



Chairman's Statement

BUSINESS REVIEW AND COMMENTS ON SEGMENTAL INFORMATION

Sales of motor vehicles

During the year under review, revenue from sales of vehicles remained at similar level as compared to the last corresponding year. During the period of SARS, the growth was stagnant. However, due to the improved gross margin for vehicles sold in Taiwan, overall gross margin had improved. The serious loss incurred in the sales of trade-in vehicles was much alleviated in the year 2003.

During the aftermath of SARS, the overall transportation business was seriously affected. Unavoidably, the performance of our sales of motor vehicles segment had also suffered from such outbreak of SARS. Certain of our customers either delayed their orders until the second half of the year, or withheld their orders at all. Due to the preparation of the opening of the assembly plant in Taiwan around the end of year 2003, the vehicles deliveries had been delayed. Nonetheless, the business environment in Taiwan was considered stable and less vulnerable to business downturn. Overall gross margin was in fact improved over the year 2003.

Provision of motor repair and maintenance services

Revenue from provision of after sales service decreased by approximately HK\$3.3 million represented by about a 2.4% drop. The decrease came from both the Hong Kong segment and China segment, and partially offset by the enhancement in Taiwan segment. In Taiwan, the after-sales service business had been rather stable and with the sizeable population of rolling stocks, this segment's performance was steady.

After sales service had been a major source of revenue for the Group. With wide spread network of quality service centres and higher operating standard of the repair and maintenance service provided, we continued to be one of the leaders in the industry in these regions. With the gradual recouping of purchasing sentiment and financial strength of customers, performances have improved.

Assembly plant

The assembly plant was completed in the month of October 2003 as scheduled. The assembly plant has already been in full operation since January 2004.

主席報告

業務回顧及分類資料之評論

汽車銷售

於回顧年度內，銷售汽車所得收入水平與上年度相若。在沙士肆虐期間，增長停滯不前；但由於台灣出售汽車方面的邊際毛利有所改善，故整體邊際毛利亦見改善。出售二手汽車的嚴重虧損，在二零零三年已見緩和。

在沙士陰霾籠罩下，整體運輸業務受到嚴重影響，本公司的汽車銷售業務也不能倖免，同受沙士打擊。若干客戶或推遲訂單至下半年，或完全取消訂單。鑑於要籌備二零零三年年底台灣組裝工廠投入運作，故延遲了汽車出廠付運。儘管如此，台灣的營商環境尚屬穩定，受市況不景的影響較少。事實上，二零零三年的整體邊際毛利均有所改善。

提供汽車維修保養服務

提供售後服務所得收入下跌約330萬港元，跌幅約為2.4%，跌幅來自香港業務和中國內地業務收入的下跌，而台灣業務收入上升則彌補了上述跌幅的一部分。台灣的售後服務業務穩定，而由於車輛滾動數量理想，故此項業務表現比較平穩。

售後服務是本集團的主要收入來源。本集團有遍佈各地的優質服務中心，提供水準較高的維修保養服務，本集團憑此優勢，在此等地區仍然保持行業領導地位。隨著客戶購買意欲和財力回升，業務表現已見改善。

組裝工廠

組裝工廠如期於二零零三年十月落成，並已於二零零四年一月全面投入運作。



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Provision of other motor-related services

The U-Drive operations continued to offer members motor-related services and benefits, including discounts on fuel and tyres replacement, telematics and repair and maintenance services as well as insurance agency, financing and vehicle and fleet management control services. During the year under review, such operations did not experience any significant improvements.

Sale of fuel under U-Drive decreased from approximately HK\$71.9 million to HK\$64.8 million. Fierce competition had affected its turnover and gross margin.

U-Drive had tried hard to develop the smart card business over a period of time. Yet the result was not too promising. While the management will continue to explore future opportunities, for the sake of prudence, the management decided to provide an impairment in value on the fixed assets of U-Drive of approximately HK\$26.9 million during the year.

Interest income in respect of provision of hire purchase financing

Revenue from hire purchase financing business increased drastically from approximately HK\$3.0 million to HK\$15.0 million. The growth was solely attributable to the Taiwan financing business which was acquired in August 2002. The financing market was both larger and much more matured in Taiwan.

FINANCIAL REVIEW

Results for the year

During the year under review, the Group recorded a turnover of HK\$641.5 million representing a 0.1% decrease as compared to the last year. The growth in Taiwan segment was offset by the decline in Hong Kong segment. The turnover for other segments included after sales service and provision for other motor-related services had stable performances.

主席報告

提供其他汽車相關服務

「任我行」業務繼續為會員提供與車輛有關的服務和優惠，包括燃油及更換車胎折扣、遙距傳訊及維修保養服務以至保險代理、融資及車隊管理控制服務。年內，其業務並無任何顯著改善。

任我行的燃油銷售額由約7,190萬港元減至6,480萬港元。競爭激烈影響到營業額及邊際毛利。

任我行竭力發展智慧卡業務已有一段時間，但業績不太理想；管理層一方面會繼續拓展未來商機，另一方面為審慎起見，決定在年內就任我行之固定資產計提減值撥備，撥備額約2,690萬港元。

有關提供租購融資安排的利息收入

租購融資業務所得收入從約300萬港元大幅增至1,500萬港元。此項收入增長全部來自二零零二年八月收購的台灣融資業務。台灣融資市場規模較大，而且成熟得多。

財務回顧

本年度業績

於回顧年度內，本集團錄得營業額6.415億港元，較上年度減少0.1%。台灣業務有所增長，但被香港業務跌幅抵銷。其他包括售後服務及提供其他汽車相關服務之業務環節方面，營業額表現穩定。



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The loss attributable to shareholders for the year was HK\$56.7 million (2002: HK\$30.8 million). The loss was arrived at after including a gain on disposal of interest in a subsidiary of HK\$11.0 million and provision against certain assets of HK\$49.9 million. The provisions included inventory of HK\$3.0 million; certain other receivables of HK\$7.1 million; finance lease receivable of HK\$11.3 million; debit of minority interest of HK\$1.6 million and fixed assets of smart card business of HK\$26.9 million, totally amounted to HK\$49.9 million.

Bank and other borrowings

Bank and other borrowings increased from HK\$305.8 million to HK\$471.6 million. Due to the nature of business, a majority of the borrowings were trade finance whereas the maturity dates were less than one year. Included also in the amount as at the balance sheet was the remaining balance of syndicated term-loan of HK\$92.4 million. This amount was fully repaid subsequent to year end date, mainly by the proceeds of issue of the zero-coupon convertible bond. The gearing ratio increased from 1.06 to 2.02. The costs of borrowings were generally in line with cost of funds of the lending banks.

Current ratio

Current ratio decreased from 1.69 to 1.04, mainly because of the increase in current bank borrowings extended from the expansion of the Taiwan financing business.

State of order book

As of the date of this report, the order booking in the area the Group operates has been in line with the management's expectation.

Material acquisitions and disposals

During the year under review, the Company acquired a 14.3% interest in Riez Technology Corporation ("Riez"), a company incorporated in Taiwan, for a cash consideration of HK\$20.7 million. Riez is principally engaged in the manufacturing, sale, system development and integration services of smart card. The acquisition was completed in April 2003.

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本年度股東應佔虧損為5,670萬港元(二零零二年:3,080萬港元)。此項虧損包括出售附屬公司權益的收益1,100萬港元及若干資產撥備4,990萬港元。撥備額當中包括存貨300萬港元;若干其他應收款項710萬港元;融資租賃應收款項1,130萬港元;少數股東權益借項160萬港元;及智慧卡業務固定資產2,690萬港元,合共4,990萬港元。

銀行及其他借貸

銀行及其他借貸由3.058億港元增至4.716億港元。鑑於業務性質使然,借貸當中有大部分均屬一年內到期的貿易融資。截至年結日,數額亦包括為數9,240萬港元的尚未償還定期銀團貸款,此項金額已於年結日後全數償還,主要是以發行零息票可換股債券所得款項撥付資金。資本負債比率由1.06升至2.02。借貸成本大體上與貸款銀行資金成本掛鈎。

流動比率

流動比率由1.69降至1.04,主要原因是因台灣融資業務擴充,致使即期銀行借貸增加。

訂單狀況

於本公佈日期,本集團經營所在地區的訂單情況與管理層預期的吻合。

重大收購及出售事項

在回顧年度內,本公司按2,070萬港元之現金代價,購入銖易科技股份有限公司(「銖易」)14.3%權益。銖易在台灣註冊成立,主要在台灣從事智慧卡生產、銷售、系統開發及綜合服務。收購事項於二零零三年四月完成。



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During the year under review, the Group entered into an agreement to dispose of 1.3% of equity interest in U-Drive Company Limited, a 95% subsidiary of the Group. The transaction was more particularly described in the press announcement published on 24th April 2003. The transaction has been completed in June 2003, after which the Group had 93.7% equity interest remained in U-Drive Company Limited.

Employment, training and remuneration policy

The total number of staff of the Group as at 31 December 2003 was 456.

The Group is committed to staff training and has provided regular management and technical courses to its employees. External training may be provided to individual employees as and when necessary according to their nature of work.

The remuneration policy of the Group's employees are reviewed and approved by executive directors. Discretionary bonus is linked to the profit performance of the Group as well as individual performance. Benefits include medical schemes, Mandatory Provident Fund scheme and defined benefits retirement plan. Besides, the Company has an employees' share option scheme adopted on 2 August 2002. Up to the date of this report, no option has been granted under this new scheme.

Charge on group assets

As at 31 December 2003, the Group's borrowings and banking facilities were secured by the following:

- (i) Pledges over certain vehicles of the Group's customers which are pledged to the Group as security for finance leases granted by the Group;
- (ii) Pledges over certain finance lease receivables with a net book value of approximately HK\$193,249,000 (2002: Nil);
- (iii) Pledges of the Group's other investment in Taiwan with a net book value of approximately HK\$1,739,000 (2002: HK\$1,743,000) (Note 19);

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在回顧年度內，本集團訂立協議出售任我行有限公司（本集團擁有95%權益的附屬公司）1.3%權益，該項交易詳述於二零零三年四月二十四日的報章公佈內。該項交易已經於二零零三年六月完成，本集團繼續保留任我行有限公司的93.7%權益。

僱傭、培訓及酬金政策

本集團於二零零三年十二月三十一日共有456名員工。

本集團致力提供僱員培訓，一直為其僱員提供定期的管理和技術課程。本集團於必要時亦會按個別僱員的工作性質提供外來培訓。

執行董事負責審閱和批准本集團僱員的酬金政策，酌情花紅與本集團的盈利表現和個別人士的表現掛鉤。福利包括醫療計劃、強制性公積金計劃和界定福利退休計劃。此外，本公司設有僱員購股權計劃，該計劃於二零零二年八月二日採納。直至本報告發出當日，本集團概無根據新計劃授出任何購股權。

對集團資產的抵押

於二零零三年十二月三十一日，本集團的借貸及銀行備用額以下列各項抵押：

- (i) 質押由客戶押予本集團作為獲授融資租約之抵押品的若干汽車；
- (ii) 質押若干賬面淨值約為193,249,000港元（二零零二年：無）的融資租賃應收款項；
- (iii) 質押本集團於台灣之其他投資，其帳面淨值約1,739,000港元（二零零二年：1,743,000港元）（附註19）；



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- (iv) Pledges of the Group's bank deposits in Taiwan of approximately HK\$7,078,000 (2002: HK\$6,455,000) (Note 20);
- (v) Corporate guarantees provided by the Company.

Future plans for material investments or capital assets

The Group had the following plans for investments:

- To continue to establish more self-operated service centres and authorized service centres in Taiwan and the Pearl River Delta Area in order to provide convenient accessibility to its customers.
- To enhance the financing capabilities of the Group's vehicle financing arms.
- To enhance the facility and performance of the vehicle assembly plant in Taiwan.

Exposure to fluctuations in exchange rates

The Group is subject to foreign currency exposure since its purchases are mainly denominated in US dollars and euro, while the income it derives from the sale of vehicle and provision of after sales service are mainly denominated in NT dollars, Hong Kong dollars and US dollars. The Group closely monitors its foreign currency exposure and hedges such exposure through the use of short-term forward foreign exchange contracts from time to time.

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- (iv) 質押本集團於台灣之銀行存款，存款額約 7,078,000 港元（二零零二年：6,455,000 港元）（附註 20）；
- (v) 以本公司提供的公司擔保作押。

未來重大投資或資本資產的計劃

本集團訂有下列投資計劃：

- 繼續在台灣及珠江三角洲地區增設自行操作的服務中心及特許服務中心，從而方便客戶。
- 提升本集團汽車融資業務的融資能力。
- 提升台灣車輛組裝工廠的設施及業務表現。

匯率波動的風險

鑑於本集團的採購主要以美元及歐元定值，而銷售汽車及提供售後服務產生的收入則主要以新台幣、港元及美元定值，故本集團須承受外匯風險。本集團密切監察其外匯風險，並不時以短期的外匯遠期合約對沖有關風險。



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OUTLOOK

The outlook for year 2004 appears to be more promising than last year, despite increasing competition worldwide. Economic growth in markets around the world appears to have a reasonably solid footing. Hong Kong's economy is benefiting from the support by the Chinese Central Government through free travelers and Closer Economic Partnership Agreement and Taiwan segment's operations are still enjoying replacement demand driven growth. The Group will continue to strengthen our position by implementing better cost control measure and actively exploring sound business opportunities.

The Group entered into a supplemental agreement with Scania whereas Scania wishes to expand its presence in the PRC to take advantage of the growth of the Chinese economy and with the Group's endorsement, Scania is now legally entitled to establish and/or work with provincially or regionally based contract workshops in the PRC which may develop into fully-fledged local Scania dealers. This would facilitate the development of business opportunities for the Group in the PRC while at the same time enabling the Group to concentrate its resources to serve the Pearl Delta Region where it has established solid business contacts and early mover advantages over the years.

The Group's assembly plant in Taiwan has been in full operation since January 2004, and the quality of its outputs has been accepted by the market as anticipated. Through this vertical integration process, the Group's profit base has been definitely enlarged. In addition, the favourable tax treatment on manufacturing profits and the reduction in import duty will further enhance the performance of the Taiwan operations.

DIVIDEND

The directors did not recommend the payment of dividend in respect of the year ended 31st December 2003 (2002: Nil).

APPRECIATION

Finally, I would like to express my sincere gratitude to all our staff for their loyalty and dedication and our customers, suppliers, bankers and shareholders for their continued support.

Yang Chien-Nan

Chairman

26th April 2004

主席報告

展望

展望二零零四年，雖然全球競爭會漸趨激烈，但預料情況較上年度樂觀。全球市場似乎有合理理據，支持經濟增長。香港經濟受惠於中央政府的自由行政策和更緊密經貿關係安排，而台灣業務則仍受益於替換市場需求帶動的增長。本集團將會實施更有力的成本控制措施，並積極探求商機，繼續鞏固市場地位。

本集團與Scania訂立了補充協議，Scania有意藉此機會，擴展中國業務，以受惠於中國經濟增長。憑藉本集團的擔保支持，Scania目前可以在中國內地合法成立省級或地區級的合約維修廠及／或與該等維修廠合作，當該等維修廠發展成熟，可以蛻變成為Scania在當地的經銷商。此舉將有助本集團在中國內地拓展商機，同時讓本集團集中資源主攻珠江三角洲地區，發揮過往幾年在該區建立起的鞏固業務聯繫和捷足先登的優勢。

本集團在台灣的組裝工廠自二零零四年一月起全面投入運作，其產品質素一如所料，獲得市場接受。是次縱向整合舉措，確實增加了本集團的溢利來源。此外，製造業務溢利適用的稅務優惠，加上進口關稅之降低，均會進一步提升台灣業務的表現。

股息

董事並不建議派付截至二零零三年十二月三十一日止年度的股息（二零零二年：無）。

鳴謝

最後，本人謹對全體忠誠努力的員工，以及一直鼎力支持的客戶、供應商、往來銀行及股東，致以由衷謝意。

主席

楊健男

二零零四年四月二十六日