



"WE BELIEVE THAT OUR EXPANDING BUSINESS EXPOSURE IN CHINA WILL BEAR FRUIT IN THE YEARS AHEAD."

「本集團相信中國業務的拓展將可於未來數年取得豐碩的成果。」

Jiang Xiaoming, *Simon* Chairman
蔣小明 主席

On behalf of the Board, I present the annual report of Vision Century Corporation Limited for the year ended 31 December 2002.

Performance

Despite the improvements achieved in our operations and financial position, 2002 was a difficult year for the Group. The loss attributable to shareholders for 2002 amounted to HK\$267 million, compared to the HK\$397 million loss incurred for 2001. Loss per share was HK11.3 cents (2001: HK23.8 cents). Given the unfavourable performance, the Board is not recommending any final dividend for 2002.

Although the Group's financial position improved in 2002, the loss suffered is still not welcome news for our shareholders. Nevertheless, shareholders can be assured that the main reason for the loss was that the Group, like many other companies, was hit by Hong Kong's sluggish economy with uncertain prospects and a weak residential property market, which struggled with over-supply and, as a result, capital values came under significant downward pressure. Buyer sentiments and confidence were battered as developers competed aggressively to unload stocks by offering a myriad of incentives and special discounts. Amid this competitive environment, the Group managed to sell a substantial part of its developed residential projects. Meanwhile, we continued during the year to shift our focus and resources to China, a process that started in 2001, to take advantage of more attractive business opportunities.

本人謹代表董事局發表威新集團有限公司截至二零零二年十二月三十一日止之年度報告。

業績

儘管營運及財務狀況已有改善，二零零二年對本集團而言仍是艱難的一年。二零零二年股東應佔虧損為港幣267,000,000元，而二零零一年之虧損則為港幣397,000,000元。每股虧損港幣11.3仙（二零零一年：港幣23.8仙）。鑑於業績未如理想，董事局不建議派付二零零二年末期股息。

儘管本集團之財務狀況於二零零二年有所改善，但仍有虧損對股東而言還是不快的消息。就此，股東可以確信本集團虧損之主要原因如同其他公司一樣乃受到香港經濟低迷之不明朗前景及疲弱的住宅物業市場所打擊。住宅物業市場由於供應過剩，致使資本值面臨大幅下滑的壓力。買家的態度及信心均受發展商不斷以大量優惠及折扣促銷樓盤所影響。在此競爭激烈的環境下，本集團仍成功售出大部份已發展住宅項目。此外，本集團於年內繼續將重心及資源移向中國（進程自二零零一年始），以把握更多有吸引力的商機。

A rights issue which raised HK\$350 million was completed in May 2002. This strengthened the Group's capital structure and improve its liquidity position. More importantly, it demonstrated our shareholders' continued support and confidence in the Group's future.

The proceeds from the sale of the Group's developed residential units in Hong Kong further boosted the Group's cash inflow during the year. As a result, total bank and other borrowings fell by a significant 48% to HK\$387 million as at 31 December 2002 from HK\$740 million a year earlier. Likewise, net debt (all borrowings less cash on hand) declined by 90%, from HK\$607 million as at 31 December 2001 to HK\$60 million as at 31 December 2002. Together with the availability of undrawn facilities totalling HK\$100 million, the Group is now well-positioned to fund the financial requirements of existing activities and to invest in new business opportunities for further growth and profits.

Strategic Directions

The Group's strategic directions will continue to focus on growing and expanding business activities in China in our three core sectors: business parks, residential real estate developments and technology services (especially those complementary to real estate requirements). While seeking to maximize synergies and returns in our existing investments, we will also identify new business opportunities to achieve sustainable profit growth.

As at 31 December 2002, about 81% of our total assets are located in China, with the balance in Hong Kong. However, the China assets generated only 6% of turnover in 2002. This imbalance is unsatisfactory and we will seek to extract higher yields from the existing assets in China through more aggressive management, including restructuring the assets to enhance economic value and reduce costs to become more competitive.

於二零零二年五月完成了一項供股，籌措港幣350,000,000元。此舉加強了本集團資本架構及改善了流動資金狀況。更重要的是，此舉顯示了股東對本集團之持續支持並對未來充滿信心。

本集團透過銷售香港已建住宅單位所得款項，進一步壯大本集團於年內之現金流入。故此，銀行及其他貸款總額由前一年之港幣740,000,000元大幅下跌48%至二零零二年十二月三十一日之港幣387,000,000元。同樣，債項淨額（所有貸款減手頭現金）減少90%，由二零零一年十二月三十一日之港幣607,000,000元跌至二零零二年十二月三十一日之港幣60,000,000元。加上手頭可動用而未動用備用信貸額合共港幣100,000,000元，本集團現已具備為現有業務提供財務支持及投資新項目的能力，以期未來取得增長及溢利。

策略方針

根據本集團的策略方針，本集團將繼續集中力量，從事在中國不斷發展及壯大的三大範疇業務活動，分別為商業園、住宅房地產發展及科技服務（尤其是配合地產需要的科技服務）。本集團一方面盡量提升現有投資項目的協同效益和回報，另一方面亦會尋求有持續盈利增長的業務發展新機會。

於二零零二年十二月三十一日，本集團約有81%的總資產位於中國，其餘位於香港；然而，位於中國的資產於二零零二年僅帶來約6%的營業額。面對這個有欠妥當的失衡情況，我們將盡力透過更進取的管理，包括重組資產提升經濟價值及降低成本以增強競爭力，藉以從中國現有的資產中取得更高回報。

With the global economy in doldrums and the major economies in the U.S., Japan and Europe remaining sluggish, China with its robust economic growth looms like a beacon for foreign investors. The Chinese economy grew an impressive 8% in 2002, driven mainly by domestic consumption and investments. Foreign direct investments reached US\$50 billion in 2002, outperforming the previous year's US\$46 billion and 2000's US\$40 billion.

The Group pumped over HK\$400 million of funds into China, both to grow existing projects and to acquire new investments. This is consistent with the Group's steadfast commitment to focus on China, the world's most populous nation with a rapidly growing economy. We believe that our expanding business exposure in China will bear fruit in the years ahead. As the country continues with its reform process, now being accelerated by its admission to the World Trade Organization, we expect that there will be attractive investment opportunities for the Group.

To more effectively service and manage our growing activities in China, we will channel more human and other resources to upgrade and expand our platform and infrastructure in the cities where we operate. We expect that this process will allow us to exploit synergies and efficiencies resulting from economies of scale, while at the same time deepen and broaden our network of relationships in China.

Business Overview

During the year, we entered into a joint venture with Beijing Tsinghua Science Park Development Construction Co., Ltd, a subsidiary of prestigious Tsinghua University in Beijing. The maiden project of the joint venture is to develop, manage and operate a building – to be named “Vision International Centre” – in Tsinghua Science Park located within Beijing Zhongguancun (next to Tsinghua University).

Vision (Shenzhen) Business Park Co., Ltd. (“VSBP”) Phase 1 continued to enjoy high occupancy during the year. We are now assessing the feasibility of commencing the development of Phase 2 in the context of the changing economic environment of the Pearl River Delta region.

面對全球經濟停滯不前，而美國、日本和歐洲的主要經濟仍然不景，外國投資者均覬覦中國的強勁經濟增長。中國經濟在二零零二年錄得8%增長的驕人成績，主要由國內消費及投資所帶動。二零零二年的外國直接投資額達500億美元，較上一年度的460億美元及二零零零年度的400億美元為佳。

本集團向中國注資超過港幣400,000,000元，以期擴展現有項目及收購新投資項目。此舉乃與本集團集中於中國（全球人口最多兼經濟快速增長的國家）的堅定承諾一以貫之。本集團相信中國業務的拓展將可於未來數年取得豐碩的成果。由於國家繼續其改革進程，加上加入世界貿易組織的帶動，本集團預期未來會為本集團帶來吸引的商機。

為了更有效從事及管理中國業務活動，我們將會調撥更多人力及其他資源，以提升並擴展目前業務所在城市的平台及基礎設施。我們預期透過這個進程，將取得規模經濟帶來的協同作用及效益，並同時鞏固及擴闊在中國的人脈關係。

業務回顧

於年內，本集團與北京清華科技園建設股份有限公司（享負盛名的北京清華大學的一間附屬公司）合組合營企業。其首個項目乃於位處北京中關村（毗鄰清華大學）內之清華科技園發展、管理及營運一幢名為威新國際大廈之大樓。

深圳威新軟件科技園（「深圳威新」）第一期出租率仍然高企。本集團現正評估根據珠江三角洲地區之經濟環境轉變來展開第二期項目發展之可行性。

The construction of our high-rise residential projects, “Scenic Place” in Beijing and “The Ninth, Zhongshan” in Dalian proceeded on schedule during the year. In view of the favourable economic outlook in China and to facilitate the effective execution of these two projects, we increased our shareholdings of both Scenic Place and The Ninth, Zhongshan. Following several acquisitions from the minority shareholders, the Group is now the sole shareholder of both projects.

During the year, we sold over 75% of our Hong Kong portfolio of residential developments. The Group's holding in this sector has been significantly reduced, thus minimising the risk exposure to further potential decline of capital values.

Consistent with the Group's strategy to grow technology activities as the third core business, especially those complementary to real estate, we completed the acquisition of two strategic assets in technology services during the year, one in education/training group and the other in enterprises network group, both operating in China. We have consolidated the operations of the technology group and we expect to enjoy economies of scale and synergies in 2003 and beyond. We will have to be innovative and creative to respond to customers' changing needs and expectations while managing operating costs to stay competitive.

Future Prospects

The Group will pursue profit maximization through improvements in operational efficiencies, stringent cost management and optimal allocation of capital and resources. Our priority is to extract higher returns from our portfolio of assets, especially those which have underperformed due to various constraints. The Group has sufficient financial resources to seize attractive investment opportunities as they become available. Nevertheless, we will always exercise prudence as the business environment is still fraught with uncertainties.

Going forward, in view of the healthy economic outlook of China and the maturity of our two PRC residential projects, we are cautiously optimistic that the performance of 2003 will improve, barring unforeseen circumstance. However, with the war in the Middle East, heightened tension in the Korean Peninsula and continued economic weakness in the major economies around the world, we must be prepared to react quickly to changing market conditions and volatility.

本集團之摩天住宅項目北京「蝶翠華庭」及大連「中山九號」之建築工程已於年內根據既定計劃進行。基於中國的經濟前景明朗及為有效加快完成該兩個項目，本集團分別增持蝶翠華庭及中山九號之股權。完成若干項與小股東的股權收購後，本集團現為該兩個項目的獨資股東。

於年內，本集團之香港住宅發展項目售出超過75%。本集團在此業務之持有量大幅減少，故亦可盡量減低資本值進一步降低的潛在風險。

配合本集團把科技業務發展為第三核心業務（特別是配合房地產方面）之策略，本集團於年內完成兩項策略性科技服務資產的收購，分別為現正於中國營運的教育／培訓部及企業網絡部。本集團已整固科技部之營運，並預期自二零零三年起便受惠於其規模經濟及協同作用。因應客戶不斷轉變的需要及期望，本集團必須具創意、懂創新，同時控制營運成本，以維持競爭力。

未來展望

本集團將透過改善營運效率、嚴格控制成本及最佳調配資金及資源，以追求最大回報。首要是從現有資產組合中提取更高回報，特別是那些因不同限制而令表現未如理想的資產。本集團擁有充裕的財政資源以把握每個可能出現的投資良機。此外，由於營商環境仍充斥著不明朗因素，故本集團將會以小心謹慎的態度行事。

展望未來，基於中國明朗的經濟前景及兩項中國住宅項目發展成熟，本集團持審慎樂觀態度，如無不可預見的情況，二零零三年的表現將會改善。然而，由於中東爆發戰爭、朝鮮半島局勢可能進一步惡化及全球經濟區域持續疲弱，本集團務必作好準備，以對市況的轉變及動蕩局面作出迅速的反應。

Corporate Governance and Investor Relations

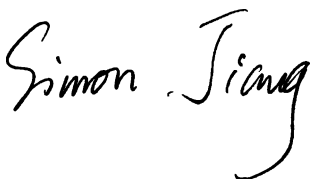
The Group has always placed a premium on good corporate governance to safeguard the interests of the shareholders, lenders and other stakeholders. We have embraced and will continue to embrace all best practices in corporate governance, especially relating to transparency, keeping shareholders fully informed and having an effective board with strong and wholly-independent directors.

Acknowledgements

We were sorry to see the departure of our Managing Director, Mr Chua Tiow Chye in October 2002. Mr Chua had served the Group with distinction during his two years in office. Let me record the Group's appreciation for his many contributions and achievements. I would like to welcome Mr Ang Ah Lay who became the new Managing Director effective from 1 December 2002. Given Mr Ang's extensive management experience, I am confident that the Group will advance further under his leadership.

It has been my pleasure during the year to work with the Group's committed staff at all levels, in both Hong Kong and China. I want to record my appreciation for their contributions and dedication during the year and I look forward to their continued efforts in building the foundation for our future growth.

I would also like to express my deep appreciation to my fellow directors for their continuing guidance and wise counsel. More importantly, I thank our customers, bankers, business partners and shareholders for their continued and invaluable support.



Jiang Xiaoming, Simon
Chairman

Hong Kong SAR, 12 March 2003

企業管治及投資者關係

本集團一直重視良好的企業管治，以保障股東、債權人及其他有關利益各方的權益。不論過去或未來，我們均信守企業管治的所有最佳運作準則，尤其注重透明度、確保股東知情權，以及董事局設立有權參與管治的完全獨立董事。

鳴謝

本人對於董事總經理蔡兆才先生於二零零二年十月離職感到惋惜。蔡先生過去兩年盡心盡力為本集團服務。本人謹代表本集團向蔡先生之貢獻及成就致謝。本人謹歡迎洪亞歷先生自二零零二年十二月一日起出任新一任董事總經理。憑藉洪先生卓越的管理經驗，本人有信心本集團將會在其領導下更上一層樓。

本人很榮幸於年內能與本集團在香港及中國盡心盡力的全體員工共事。本人謹向他們於年內所作出的忠誠貢獻及努力致以謝意，及希望他們繼續努力，為本集團未來增長奠定堅實的基礎。

本人亦由衷感激各位董事一直以來不吝指導，提供寶貴意見。更為重要的是，本人要感謝本集團的客戶、銀行、業務夥伴及股東一直給予我們難能可貴的支持。



主席
蔣小明

香港特別行政區，二零零三年三月十二日