

The logo for Vision Century Corporation features a stylized blue wave graphic above the word "ision" in a bold, dark blue sans-serif font. Below "ision", the words "Century Corporation" are written in a smaller, green sans-serif font.

**ision**  
Century Corporation

An aerial photograph of a modern urban development, showing several tall, cylindrical buildings with glass facades, interspersed with green spaces, a swimming pool, and a tennis court. The scene is framed by large, curved green shapes that suggest a globe or a stylized landscape.

Interim Report  
*2001*

**Vision Century Corporation Limited**

(Incorporated in Bermuda with limited liability)

## INTERIM RESULTS

### CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2001

	Note	Unaudited Six months ended 30th June	
		2001 HK\$'000	2000 HK\$'000
Turnover	2	132,039	214,565
Cost of sales		(126,033)	(172,532)
Direct operating expenses		(22,426)	(16,584)
Gross (loss)/profit		(16,420)	25,449
Other revenues		13,162	10,407
Provision made for operations	3	(136,749)	–
Administrative expenses		(22,284)	(16,378)
Operating (loss)/profit	4	(162,291)	19,478
Finance costs		(22,548)	(10,366)
Share of results of associated companies		3,596	4,557
Share of results of a jointly controlled entity		2,289	(585)
(Loss)/profit before taxation		(178,954)	13,084
Taxation	5	(408)	(1,772)
(Loss)/profit after taxation		(179,362)	11,312
Minority interests		2,345	2,593
(Loss)/profit attributable to shareholders		<u>(177,017)</u>	<u>13,905</u>
Basic (loss)/earnings per share	6	(10.6) cents	0.9 cents

**CONSOLIDATED BALANCE SHEET**  
As at 30th June 2001 and 31st December 2000

		Unaudited 30th June 2001 HK\$'000	Audited 31st December 2000 HK\$'000
Non-Current Assets			
Fixed assets	7	595,454	690,226
Intangible assets		-	-
Investment properties		138,035	-
Interest in associated companies		141,137	137,240
Interest in a jointly controlled entity		170,625	168,474
Investment in equity securities		10,111	20,890
		<u>1,055,362</u>	<u>1,016,830</u>
Current assets			
Amount due from a related company		103,569	103,569
Properties held for sale		756,262	358,903
Properties under development		528,496	1,068,386
Debtors, deposits and prepayments	8	82,616	151,736
Investments in equity securities		173	6,138
Bank balances and cash		122,798	98,531
		<u>1,593,914</u>	<u>1,787,263</u>
Current liabilities			
Creditors and accruals	9	161,538	207,136
Taxation payable		1,170	900
Bank and other borrowings	10	628,388	612,022
		<u>791,096</u>	<u>820,058</u>
Net current assets		<u>802,818</u>	<u>967,205</u>
		<u>1,858,180</u>	<u>1,984,035</u>
Financed by:			
Share capital		166,794	166,794
Reserves		1,774,963	1,775,082
Accumulated losses		(520,998)	(343,981)
Shareholders' funds		<u>1,420,759</u>	<u>1,597,895</u>
Minority interests		183,854	185,422
Non-Current liabilities			
Convertible bonds		66,000	66,000
Retention money		13,574	14,298
Bank and other borrowings	10	173,993	120,420
		<u>1,858,180</u>	<u>1,984,035</u>

**CONSOLIDATED CASH FLOW STATEMENT**  
For the six months ended 30th June 2001

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th June</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash inflow/(outflow) from operating activities	<b>17,362</b>	(37,005)
Net cash outflow from returns on investments and servicing of finance	<b>(32,748)</b>	(24,405)
Taxation	-	(19)
Net cash outflow from investing activities	<u><b>(30,944)</b></u>	<u>(48,710)</u>
Net cash outflow before financing	<b>(46,330)</b>	(110,139)
Net cash inflow from financing	<u><b>98,127</b></u>	<u>153,284</u>
Increase in cash and cash equivalents	<b>51,797</b>	43,145
Cash and cash equivalents at 1st January	<b>22,265</b>	(58,383)
Effect of foreign exchange rate changes	<b>(89)</b>	811
Cash and cash equivalents at 30th June	<u><b>73,973</b></u>	<u>(14,427)</u>
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	<b>122,798</b>	52,323
Bank overdrafts	<b>(48,825)</b>	(66,750)
	<u><b>73,973</b></u>	<u>(14,427)</u>

**CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES**  
**For the six months ended 30th June 2001**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30th June</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net losses not recognised in the income statement	(119)	(4,768)
(Loss)/profit for the period	<u>(177,017)</u>	<u>13,905</u>
Total recognised (losses)/gains	<b>(177,136)</b>	9,137
Goodwill reserve arising from acquisition not charged to income statement	<u>-</u>	<u>(119,792)</u>
	<u><b>(177,136)</b></u>	<u><b>(110,655)</b></u>

## NOTES TO CONDENSED INTERIM ACCOUNTS

### 1. Basis of preparation and accounting policies

These unaudited consolidated condensed interim accounts 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 accounts should be read in conjunction with the 2000 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st December 2000 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 2001:

SSAP 14 (revised):	Leases (effective for periods commencing on or after 1st July 2000)
SSAP 26:	Segment reporting
SSAP 30:	Business combinations
SSAP 31:	Impairment of assets

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

(a) *SSAP 26: Segment Reporting*

In Note 2 to these condensed interim accounts the Group has disclosed segment turnover and results as defined under SSAP 26. In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given.

(b) *SSAP 30 Business Combinations*

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life not exceeding 20 years. Goodwill on acquisitions that occurred prior to 1st January 2001 was written off against reserves. The Group has taken advantage of the transitional provisions in SSAP 30 and such goodwill has not been retrospectively capitalised and amortised. However any impairment arising on such goodwill is accounted for in accordance with SSAP 31 "Impairment of Assets".

## NOTES TO CONDENSED INTERIM ACCOUNTS (Continued)

### 1. Basis of preparation and accounting policies (Continued)

(b) SSAP 30 Business Combinations (Continued)

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1st January 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the income statement.

### 2. Segment information

The Group is principally engaged in property development, investment and management, business parks development and management.

The Group is organised into three main business segments:

Property – development, investment and management of properties

Business Parks – development and management of business parks

Others – infrastructure investment, investment in information technology projects, securities trading and investment

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

	Six months ended 30th June 2001			Group HK'000
	Property HK'000	Business Parks HK'000	Others HK'000	
Turnover	<u>121,703</u>	<u>1,331</u>	<u>9,005</u>	<u>132,039</u>
Segment results	<u>(141,660)</u>	<u>(1,731)</u>	<u>3,384</u>	(140,007)
Unallocated costs				<u>(22,284)</u>
Operating loss				<u>(162,291)</u>

## NOTES TO CONDENSED INTERIM ACCOUNTS (Continued)

### 2. Segment information (Continued)

	Six months ended 30th June 2000			
	Business			Group HK'000
	Property HK'000	Parks HK'000	Others HK'000	
Turnover	173,536	–	41,029	214,565
Segment results	9,860	–	25,996	35,856
Unallocated costs				(16,378)
Operating profit				19,478

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

Hong Kong – property development, investment and management, securities trading and investment

Mainland China – development and management of business parks, infrastructure investment

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

	Turnover		Operating (loss)/profit	
	Six months ended 30th June		Six months ended 30th June	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Geographical segment:				
Hong Kong	130,708	214,565	(159,904)	20,476
Mainland China	1,331	–	(2,387)	(998)
	<u>132,039</u>	<u>214,565</u>	<u>(162,291)</u>	<u>19,478</u>

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



## NOTES TO CONDENSED INTERIM ACCOUNTS (Continued)

### 3. Provision made for operations

	Six months ended 30th June	
	2001 HK\$'000	2000 HK\$'000
Provisions made in relation to:		
Property projects	126,749	–
Long-term investment in equity securities	10,000	–
	<u>136,749</u>	<u>–</u>

### 4. Operating (loss)/profit

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

	Six months ended 30th June	
	2001 HK\$'000	2000 HK\$'000
<b>Crediting</b>		
Net realised and unrealised holding gain on trading securities	5,009	13,863
Realised gain on disposal of non-trading securities	<u>11,554</u>	<u>11,167</u>
<b>Charging</b>		
Depreciation of fixed assets	2,295	1,377
Less: Amounts capitalised to properties under development in Mainland China	<u>(317)</u>	<u>(446)</u>
	1,978	931
Loss on disposal of fixed assets	17	–
Operating lease rentals in respect of land and buildings	1,680	1,387
Staff costs	<u>16,719</u>	<u>9,570</u>

## NOTES TO CONDENSED INTERIM ACCOUNTS (Continued)

### 5. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the period. 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.

The amount of taxation charged to the consolidated income statement represents:

	Six months ended 30th June	
	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax	270	1,750
Underprovision in prior period	–	22
	<u>270</u>	<u>1,772</u>
Share of taxation attributable to:		
A jointly controlled entity	<u>138</u>	–
	<u><u>408</u></u>	<u><u>1,772</u></u>

### 6. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to shareholders of HK\$177,017,000 (2000: profit of HK\$13,905,000) and the weighted average number of 1,667,935,487 (2000: 1,496,975,958) shares in issue during the period.

Diluted (loss)/earnings per share is not shown as the potential ordinary shares are anti-dilutive.

### 7. Fixed assets

	Property, plant and equipment HK\$'000
Net book value at 1st January 2001	690,226
Additions	45,687
Disposals	(129)
Depreciation	(2,295)
Reclassification to investment properties	(138,035)
	<u>595,454</u>
Net book value at 30th June 2001	<u><u>595,454</u></u>

## NOTES TO CONDENSED INTERIM ACCOUNTS (Continued)

### 8. Debtors, deposits and prepayments

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

	Within 3 months HK'000	3 months to 6 months HK'000	Total HK'000
Balance at 30th June 2001	<u>868</u>	<u>7</u>	<u>875</u>
Balance at 31st December 2000	<u>119,509</u>	<u>-</u>	<u>119,509</u>

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements.

### 9. Creditors and accruals

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

	Within 3 months HK'000	Over 12 months HK'000	Total HK'000
Balance at 30th June 2001	<u>38,631</u>	<u>-</u>	<u>38,631</u>
Balance at 31st December 2000	<u>101,533</u>	<u>9,594</u>	<u>111,127</u>

### 10. Bank and other borrowings

	Bank loans and overdrafts		Other loans	
	30th June 2001 HK\$'000	31st December 2000 HK\$'000	30th June 2001 HK\$'000	31st December 2000 HK\$'000
Secured	704,257	564,343	91,300	91,300
Unsecured	<u>6,824</u>	<u>76,799</u>	<u>-</u>	<u>-</u>
	<u>711,081</u>	<u>641,142</u>	<u>91,300</u>	<u>91,300</u>

## NOTES TO CONDENSED INTERIM ACCOUNTS (Continued)

### 10. Bank and other borrowings (Continued)

At 30th June 2001, the Group's bank loans, overdrafts and other loans were repayable as follows:

	Bank loans and overdrafts		Other loans	
	30th June 2001 HK\$'000	31st December 2000 HK\$'000	30th June 2001 HK\$'000	31st December 2000 HK'000
Within one year	618,388	562,022	10,000	50,000
In the second year	87,693	44,120	81,300	41,300
In the third to fifth year	5,000	35,000	-	-
	<u>711,081</u>	<u>641,142</u>	<u>91,300</u>	<u>91,300</u>

### 11. Commitments

#### (a) Capital commitments

	30th June 2001 HK\$'000	31st December 2000 HK\$'000
Contracted but not provided for	<u>121,113</u>	<u>159,106</u>

#### (b) Commitments under operating leases

At 30th June 2001, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30th June 2001 HK\$'000	As restated 31st December 2000 HK\$'000
<b>Land and buildings</b>		
Within one year	8,609	6,029
In the second to fifth year inclusive	3,769	2,727
	<u>12,378</u>	<u>8,756</u>

## 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 1 to 11.

### 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 2001.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 20th September 2001

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The turnover of the Group for the six months period ended 30th June 2001 decreased by approximately 38% from approximately HK\$214.6 million for 2000 to approximately HK\$132 million for that of 2001. The Group suffered a consolidated loss attributable to shareholders of approximately HK\$177 million for the period under review. The loss was mainly attributed to the diminution in value of the Group's investments and property portfolio.

### Review of Results and Operation

#### 1. Business Park Project

Phase 1 of CyberCity Shenzhen Business Park within the Shenzhen Hi-Tech Industrial Park comprising a gross floor area of 23,500 sqm has been completed since March 2001. To date, we have achieved an occupancy rate of 80% and most of these tenants have commenced operations within the premises. Tenants include both local Chinese as well as sino-foreign joint-ventures involved in software development, telecommunications, incubation, infotech services, development of biological technology, testing of optical equipment and a commercial bank.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Review of Results and Operation (Continued)

#### 1. Business Park Project (Continued)

Demand for space within the CyberCity Shenzhen Business Park continues to build up, and design and planning work for Phase 2 is presently in an advance stage of preparation. Construction works for Phase 2 is scheduled to commence in the last quarter of 2001. Total gross floor area for Phase 2 is 104,800 sqm, comprising 4 blocks of 9-storey buildings and a 2-storey amenity centre that has been planned to host a variety of amenities within the park, including health centre, cafes, restaurants, banks, grocery shops, etc. To further enhance conveniences to the tenants, the park also provides shuttle services that ply regularly between the city and the business park, in addition to the current public transportation available on site. This is in line with the “work-live-play” concept of our business parks. Phase 2 of CyberCity Shenzhen Business Park will target at both MNCs and local enterprises in software and R&D development, multi-media/animation, design engineering and software, hi-tech/telco product manufacturing centre, call centre, backroom banking operations, IT/internet companies, IT systems integration, incubators/start-ups, etc. Two blocks of 25,000 sqm each, together with the amenity centre, are expected to be completed by early 2003.

In line with the vision of creating a pan-China network of business parks, the Group continues to actively explore opportunities for development of business parks within major cities of China. As a start, a memorandum of understanding has been signed with Tsinghua Science Park Development Centre (an enterprise set up by the Tsinghua University for the development of science parks) in mid-September this year to collaborate on the development, management, and marketing of Tsinghua-related science and business park projects in China and overseas. Tsinghua Science Park is an intrinsic part of the Tsinghua University and is located in the heart of the Zhongguancun, Haidian District, Beijing which is known as China’s Silicon Valley. Tsinghua University is a well-known name in China and the Group believes that joining hands with them will be mutually beneficial for both parties. The Group intends to pursue future business park development opportunities through the establishment of strategic alliances and collaboration with established institutions in China.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Review of Results and Operation (Continued)

#### 2. Residential and Commercial Property Project

##### a. *Hong Kong Property*

The Hong Kong property market deteriorated further in 2001 despite interest rates being reduced several times in 2001. Potential buyers are adopting a wait and see attitude.

The Group put the Yuen Long Greenery Place on sale in April 2001. It is a wholly owned project situated at No. 1 Town Park Road South, Yuen Long, New Territories, with a total gross floor area of about 238,000 sqft. Over 50% of units were sold during the period from April to August 2001. The result is encouraging when compared to the sluggish performance of the overall residential market in Hong Kong.

The Group also plans to market Elite Court, which is expected to be completed in December 2001. Pre-sale is anticipated to be launched in the 4th quarter 2001. Elite Court is a residential and commercial development situated at No. 33 Centre Street in Sai Ying Pun. The project has a total gross floor area of about 36,300 sqft.

The Group continues to market properties at Tycoon Place at Tai Po, Harbourview Garden at Kowloon City, Villa Sapphire at Tuen Mun and the car parking spaces of Brilliant Court at Wanchai.

The Group has committed to sell various vacant lots in Demarcation District 125 Yuen Long in August 2001. The sale is expected to be completed in October 2001.

The Group has plans for a commercial office building development at Hung Hom KIL10663 and a submission has been made to the Government on Lease Modification, and approval is awaited.

For Hung Hom Town Lots 538 & 539, the various Lots in Demarcation District 387 Sham Tseng and the various Lots in Demarcation District 51 Fanling, Tong Hang, the Group is reviewing the development potential and marketability of these sites, and will adopt appropriate plans in due course.



## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Review of Results and Operation (Continued)

#### 2. Residential and Commercial Property Project (Continued)

##### b. *China Property*

###### *Beijing*

The Beijing residential project, Scenic Place, at No. 305 Guang An Men Wai Avenue, Xuanwu District will have a total gross floor area in excess of 340,000 sqm when fully completed. It is located between the Second Ring Road and the Third Ring Road. Phase 1 comprises three tower blocks and has a total gross floor area of about 99,000 sqm and is expected to be completed by the end of 2002. Pre-sale will be launched in the 4th quarter 2001. The effects of Olympic Games 2008 and the China's imminent WTO entry will have positive implications for property prices in Beijing.

###### *Dalian*

The Dalian residential project, Vista Place, is situated at the Zhongshan District, which is the central business district of Dalian. It has a total gross floor area of about 60,000 sqm. Construction works is expected to commence in December 2001. Dalian is a coastal city where foreign investments have been increasing and residential property prices are expected to rise.

The Group expects steady sales revenue to be generated from these Hong Kong and China projects in the coming years.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Review of Results and Operation (Continued)

#### 3. Value Added Services

The Group has conducted a review of its investments in various technology projects.

The Group holds an effective 50% interest in Beijing Golden Voyage Electronic Technology Company Limited, a China based company engaged in the development and sale of education software and supporting materials. The Group remains positive about this investment, and is working with Beijing Golden Voyage management to ensure that the investment is maximized.

After a review of its investment in e-Cell Technologies, Inc, a company engaged in the development of broadband communications systems, the Group has decided to exit from this investment and has since sold its shareholding in the Company.

The Group also holds an effective 72% interest in Easykeys Limited, which is developing a new, patented system for entering Chinese characters into personal computer systems. Development activity has been continued and the patent protection process has advanced while the Group is exploring commercial options for this investment.

#### Future Prospects

With the continued slow down in the Hong Kong property market, prices and volume of transactions have declined to very low levels. The adverse economic climate has affected our results for the past six months, which were mainly contributed by the Group's Hong Kong property activities.

Nevertheless, in line with the business vision of becoming a leading innovative provider of business solutions integrating space, technology and services in Greater China, the Group has focused its activities in business park developments, value added services as well as property development in China. We will be a total business solution provider for MNCs and local companies in Greater China, which means that we will be providing real estate space as well as business solutions, and IT value added services. Apart from the operation and development of business park in Shenzhen (CyberCity Shenzhen Business Park), we are actively sourcing for new business park projects in China's major cities to build a network of business parks across China over next few years. In line with this, the Group has signed a memorandum of understanding on 12th September 2001 with Tsinghua Science Park Development Centre to explore collaboration on the development and management of business park projects in Beijing and elsewhere.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **Future Prospects (Continued)**

With favourable events such as the imminent accession of China into the WTO, there will be additional boost to the already strong Chinese economy. As foreign and local investments increase, demand for business spaces and services will also increase. The Group's business park spaces and IT value added services will be well positioned to benefit from these developments. With the arrival of new MNCs, and the expansion of existing MNCs and local enterprises, an even greater impetus will be given to the technology sector that is already seeing strong growth. The Group's plans include the development of substantial IT valued added services in China to take advantage of these opportunities. The Group's property projects in China will benefit from the growing economy, improved standard of living, and the increasing demand for good quality accommodations.

Combined with the expertise of the major shareholders who have good track records in the respective fields internationally, the Group believes that it is well positioned to benefit from the anticipated growth in the Greater China market.

### **Segmental Analysis**

Property development, investment and management remained the key principal business of the Group with a turnover of approximately HK\$121.7 million (2000: approximately HK\$ 173.5 million) for the period under review. This represented approximately 92% (2000: 81%) of the Group's consolidated turnover. Geographically, same as last period, Hong Kong remained as the location where majority of the results of the Group was originated from.

### **Financing and Gearing**

As at 30th June 2001, the Group's total borrowings including convertible bonds amounted to approximately HK\$868.4 million (31st December 2000: approximately HK\$798.4 million), resulting in a gearing ratio of approximately 61% (31st December 2000: 50%) based on the Group's shareholders' funds of approximately HK\$1,420.8 million (31st December 2000: approximately HK\$1,597.9 million). Of the total amounts of bank loans and convertible bonds outstanding as at 30th June 2001, 72% (31st December 2000: 77%) are repayable within the next year, 27% (31st December 2000: 19%) repayable within the second year, with the remaining balance repayable in the third to fifth years.

### **Employee Information**

As at 30th June 2001, the Company and its subsidiaries had 166 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, subsidized educational and training programmes as well as a share option scheme.

## DIRECTORS' INTEREST IN SHARES

### (a) Interests in shares of the Company

At 30th June 2001, 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 2001, 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 2001, 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 2001:

Name of substantial shareholder	Number of ordinary shares
Vision Century Limited	1,184,673,653
CyberCity Holdings Limited	1,184,673,653 ( <i>"see note"</i> )

*Note:* These shares refer to the 1,184,673,653 shares held by Vision Century Limited in which CyberCity Holdings Limited is deemed to be interested.

Apart from the aforesaid, as at 30th June 2001 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 2001 (2000: 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 2001.

## **AUDIT COMMITTEE**

The members of the audit committee of the Company, comprising three Independent Non-Executive Directors, namely Mr. Gordon C.K. Kwong, Mr. Alan Howard Smith and Ms. Angela P.F. Wang, 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 2001.

## **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 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Vision Century Corporation Limited**  
**Chua Tiow Chye**  
*Managing Director*

Hong Kong, 20th September 2001