Hong Kong, 9 September 2004