

## **BUSINESS REVIEW**

The Group holds exclusive distribution rights for Scania trucks, tractors, coach chassis and buses as well as spare parts and accessories for such vehicles in Taiwan, Hong Kong, Macau and the entire Mainland China market. The directors believe that Mainland China represents an area with particularly promising prospects for the Group given the size and potential of the market, which will be further enhanced by Mainland China's accession to the World Trade Organisation ("WTO") and the continuous development and improvement of the highway system in Mainland China.

The Group intends to place emphasis on this area in the future, with certain other plans of enhancement which are set out in the paragraph "Future plans for investments" below.

### **Material acquisitions and disposals**

On 26 March 2001, the Group disposed of its entire interest in a long term investment at its carrying value of HK\$2.3 million to a Company which is beneficially owned by Mr Yang Kwn San, the Honorary Chairman of the Group.

On 15 June 2001, the Group further acquired 45% equity interest in V-Guard Technology Limited ("V-Guard") from its minority shareholder and V-Guard became a wholly-owned subsidiary of the Group thereafter.

### **Future plans for investments**

The Group had the following plans for investments:

- To continue to establish more self-operated service centers and authorised service centres in the Greater China Region in order to provide convenient accessibility to its customers.
- To expand the financing capabilities of the Group's vehicle financing arm.
- To expand the motor-related services of U-Drive and to launch the programme in Taiwan and the PRC in late 2001 and after Mainland China's accession to the WTO, respectively.

- To invest in new computer hardware and software as well as to upgrade the computer information system and information technology of the Group.

### **Use of proceeds**

The net proceeds of the share offer in connection with the listing of the shares of the Company on the Stock Exchange was approximately HK\$92.8 million. Part of the proceeds had been applied in the following areas:

- Approximately HK\$7.7 million had been used for expansion of our workshops and establishment of additional service centres;
- Approximately HK\$12.3 million had been used in daily operations of the Group.
- The balances are retained for other future plans and general working capital of the Group.

### **Employees and share option scheme**

The total number of staff of the Group as at 30 June 2001 was 384. Besides salary payment, the Company has an employees' share option scheme which was adopted on 20 June 2001. Up to the date of this report, no option has been granted under this scheme.