

Management Discussion and Analysis

管理層論述及分析

FINANCIAL REVIEW OF HONG KONG AND MAINLAND CHINA

Due to the issues impacting the Group's operations in Taiwan, no comment is provided on the financial performance of the Group's Taiwanese operations. The comments below focus on the Group's operations in Hong Kong, Macau and Mainland China only. For ease of comparison, 2006 figures quoted in this section also refer only to Hong Kong, Macau and Mainland China.

Results for the year

During the year under review, the Group recorded turnover of HK\$95.0 million, a decrease of approximately HK\$43.0 million (31.2%) from 2005. The decrease is attributed to the expected introduction of new environmental regulations relating to the industry which will result in the Euro 3 engine being phased out and the introduction of the Euro 4 engine. Bus/chassis sales orders were thus held back by customers in 2006, postponing delivery to 2007. Net loss from operations decreased 78.7% by approximately HK\$89.9 million mostly due to the 2005 impairment provision for the Taiwan Subsidiaries and the non-recurring income from the disposal of an interest in property and the disposal of a subsidiary in year 2005. Excluding these factors, the net operating loss before borrowing costs decreased by approximately HK\$3.9 million from 2005. Despite the poor sales performance, lower operating expenses resulted in a lower net operating loss. Finance costs decreased substantially by approximately HK\$3.8 million due to the full settlement of the Convertible Bonds and bank loans in February 2006 and the Group having zero borrowings from May 2006 onwards. The loss attributable to shareholders for the year was HK\$24.8 million, a decrease of 78.9% or approximately HK\$92.4 million from 2005.

香港及中國內地之財務回顧

由於影響本集團台灣業務之事項，並無提供對本集團台灣業務財務表現之意見。下述意見只集中於本集團於香港、澳門及中國內地之業務。為方便比較，在此節引述二零零六年之數字只關於香港、澳門及中國內地。

本年度業績

於回顧年度內，本集團錄得營業額95,000,000港元，相比二零零五年約43,000,000港元減少31.2%，此乃由於受到預期引入有關業內之新環保條例所影響，導致歐盟第三代引擎被淘汰並轉用歐盟第四代引擎所致，因此，二零零六年客戶減少訂購巴士／車身底盤，並延遲至二零零七年付運。經營虧損淨額減少約89,900,000港元，即減幅78.7%，主要由於二零零五年為台灣附屬公司計提減值撥備及出售物業權益及出售一間附屬公司產生非經常性收入所致。撇除該等因素，未計借貸成本前之經營虧損淨額較二零零五年減少約3,900,000港元。儘管銷售表現不理想，但營運開支減少亦令經營虧損淨額下降。由於二零零六年二月全數支付可換股債券及銀行貸款，融資成本大幅減少約3,800,000港元，而本集團自二零零六年五月起一直並無借貸。年內股東應佔虧損較二零零五年下降約92,400,000港元，即減幅為78.9%至24,800,000港元。

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Material acquisitions and disposals

Share Subscription

On 7 December 2006, the Company and Wealth Style Limited entered into a conditional Subscription Agreement (“**Subscription Agreement**”) to subscribe for not less than 488,447,736 and not more than 535,854,571 new shares, being not less than 51% and not more than 53.22% of the enlarged issued share capital of the Company at a total consideration of not less than HK\$100 million and not more than approximately HK\$104 million (the “**Subscription**”). It is a condition to the Subscription that a sales and purchase agreement in respect of the disposal of its subsidiaries in Taiwan, namely Forefront International Automotive Limited (“**FIAL**”), Sunshine Credit Limited (“**SSC**”) and U-Drive Smart Card Company Limited (collectively referred to as “**Taiwan Subsidiaries**”) be entered into prior to 31 December 2006. The Subscription Agreement was approved by independent shareholders at the Company’s extraordinary general meeting held on 30 March 2007 (“**EGM**”).

Disposal of Taiwan Subsidiaries

On 30 December 2006, the Company, entered into a sales and purchase agreement with an independent third party purchaser, in respect of the disposal of the Taiwan Subsidiaries (“**Disposal Agreement**”) at a disposal consideration of HK\$54,979,000. The consideration to be received will be the aggregation of the estimated total cash proceeds of HK\$2,440,000 and the novation of debts due to Taiwan Subsidiaries of approximately HK\$52,539,000. The Disposal Agreement was approved by independent shareholders on 30 March 2007 and completed on the same day.

More details regarding the Subscription and the Disposal of Taiwan Subsidiaries can be found in the Company’s announcement dated 16 February 2007 and circular dated 14 March 2007.

重大收購及出售

股份認購

於二零零六年十二月七日，本公司與Wealth Style Limited訂立一項有條件認購協議（「**認購協議**」），按總代價不少於100,000,000港元及不多於約104,000,000港元，認購不少於488,447,736股及不多於535,854,571股新股份，即本公司經擴大已發行股本不少於51%及不多於53.22%（「**認購事項**」）。認購事項之一項條件為於二零零六年十二月三十一日前就出售台灣附屬公司福方國際汽車股份有限公司（「**福方國際**」）、勝山財務股份有限公司（「**勝山財務**」）及任我行智慧咭有限公司（統稱「**台灣附屬公司**」）訂立買賣協議。本公司於二零零七年三月三十日舉行之股東特別大會（「**股東特別大會**」）上，獨立股東批准認購事項。

出售台灣附屬公司

於二零零六年十二月三十日，本公司與一獨立第三方買方訂立一份買賣協議，其內容有關以出售代價54,979,000港元出售台灣附屬公司（「**出售協議**」）。將予收取之代價，將為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港元兩者之總和。出售協議已於二零零七年三月三十日獲獨立股東批准並於同日完成。

有關認購事項及出售台灣附屬公司之更多詳情載於本公司於二零零七年二月十六日刊發之公佈及於二零零七年三月十四日刊發之通函。

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Liquidity and financial resources

The Group financed its business operations largely through internally generated cash flows. As at the balance sheet date, the Group maintained cash and bank balances of approximately HK\$6.3 million (2005: HK\$62.8 million). The decrease in the cash balances was mainly due to the redemption of approximately US\$4.438 million convertible bonds with a face value of approximately US\$4 million plus interest in February 2006 and approximately US\$1.2 million of bank loans being repaid in 2006. The Group's gearing ratio, calculated as total borrowings divided by total net assets, decreased from 166.1% to 0% since the Group repaid all its bank loans and redeemed and cancelled convertible bonds in 2006. The Group had no outstanding borrowings as at 31 December 2006.

As at 31 December 2006, the Group's net asset value amounted to approximately HK\$24.7 million (2005: HK\$49.4 million) with total assets approximately HK\$107.3 million (2005: HK\$213.1 million). Net current assets were approximately HK\$21.1 million (2005: HK\$0.9 million) and the current ratio was 1.26 times (2005: 1.01 times). The existing available cash and bank balances are considered adequate liquidity and capital resources for the Group's operating requirements.

Charge on group assets

As at 31 December 2006, the Group deposited approximately HK\$558,000 (2005: HK\$1,474,000) as collateral to satisfy contingent warranty and delivery obligations in relation to certain sales contracts.

流動資金及財務資源

本集團主要透過內部賺取之現金流為其業務撥支。於結算日，本集團之現金及銀行結餘維持於約6,300,000港元（二零零五年：62,800,000港元）。現金結餘減少，主要由於二零零六年二月贖回約4,438,000美元面值約4,000,000美元之可換股債券連同有關利息，以及於二零零六年償還約1,200,000美元之銀行貸款。由於本集團於二零零六年償還所有銀行貸款，並贖回及註銷可換股債券，本集團之資產負債比率（按借貸總額除以總資產淨值計算）由166.1%減少至0%。於二零零六年十二月三十一日，本集團並無任何未償還借貸。

於二零零六年十二月三十一日，本集團資產淨值約為24,700,000港元（二零零五年：49,400,000港元），總資產值約為107,300,000港元（二零零五年：213,100,000港元）。流動資產淨額約為21,100,000港元（二零零五年：900,000港元），而流動比率為1.26倍（二零零五年：1.01倍）。現存現金及銀行結餘被視作足夠應付本集團日常業務所需流動資金及資金資源。

本集團之資產抵押

於二零零六年十二月三十一日，本集團銀行存款約558,000港元（二零零五年：1,474,000港元）已作為抵押品，以作為其若干銷售合約有關之或然擔保責任及付運責任之抵押。

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Comments on segment information

Details of the segment information are set out in Note 31 to the Financial Statements.

Employment, training and remuneration policy

As at 31 December 2006, the Group had 91 employees, 83 of these employees were located in Hong Kong and 8 in Mainland China.

The policy of employee remuneration, bonus, share option scheme and training are commensurate with performance and comparable to market rate. 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.

Exposure to fluctuations in exchange rates

The Group is subject to foreign currency exposure since its purchases are mainly denominated in US dollars, while the income derived from the sale of vehicle and provision of after sale services are mainly denominated in Hong Kong dollars. Exchange rates between US dollars and Hong Kong dollars were relatively stable during the year under review. The Group has not entered into any foreign currency forward exchange contract for the purpose of hedging against foreign exchange risks involved in the Group's operations.

有關分類資料之意見

分類資料之詳情載於財務報表附註31。

僱傭、培訓及酬金政策

於二零零六年十二月三十一日，本集團共有91名員工，其中83名位於香港而另外8名則位於中國內地。

僱員的薪酬方案、花紅、購股權計劃及培訓等方面均按表現和參照市場水平而釐定。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。本集團於必要時可能會按個別僱員的工作性質，提供外來培訓。

匯率波動的風險

鑑於本集團的採購主要以美元定值，而銷售汽車及提供售後服務產生的收入則主要以港元定值。於回顧年度，美元與港元之兌換率相對穩定，本集團並無就對沖本集團業務所涉及之外匯風險訂立任何遠期外匯合約。