

# Executive Director's Statement

## 執行董事報告

### BUSINESS REVIEW

I am delighted to report that the efforts of your board of directors and the Group's management team over the past two and a half years since the reconstitution of the board in September 2004 have brought about significant advances during the year under review. The Group stands on the cusp of a new era which will see the entry of a new strategic shareholder and a changing of the guard at board level once the Wealth Style Limited share subscription is concluded.

As described in the announcement to shareholders dated 8 March 2007, and the subsequent circular dated 14 March 2007, on 7 December 2006 the Company entered into a subscription agreement with Wealth Style Limited (the **"Subscriber"**) under which the Company agreed to allot and issue and the Subscriber agreed to subscribe for between 51% and 53.22% of the enlarged share capital of the Company, at a price per share of between HK\$0.2130 and HK\$0.2293, thereby raising between HK\$100 million and HK\$104 million. The subscription will serve to significantly recapitalise the business, which along with the other measures taken by the board to resolve the Group's various legacy issues, improve corporate governance and controls and enhance shareholder communication and transparency, will provide a strong platform supporting your board's application for the resumption of trade in the Company's shares on the Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**).

The year under review has also seen the resolution of the remaining legacy issues encountered by the board upon its reconstitution in September 2004.

### 業務回顧

本人欣然報告，自董事會於二零零四年九月改組以來，有賴董事會及本集團管理團隊過去兩年半所付出的努力，本集團於回顧年度內突飛猛進。本集團站於新時代的前沿，將會見證著Wealth Style Limited 股權認購完成後新策略性股東的加盟及董事會掌舵人的變動。

誠如二零零七年三月八日向股東發表之公佈及其後於二零零七年三月十四日刊發之通函所詳述，本公司與Wealth Style Limited（「認購人」）於二零零六年十二月七日訂立認購協議，據此，本公司同意配發及發行，而認購人亦同意認購本公司51%至53.22%之經擴大已發行股本，每股股份作價0.2130港元至0.2293港元，從而集資100,000,000港元至104,000,000港元之資金。認購事項將可為業務重新引入巨額資本，加上董事會為解決本集團各項遺留問題、改善企業管治及監控、加強股東溝通和透明度而採取之其他措施，本人深信將可提供堅穩平台，支持董事會申請本公司股份於香港聯合交易所有限公司（「聯交所」）恢復買賣。

於回顧年度，董事會在二零零四年九月改組後之餘下遺留問題亦已得到解決。

## Executive Director's Statement

### 執行董事報告

The remaining zero coupon convertible bonds, initially issued by the Company in February 2004 with a face value of US\$15 million, were either redeemed or repurchased by the Company during the year under review. At the start of the year, a total of US\$9 million face value remained in issue. Of that amount, bonds with a face value of US\$4 million were redeemed in full pursuant to a redemption notice received from the holders in January 2006, funded by the sale of the Group's former head office premises and main service centre in Yuen Long. The remaining US\$5 million in issue were initially subscribed to by Mr Michael Tsai, as described in the Company's 2005 Annual Report and related circulars and announcements. No proceeds were ever received by the Company relating to this element of the bond issue. In February 2006, an agreement was reached with Mr Tsai whereby the Company repurchased the bonds for a token consideration of HK\$1 and subsequently cancelled them, in accordance with their terms and conditions, thereby bringing the issue to a successful conclusion in May 2006.

On 30 December 2006, the Company entered into an agreement with Smeatons Development Limited, an independent third party, to dispose of the Group's Taiwan Subsidiaries for a consideration of HK\$54,979,000. The consideration comprises the aggregate of the estimated total cash proceeds of HK\$2,440,000 and the novation of debts due to the Taiwan Subsidiaries of approximately HK\$52,539,000.

At an Extraordinary General Meeting of shareholders of the Company held on 30 March 2007, shareholders resoundingly approved the Wealth Style Limited subscription, the disposal of the Taiwan Subsidiaries and a number of other matters put forward by your board of directors, as reported in the Company's announcement to shareholders dated 30 March 2007.

本公司已於回顧年度贖回或購回其於二零零四年二月初步發行面值15,000,000美元之餘下零息票可換股債券。年初，尚餘已發行之債券總面值為9,000,000美元，其中，本公司已按照二零零六年一月各持有人發出的贖回通知，全數贖回面值4,000,000美元之債券，贖回資金來自本集團出售位於元朗之前總辦事處物業及主要服務中心。誠如本公司二零零五年年報及有關通函及公佈所述，餘下已發行之5,000,000美元債券初步由蔡政敏先生認購，惟本公司從未收到有關該債券發行之所得款項。於二零零六年二月，本公司與蔡政敏先生達成協議，據此，本公司按照其條款及細則以象徵式代價1港元購回債券及其後將之註銷，從而於二零零六年五月圓滿了結該問題。

於二零零六年十二月三十日，本公司與獨立第三方Smeatons Development Limited訂立協議，藉以按代價54,979,000港元出售本集團之台灣附屬公司。該代價包括估計現金所得款項總額2,440,000港元及應付台灣附屬公司之債項更替款項約52,539,000港元。

誠如本公司於二零零七年三月三十日向股東發出之公佈所報告，本公司股東於二零零七年三月三十日舉行股東特別大會，成功獲股東批准Wealth Style Limited認購事項、出售台灣附屬公司及董事提出之若干其他事項。

## Executive Director's Statement

### 執行董事報告

A number of other major initiatives were implemented over the past year in order to restructure and improve the business operations of the Group. In December 2006, the Group's headquarters were moved from the Cyber Centre property in Yuen Long to new, leased premises at the Hi-Tech Centre in Sheung Shui. In November 2006, the Group's main Hong Kong service centre was moved from the Cyber Centre property in Yuen Long back to Jumbo Plaza in Sheung Shui, where it had previously operated from between 1997 and 2004, and which is felt by management to be a more suitable location to enhance access to our target services and repair market. Two new service depots were established during the year, one in May 2006 at Lok Ma Chau, near the border into China. This service depot has six bays and is well placed to provide services to the approximately 1,000 Scania trucks and coaches that cross the border daily. The second service depot was opened in November 2006 across the border in Nan Shan, near Shenzhen.

Furthermore, the Group's management team continued to be strengthened by the return of Mr Cheng Sung Lok as the Group's vice president in charge of the Services and Spare Parts Department. Mr Cheng had previously worked with the Group for 16 years, and we are pleased to welcome him back. The existing management team continues to provide strong leadership and direction.

為重組及改善本集團業務營運，過去一年亦實行了若干其他主要舉措。二零零六年十二月，本集團總部由元朗數碼中心物業遷至上水深港中心的全新租賃物業。二零零六年十一月，本集團之主要香港服務中心由元朗數碼中心物業遷回本公司過往於一九九七年至二零零四年間曾經在此營運的上水珍寶廣場，管理層認為該處位置更合宜，更方便本集團接觸目標服務及維修市場。兩個新服務車庫於年內落成，一個於二零零六年五月落成，位於落馬洲，鄰近中國邊境。此服務車庫有六個間隔，位置絕佳，為每日過境的大約一千輛Scania貨車及旅遊巴提供服務。第二個服務車庫於二零零六年十一月啟用，位於深圳邊境。

再者，鄭崇樂先生重返本集團出任副總裁，主持服務及配件部，持續強化本集團的管理團隊。鄭先生過去曾效力本集團16年，我們熱烈歡迎他回歸本集團。現任管理團隊會繼續提供強大的領導及指引。

### Improvement in performance

The Group's financial performance has improved since your board's intervention in late 2004. Net loss has narrowed to HK\$24.8 million for the twelve months ended 31 December 2006, from HK\$117.1 million for the twelve months ended 31 December 2005 and HK\$55.3 million for the twelve months ended 31 December 2004.

Having weathered a particularly difficult period since 2004, which has without doubt impacted the Group's operating and financial performance, management is now well placed to build off the firm foundations that have been laid, and that will be further enhanced after completion of the Disposal Agreement and the Subscription Agreement.

Improvements in liquidity have also been achieved since the reconstitution of the board of directors in September 2004, at which stage the Group faced a critical liquidity position, with significant financial obligations, demoralised staff and weak trading performance. Today, the balance sheet is substantially healthier, with no financial debt. Completion of the Subscription Agreement will further underpin liquidity and promote a stable capital structure.

### OUTLOOK AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company has largely completed its transition and recovery. Looking ahead, the Company expects a recovery of bus/coach sales, which declined significantly in 2006 due to uncertainty over the Government's new environmental regulations. The Company has secured considerable chassis and coach orders for delivery between the second quarter of 2007 and the first quarter of 2008.

The introduction of Scania's new Euro4 PR/K Series of tractors/trucks and coach chassis and the inauguration of the Sheung Shui Service Centre in January 2007 has been very successful. A clear indication that Scania is still the preferred European brand.

### 業績改善

自董事會於二零零四年末參與以來，本集團之財務表現一直改善。虧損淨額由截至二零零五年十二月三十一日止十二個月之117,100,000港元及截至二零零四年十二月三十一日止十二個月之55,300,000港元，收窄至截至二零零六年十二月三十一日止十二個月之24,800,000港元。

自二零零四年起經歷特別艱難的時期，自然對本集團之營運及財務表現造成影響，管理層現已準備就緒，重建既有之穩固基礎，而在完成出售協議及認購協議後，將可進一步加強有關基礎。

自董事會於二零零四年九月改組後，流動資金亦有所改善，於二零零四年九月時，本集團的流動資金狀況險峻，又面臨重大財務責任、員工士氣低落、貿易表現疲弱。時至今日，資產負債表已大致穩健，並無財務負債。完成認購協議後，將可進一步強化流動資金，並促進資本結構穩定。

### 重大投資或資本資產之展望及未來計劃

本公司已差不多完成過渡，現已大致復原。於二零零六年，由於政府實施新環保法規產生之不明朗因素影響，導致巴士／旅遊巴士之銷售額驟降，但本公司預期巴士／旅遊巴士之銷售額可望重拾升軌。本公司已經接獲不少將於二零零七年第二季及二零零八年第一季交付之車身底盤及巴士訂單。

本集團已成功推出Scania全新歐盟第四代PR/K系列卡車／貨車及巴士車身底盤，而水上服務中心亦已於二零零七年一月正式落成，市場反應相當理想，充分彰顯Scania依然是歐洲品牌中之首選。

# Executive Director's Statement

## 執行董事報告

The directors believe that the long-term outlook of the heavy commercial vehicle market in Hong Kong and Macau remains healthy although with limited growth. The sustained economic growth and the increasingly regulated market environment in Mainland China will provide opportunities for the Group's development. Through the establishment of the workshop in Nan Shan in 2006, the Group is establishing its presence in Mainland China through liaising with local contractors to develop a network of service centres in selected areas across the Pearl River Delta to provide quality after sales services to customers. This service centre network will be a catalyst for a larger regional development. The Group will also enhance its core competitiveness in all aspects, so as to embody its competitive edge through service excellence.

The approval of the Wealth Style Limited subscription is expected to provide a solid platform for building a secure and successful future for the Group, which will ultimately benefit the Company and the Shareholders as a whole. The board believes that the Subscriber's network in Mainland China and the cash proceeds from the Subscription will place the Group in a more advantageous position to capture and capitalise on more business and expansion opportunities.

### RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31 December 2006 are set out in the consolidated income statement on page 43 of this annual report.

The directors do not recommend the payment of final dividend in respect of the year ended 31 December 2006 (2005: 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.

**Louis Wen**

*Executive Director*

16 April 2007

儘管香港及澳門之重型商業汽車市場增長輕微，惟董事會相信這個市場之長遠發展依然穩健。中國內地經濟持續增長，加上國內之營商環境日漸受到監管，相信將可為本集團帶來不少發展機會。本集團於二零零六年已在南山自設工場，儘管如此，本集團仍正透過與內地承包商緊密聯繫，於珠江三角洲一帶已挑選地區發展網絡服務中心，致力為客戶提供優質之售後服務，以期建立本身之據點。可以想像此服務中心網絡將有助加快較大地區網絡之發展步伐。與此同時，本集團亦會全面提升集團之核心業務競爭力，藉著為客戶提供卓越服務，充分發揮本身之競爭優勢。

預期Wealth Style Limited認購事項獲批准後，將令本集團得以穩紮根基，為今後之業務成功作好充足準備，最終本公司及股東整體而言將會因而受惠。董事會相信，認購人於中國內地之人脈網絡甚廣，加上認購事項所得款項，本集團將可穩佔更加有利位置，定能抓緊更多商機及發展機遇。

### 業績及分派

本集團截至二零零六年十二月三十一日止年度之業績詳情載於本年報之綜合損益表第43頁。

董事並不建議派付截至二零零六年十二月三十一日止年度之末期股息（二零零五年：無）。

### 鳴謝

最後，本人謹對在過去一年裏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。

執行董事

溫耒

二零零七年四月十六日