

INTERIM REPORT

2004

中期報告



Forefront International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

福方國際控股有限公司

(於開曼群島註冊成立之有限公司)

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2004

簡明綜合損益賬

截至二零零四年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元 (Unaudited) (未經審核)	2003 二零零三年 HK\$'000 千港元 (Unaudited) (未經審核)
	Notes 附註		
Turnover	營業額	3	416,915
Cost of sales and services	銷售及服務成本		(336,635)
Gross profit	毛利		80,280
Other revenue	其他收入		2,194
Distribution and selling expenses	分銷及銷售開支		(4,655)
General and administrative expenses	一般及行政開支		(60,465)
Provision for finance lease receivables	融資租賃應收款項撥備		(14,612)
Profit from operations	經營溢利	4	2,742
Interest expense	利息支出		(6,469)
Impairment on long-term investments	長期投資減值	11	(23,642)
(Loss)/gain on disposal of interest in a subsidiary	出售附屬公司權益 (虧損)/收益	5	(9,454)
Share of profit/(loss) of associated companies	所佔聯營公司 溢利/(虧損)		5,420
(Loss)/profit before taxation and minority interests	除稅及少數股東 權益前(虧損)/溢利		(31,403)
Taxation	稅項	7	(2,437)
(Loss)/profit after taxation but before minority interests	除稅後但未計少數 股東權益前(虧損)/溢利		(33,840)
Minority interests	少數股東權益		-
(Loss)/profit attributable to shareholders	股東應佔(虧損)/溢利		5,050
(Loss)/earnings per share – basic (HK cents)	每股(虧損)/盈利 – 基本(港仙)	8	(7.73)
			1.18

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2004

簡明綜合資產負債表

於二零零四年六月三十日

		As at 30 June 2004 於二零零四年 六月三十日	As at 31 December 2003 於二零零三年 十二月三十一日
	Note 附註	HK\$'000 千港元 (Unaudited) (未經審核)	HK\$'000 千港元 (Audited) (經審核)
Non-current assets			
Investment in an associated company		54,569	20,794
Property and equipment	10	85,911	97,374
Goodwill		7,641	7,927
Long-term investments	11	4,509	29,635
Finance lease receivables, non-current portion		106,785	110,496
Deferred tax assets		1,092	1,549
Total non-current assets		260,507	267,775
Current assets			
Inventories		149,976	241,307
Finance lease receivables, current portion		101,384	80,821
Accounts receivable	12	166,146	143,739
Prepayments, deposits and other receivables	13	68,646	23,566
Other investments	14	1,807	1,739
Pledged bank deposits		5,893	7,078
Other cash and bank deposits		36,259	52,447
Total current assets		530,111	550,697
Current liabilities			
Short-term borrowings		(296,709)	(417,405)
Bills and accounts payable	15	(85,011)	(50,146)
Accruals and other payables	16	(101,244)	(56,286)
Taxation payable		(4,034)	(6,827)
Total current liabilities		(486,998)	(530,664)
Net current assets		43,113	20,033
Total assets less current liabilities		303,620	287,808

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2004

簡明綜合資產負債表

於二零零四年六月三十日

			As at 30 June 2004 於二零零四年 六月三十日	As at 31 December 2003 於二零零三年 十二月三十一日
	Note 附註		HK\$'000 千港元 (Unaudited) (未經審核)	HK\$'000 千港元 (Audited) (經審核)
Non-current liabilities		非流動負債		
Long-term bank loans		長期銀行貸款	(37,310)	(54,243)
Zero coupon Convertible Bonds	17	零息票可換股債券	(69,930)	–
Total non-current liabilities		非流動負債總值	(107,240)	(54,243)
MINORITY INTERESTS		少數股東權益	–	–
Net assets		資產淨值	196,380	233,565
Represented by:		包括：		
Share capital	18	股本	43,577	44,170
Reserves		儲備	250,110	252,269
Accumulated deficit		累積虧絀	(97,307)	(62,874)
Shareholders' equity		股東權益	196,380	233,565

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

簡明綜合股東權益變動報表

截至二零零四年六月三十日止六個月

Six months ended 30 June 2004 (unaudited)
截至二零零四年六月三十日止六個月(未經審核)

		Share capital	Share premium	Capital reserve	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Retained profits/ (Accumulated deficit)	Total
		股本	股份溢價	資本儲備	資本贖回 儲備	物業重估 儲備	匯兌儲備	保留溢利/ (累積虧絀)	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Beginning of period	期初	44,170	243,800	10,482	580	3,197	(5,790)	(62,874)	233,565
Translation adjustments	匯兌調整	-	-	-	-	-	5,698	-	5,698
Repurchase of shares	購回股份	(593)	(8,309)	-	593	-	-	(593)	(8,902)
Disposal of property	出售物業	-	-	-	-	(141)	-	-	(141)
Loss for the period	期內虧損	-	-	-	-	-	-	(33,840)	(33,840)
End of period	期終	43,577	235,491	10,482	1,173	3,056	(92)	(97,307)	196,380

Six months ended 30 June 2003 (unaudited)
截至二零零三年六月三十日止六個月(未經審核)

		Share capital	Share premium	Capital reserve	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Retained profits/ (Accumulated deficit)	Total
		股本	股份溢價	資本儲備	資本贖回 儲備	物業重估 儲備	匯兌儲備	保留溢利/ (累積虧絀)	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Beginning of period	期初	44,170	243,800	10,482	580	1,295	(4,689)	(6,135)	289,503
Translation adjustments	匯兌調整	-	-	-	-	-	(3,458)	-	(3,458)
Profit for the period	期內溢利	-	-	-	-	-	-	5,193	5,193
End of period	期終	44,170	243,800	10,482	580	1,295	(8,147)	(942)	291,238

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2004

簡明綜合現金流量報表

截至二零零四年六月三十日止六個月

		Six months ended	
		截至下列日期止六個月	
		30 June 2004	30 June 2003
		二零零四年	二零零三年
		六月三十日	六月三十日
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Net cash used in operating activities	經營業務所用現金淨額	(89,206)	(73,051)
Net cash from (used in) investing activities	投資活動所得(所用)現金淨額	28,237	(9,425)
Net cash from financing activities	融資活動所得現金淨額	41,206	151,766
(Decrease) increase in cash and cash equivalents	現金及現金等值物(減少)增加	(19,763)	69,290
Cash and cash equivalents at beginning of period	期初的現金及現金等值物	52,447	62,282
Effect on cumulative translation adjustments	累計匯兌調整影響	3,575	(2,996)
Cash and cash equivalents at end of period	期終的現金及現金等值物	36,259	128,576
Analysis of cash and cash equivalents	現金及現金等值物分析		
Cash and bank deposits	現金及銀行存款	36,259	128,576

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Forefront International Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 10th September 1998 as an exempted company with limited liability under the Companies Law (Revised). Its shares have been listed on The Stock Exchange of Hong Kong Limited since 12 July 2001.

The Company is an investment holding company. Its subsidiaries and associated companies are principally engaged in the trading of motor trucks, coaches and vehicle accessories, provision of motor vehicle repair and maintenance services, provision of other motor vehicle related services, motor vehicle financing business, investment holding and assembling of motor vehicles.

The unaudited consolidated condensed financial statements of the Group for the six months ended 30 June 2004 have been prepared in accordance with Statement of Standard Accounting Practice 25 (revised) – Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed financial statements have been reviewed by Moores Rowland Mazars (“MRM”) Chartered Accountants, Certified Public Accountants, in accordance with the relevant standards issued by the HKICPA. Their review report reveals the following issues:

1. MRM's scope of work was limited because they were unable to gain access to the accounting records and other information necessary for their review in relation to Forefront Automobile Industry Limited, a 49% owned associated company as at 30 June 2004.

1 呈報基準及會計政策

福方國際控股有限公司(「本公司」)於一九九八年九月十日在開曼群島根據開曼群島公司法(經修訂)註冊成立為獲豁免有限公司。本公司股份已於二零零一年七月十二日起在香港聯合交易所有限公司上市。

本公司為一間投資控股公司，其附屬公司及聯營公司主要從事貨車、旅遊巴士及車輛零配件貿易、提供汽車維修保養服務、提供其他汽車相關服務、汽車融資、投資控股及組裝汽車業務。

本集團截至二零零四年六月三十日止六個月期間的未經審核綜合簡明財務報表根據香港會計師公會(「香港會計師公會」)頒佈的會計實務準則第25號(經修訂)「中期財務報告」編製。

簡明財務報表已經由摩斯倫•馬賽會計師事務所(「摩斯倫•馬賽」)(特許會計師、執業會計師)根據香港會計師公會頒佈之有關準則審閱。其審閱報告披露下列事宜：

1. 摩斯倫•馬賽因未能獲得進行審閱本公司之49%聯營公司福方汽車工業股份有限公司於二零零四年六月三十日的會計紀錄及其他資料，故其審閱工作範圍受到限制。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(continued)*

2. MRM consider that there is a fundamental uncertainty in relation to an alleged claim of HK\$8 million together with interest and costs and an order for delivery of vacant possession of a property held by a subsidiary.
3. Because of the matters mentioned in 1 and 2, MRM is unable to reach a review conclusion as to whether material modification to the interim financial report is required.

The full version of the review report from MRM is attached hereto. Details of the matters mentioned in 1 and 2 above are disclosed in Notes 2, 5 and 19.

The unaudited consolidated condensed financial statements should be read in conjunction with the annual accounts of the Group as at and for the year ended 31 December 2003.

1 呈報基準及會計政策 (續)

2. 對於為數8,000,000港元另加其利息及成本之申索以及有關交出一間附屬公司所持一項物業的空置管有權之命令，摩斯倫•馬賽認為存在基本不明朗因素。
3. 基於第1項及第2項所述事宜，摩斯倫•馬賽對於中期財務報告是否需要作出重大修訂未能達致審閱結論。

本報告附載摩斯倫•馬賽發出的審閱報告。上述第1及2項所載事宜之詳情於附註2、5及19披露。

未經審核綜合簡明財務報表應與本集團於二零零三年十二月三十一日及截至該日止年度的年度賬目一併閱讀。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

2 FINANCIAL INFORMATION OF FOREFRONT AUTOMOBILE INDUSTRY LIMITED

The condensed consolidated financial statements include the following financial information pertaining to Forefront Automobile Industry Limited ("FAI"), a Taiwanese company which owns and operates a vehicle assembly plant in Taipei.

The Group's condensed consolidated Profit and Loss Account for the six months to 30 June 2004 reflects the results of FAI consolidated for the period 1 January 2004 to 28 May 2004, on which date the Group disposed of 51% of its 100% shareholding in FAI. For the period 29 May 2004 to 30 June 2004, the Group's results include an amount of approximately HK\$6,206,000 reflecting its share of FAI's net profit for this period under the equity accounting method of reporting associated company performance.

Condensed Profit and Loss Account

2 福方汽車工業股份有限公司之財務資料

簡明綜合財務報表包括下列有關福方汽車工業股份有限公司(「福方汽車工業」)之財務資料。福方汽車工業乃台灣公司，在台北擁有及經營一間車輛組裝工廠。

本集團截至二零零四年六月三十日止六個月的簡明綜合損益賬反映福方汽車工業從二零零四年一月一日起至二零零四年五月二十八日(本集團於當日出售其於福方汽車工業全部股權的51%)止期間綜合的業績。從二零零四年五月二十九日起至二零零四年六月三十日止期間，本集團的業績包括為數約6,206,000港元的金額，反映以呈報聯營公司表現之權益會計法所得出其於此期間內分佔福方汽車工業的純利。

簡明綜合損益賬

		Period from 1 January 2004 to 28 May 2004 (date on which FAI became an associated company) 從二零零四年一月一日起至二零零四年五月二十八日 (福方汽車工業成為聯營公司的日期)止期間		Amounts included in the consolidated financial statements HK\$'000 (Unaudited)	Period from 29 May 2004 to 30 June 2004 (equity accounting) HK\$'000 (Unaudited) 從二零零四年 五月二十九日起 至二零零四年 六月三十日 止期間 (以權益會 計法計算) 千港元 (未經審核)
	FAI management accounts as modified HK\$'000 (Unaudited)	Consolidation adjustments HK\$'000 (Unaudited)	福方汽車 工業的 管理賬目 (經修訂) 千港元 (未經審核)	綜合賬目調整 千港元 (未經審核)	載入綜合 財務報表內 的數額 千港元 (未經審核)
Turnover	營業額	210,106	(210,106)	-	-
Cost of sales and services	銷售及服務成本	(179,035)	210,106	31,071	-
Other revenue	其他收入	1,014	(457)	557	-
Distribution and selling expenses	分銷及銷售開支	(131)	-	(131)	-
General and administrative expenses	一般及行政開支	(1,904)	61	(1,843)	-
Interest expenses	利息支出	(1,947)	396	(1,551)	-
Share of profit/(loss) of an associated company	所佔聯營公司溢利/(虧損)	(786)	-	(786)	6,206
Taxation	稅項	(57)	-	(57)	-
		27,260	-	27,260	6,206

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

2 FINANCIAL INFORMATION OF FOREFRONT AUTOMOBILE INDUSTRY LIMITED (continued)

The Group's condensed consolidated Balance Sheet as at 30 June 2004 reflects a carrying value of the remaining 49% shareholding in FAI of HK\$54,569,000, based on its share of FAI's net assets under the equity accounting method of reporting associated company investments.

Condensed Balance Sheet

Investment in an associated company

於聯營公司的投資

54,569

The information on which these figures are based has been sourced from the management accounts of FAI. The Company's reviewing accountants, MRM, during their review of the condensed financial statements, were denied access by FAI management to the accounting records of FAI in Taiwan and other information necessary for their review. As a result, this information has not been audited or reviewed by the reviewing accountants. The Board of Directors of the Company has reservations concerning the carrying value of the Group's remaining investment in FAI, and is taking steps to critically assess the carrying value and examine the ongoing trading relationship between FAI and the Group.

Details on the 51% disposal of the Group's investment in FAI are disclosed in Note 5.

2 福方汽車工業股份有限公司之財務資料 (續)

本集團於二零零四年六月三十日的簡明綜合資產負債表反映於福方汽車工業的尚餘49%股權的賬面值54,569,000港元，此乃根據本集團以呈報聯營公司投資之權益會計法所得出其分佔福方汽車工業的資產淨值而得出。

簡明資產負債表

As at
30 June 2004
HK\$'000
(Unaudited)
於二零零四年
六月三十日
千港元
(未經審核)

此等數字所依據的資料乃來自福方汽車工業的管理賬目。本公司的審閱會計師摩斯倫•馬賽在審閱簡明財務報表時，被福方汽車工業的管理層拒絕查閱福方汽車工業在台灣的會計記錄及其他對於審閱屬必要的資料。因此，審閱會計師並未審核或審閱該等資料。本公司董事會對於本集團在福方汽車工業的尚餘投資的賬面值有所保留，並正採取行動，嚴格評估賬面值，並檢討福方汽車工業與本集團之間的持續貿易關係。

本集團出售其於福方汽車工業的51%投資之詳情於附註5披露。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

3 SEGMENTAL INFORMATION

a. Business segment

The Group is principally engaged in the trading of motor trucks, coaches and vehicle accessories, provision of motor vehicle repair and maintenance services, provision of other motor vehicle related services, motor vehicle financing business, investment holding and assembling of motor vehicles. An analysis by business segment is as follows:—

3 分類資料

a 業務分類

本集團主要從事貨車、旅遊巴士及車輛零配件貿易、提供汽車維修保養服務、提供其他汽車相關服務、汽車融資、投資控股及組裝汽車。按業務分類分析如下：—

		Six months ended 30 June 2004							
		截至二零零四年六月三十日止六個月							
		Trading of trucks, coaches and accessories	Provision of motor vehicle repair and maintenance services	Provision of other motor vehicle related services	Motor vehicle financing business	Investment holding	Assembling of motor vehicles	Elimination	Total
		貨車、旅遊巴士及車輛零配件貿易	汽車維修保養服務	其他汽車相關服務	汽車融資	投資控股	組裝汽車	對銷	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Turnover	營業額								
Sales to external customers	對外間客戶銷售	336,691	67,805	3,720	8,699	-	-	-	416,915
Inter-segment sales	分類業務間銷售	-	7,789	17	-	-	210,106	(217,912)	-
Total turnover	總營業額	336,691	75,594	3,737	8,699	-	210,106	(217,912)	416,915
Operating results	經營業績								
Segment results	分類業績	(16,561)	7,009	(3,426)	(11,401)	98	28,103	2,014	5,836
Unallocated corporate expenses	未分配公司開支								(9,291)
Unallocated corporate interest expense	未分配公司利息支出								(272)
Impairment on long-term investments	長期投資減值								(23,642)
Loss on disposal of interest in a subsidiary	出售附屬公司權益虧損								(9,454)
Share of profit of associated companies	分佔聯營公司溢利								5,420
Taxation	稅項								(2,437)
Loss after taxation but before minority interest	除稅後但未計少數股東權益前虧損								(33,840)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

3 SEGMENTAL INFORMATION (continued)

a. Business segment (continued)

3 分類資料 (續)

a 業務分類 (續)

Six months ended 30 June 2003

截至二零零三年六月三十日止六個月

		Trading of trucks, coaches and vehicle accessories	Provision of motor vehicle repair and maintenance services 提供 汽車維修	Provision of other motor vehicle related services 提供 其他汽車 相關服務	Motor vehicle financing business 汽車融資	Investment holding 投資控股	Elimination 對銷	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額							
Sales to external customers	對外間客戶銷售	238,293	64,699	4,416	5,971	-	-	313,379
Inter-segment sales	分類業務間銷售	120	6,587	13	-	-	(6,720)	-
Total turnover	總營業額	238,413	71,286	4,429	5,971	-	(6,720)	313,379
Operating results	經營業績							
Segment results	分類業績	(1)	6,456	(5,317)	910	2,517	2,580	7,145
Unallocated corporate expenses	未分配公司 開支							(4,083)
Unallocated corporate interest expense	未分配公司 利息支出							(1,951)
Gain on disposal of interest in a subsidiary	出售附屬公司 權益收益							10,961
Share of loss of associated companies	分佔聯營公司虧損							(878)
Taxation	稅項							(6,144)
Profit after taxation but before minority interest	除稅後但未計少數 股東權益前溢利							5,050

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

3 SEGMENTAL INFORMATION (continued)

b. Geographical segment

		Six months ended 30 June 2004 截至二零零四年六月三十日止六個月			
		Mainland			Total
		Taiwan 台灣	Hong Kong 香港	China 中國大陸	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額	313,960	70,565	32,390	416,915
Segment results	分類業績	22,715	(9,591)	(7,288)	5,836
Profit (loss) from operations	經營溢利(虧損)	23,196	(12,774)	(7,680)	2,742

		Six months ended 30 June 2003 截至二零零三年六月三十日止六個月			
		Mainland			Total
		Taiwan 台灣	Hong Kong 香港	China 中國大陸	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額	247,929	52,308	13,142	313,379
Segment results	分類業績	21,995	(12,932)	(1,918)	7,145
Profit (loss) from operations	經營溢利(虧損)	23,882	(14,972)	(1,834)	7,076

4 PROFIT FROM OPERATIONS

Profit from operations for the current period has been arrived at after charging:

4 經營溢利

本期間的經營溢利乃於扣除下列各項後計算所得：

		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年	2003 二零零三年
		HK\$'000 千港元	HK\$'000 千港元
		(unaudited) (未經審核)	(unaudited) (未經審核)
Depreciation	折舊	5,883	5,964
Amortisation of goodwill	商譽攤銷	470	457
Provision for finance lease receivables	融資租賃應收款項撥備	14,612	—
Staff cost and related expenses	員工成本及相關開支	37,713	36,487

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

5 (LOSS)/GAIN ON DISPOSAL OF INTEREST IN A SUBSIDIARY

During the six month period ending 30 June 2004, the Group disposed of 51% of its 100% equity interest in Forefront Automobile Industry Limited (“FAI”) to a third party for consideration of HK\$39,214,000. FAI owns and operates a vehicle assembly plant in Taipei, and supplies fully-assembled trucks and buses to the Group in Taiwan. Completion of the transaction occurred on 28 May 2004. Reference is made to various announcements, and in particular the Circular issued by the Company dated 5 July 2004 (the “Circular”) disclosing details of this transaction.

In the Circular, the then Board of Directors of the Company disclosed that the consideration for the disposal was derived with reference to the audited net asset value of FAI as at 31 December 2003, and that applying this basis, a gain of approximately HK\$3,930,000 was likely, subject to audit.

During the five months to 28 May 2004, the ongoing trade between FAI and the Group has resulted in an increase in FAI's net asset value as at the date of disposal, to the extent that a net loss of HK\$9,454,000 has in fact been realised by the Group on disposal of the 51% equity interest.

The Board of Directors of the Company is currently undertaking a detailed investigation into the disposal disclosed herein, as well as the trading arrangements now in place between FAI and the Group, and is examining all avenues available to protect the interests of the Group.

During the six months ended 30 June 2003, the Group disposed of a 1.3% equity interest in U-Drive Company Limited, a subsidiary, to a third party at a consideration of approximately HK\$10,612,000, and recognised a gain of approximately HK\$10,961,000.

簡明財務報表附註

截至二零零四年六月三十日止六個月

5 出售附屬公司權益(虧損)／收益

於截至二零零四年六月三十日止六個月，本集團向第三方出售於福方汽車工業股份有限公司(「福方汽車工業」)所持全數股本權益的51%，代價為39,214,000港元，福方汽車工業在台北擁有及經營一間車輛組裝工廠，及在台灣向本集團供應全組裝貨車及巴士。交易已於二零零四年五月二十八日完成。茲提述多份公佈，特別是本公司於二零零四年七月五日刊發的通函(「該通函」)，其披露了此交易的詳情。

在該通函內，本公司當時的董事會披露出售代價乃經參考福方汽車工業於二零零三年十二月三十一日的經審核資產淨值而得出，而按此基準，有可能出現為數約3,930,000港元的收益，惟有待審核而定。

在截至二零零四年五月二十八日止五個月，福方汽車工業與本集團之間的持續交易已導致福方汽車工業的資產淨值於出售日期有所增加，以致本集團實際上在出售其所持股本權益的51%時產生為數9,454,000港元的淨虧損。

本公司董事會現正對本報告所披露的出售事宜以及福方汽車工業與本集團之間的現有交易安排進行深入調查，並正檢討保障本集團利益的各種方法。

截至二零零三年六月三十日止六個月，本集團向第三方出售附屬公司任我行有限公司的1.3%股本權益，代價約10,612,000港元，並確認為數約10,961,000港元的收益。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

6 LOSS ON DISPOSAL OF ASSETS ATTRIBUTABLE TO A DISCONTINUED OPERATION

During the six months ended 30 June 2004, the Group disposed of all of its property and equipment attributable to its smart card operation in Taiwan, and discontinued its smart card operation. An impairment loss on the fixed assets of the smart card operation in the amount of HK\$26,857,000 was recognised in the audited consolidated income statement of the Group for the year ended 31 December 2003. Losses on disposal of assets and costs attributable to the smart card operation incurred for the period ended 30 June 2004 were insignificant and further costs are also expected to be insignificant. The residual assets and liabilities attributable to the smart card operation as at balance sheet date were insignificant.

7 TAXATION

Taiwan profits tax has been provided at the applicable rates on the estimated assessable profits arising in Taiwan.

6 出售屬於已終止經營業務之資產產生之虧損

在截至二零零四年六月三十日止六個月，本集團出售屬於台灣智慧卡業務的所有物業及設備，終止智慧卡業務。本集團截至二零零三年十二月三十一日止年度的經審核綜合損益賬中，確認了智慧卡業務固定資產減值虧損26,857,000港元。截至二零零四年六月三十日止期間出售屬於智慧卡業務之資產產生之虧損及成本並不重大，並預期進一步的成本亦不重大。於結算日屬於智慧卡業務的剩餘資產及負債並不重大。

7 稅項

台灣利得稅乃根據來自台灣的估計應課稅溢利按適用稅率作出撥備。

Six months ended 30 June

截至六月三十日止六個月

2004	2003
二零零四年	二零零三年
HK\$'000	HK\$'000
千港元	千港元
(unaudited)	(unaudited)
(未經審核)	(未經審核)

Current tax in Taiwan	在台灣之本期稅項	2,437	6,144
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

8 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on consolidated loss attributable to shareholders for the period of approximately HK\$33,840,000 (six months ended 30 June 2003: profit attributable to shareholders of HK\$5,193,000) and on the weighted average of 438,012,769 shares (2003: 441,700,000 shares) in issue during the period.

No diluted loss per share is presented for the period ended 30 June 2004 as the conversion of the outstanding Convertible Bonds would be anti-dilutive during this period. No diluted earnings per share for the period ended 30 June 2003 is presented as there were no dilutive potential ordinary shares in existence during this period.

簡明財務報表附註

截至二零零四年六月三十日止六個月

8 每股(虧損)/盈利

每股基本(虧損)/盈利乃按期間內股東應佔綜合虧損約33,840,000港元(截至二零零三年六月三十日止六個月：股東應佔溢利5,193,000港元)及期間內已發行股份的加權平均數438,012,769股(二零零三年：441,700,000股)計算。

由於截至二零零四年六月三十日止期間內之已發行可換股債券之換股具反攤薄作用，故無呈列該期間每股攤薄虧損。由於截至二零零三年六月三十日止期間內並無潛在攤薄普通股，故無呈列該期間每股攤薄盈利。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

9 RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2004, the Group had the following significant related party transactions:-

9 有關連人士交易

截至二零零四年六月三十日止六個月內，本集團曾進行下列重大有關連人士交易：

		Six months ended 30 June 截至六月三十日止六個月	
		2004 二零零四年 HK\$'000 千港元 (unaudited) (未經審核)	2003 二零零三年 HK\$'000 千港元 (unaudited) (未經審核)
Sales to Forefront Automobile Industry Limited (Note 4)	銷售予福方汽車工業股份有限公司(附註4)	44	-
Purchases from Forefront Automobile Industry Limited (Note 4)	購自福方汽車工業股份有限公司(附註4)	53,539	-
Rental income received/receivable from - Forefront Motors (Hong Kong) Limited (Note 1)	已收/應收租金收入 - 福方汽車(香港)有限公司(附註1)	120	180
- Sunshine Finance Co Ltd (Note 1)	- 勝山實業股份有限公司(附註1)	9	-
Management fee income received/receivable from - Sunshine Finance Co., Ltd. (Note 1)	已收/應收以下公司的管理費收入 - 勝山實業股份有限公司(附註1)	55	46
- Achieve Leasing Co., Ltd. (Note 2)	- 福企租賃股份有限公司(附註2)	42	40
- Fuyo Leasing Co., Ltd. (Note 2)	- 福友租賃股份有限公司(附註2)	42	40
- Fully Leasing Co., Ltd. (Note 2)	- 福兆租賃股份有限公司(附註2)	42	40
- Forth Leasing Co., Ltd. (Note 2)	- 福之租賃股份有限公司(附註2)	42	40
- Fortune Leasing Co., Ltd. (Note 2)	- 福川租賃股份有限公司(附註2)	42	1
- Free Leasing Co., Ltd. (Note 2)	- 福立租賃股份有限公司(附註2)	42	-
- Future Leasing Co., Ltd. (Note 2)	- 福昌租賃股份有限公司(附註2)	42	-
- Fund Leasing Co., Ltd. (Note 2)	- 福采租賃股份有限公司(附註2)	42	-
- Forefront Automobile Industry Limited (Note 4)	- 福方汽車工業股份有限公司(附註4)	23	-
Rental expenses in respect of office premises & workshop paid/payable to - Forefront International Limited (Note 2)	已付/應付辦公室物業及車間租金開支 - 福方股份有限公司(附註2)	1,567	2,401
- Ms Cheng Mei Lin (Note 3)	- 鄭美玲女士(附註3)	4	-
- Forefront Automobile Industry Limited (Note 4)	- 福方汽車工業股份有限公司(附註4)	23	-
Interest expenses paid to Forefront Automobile Industry Limited (Note 4)	已付福方汽車工業股份有限公司利息支出(附註4)	115	-
Repair and maintenance service fees paid to Ankor Services Limited (Note 1)	已付安佳汽車維修有限公司的維修及保養費(附註1)	99	188
Sale of furniture & equipment to - Forefront Motors (Hong Kong) Limited (Note 1)	銷售傢俱及設備予 - 福方汽車(香港)有限公司(附註1)	4	-
- Forefront Automobile Industry Limited (Note 4)	- 福方汽車工業股份有限公司(附註4)	19	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

9 RELATED PARTY TRANSACTIONS (continued)

Notes:

- (1) Forefront International Limited is a substantial shareholder of the Company, and Sunshine Finance Co., Ltd., Forefront Motors (Hong Kong) Limited and Ankor Services Limited are subsidiaries of Forefront International Limited.
- (2) Certain directors have interests in these companies.
- (3) Ms Cheng Mei Lin is the spouse of Mr. Lee Mao Fang, the director of the Company.
- (4) Forefront Automobile Industry Limited ("FAI") is an associated company with Mr. Lee Mao Fang a director. FAI was a wholly owned subsidiary of the Company before 29 May 2004. Transactions with FAI before 29 May 2004 were fully eliminated in the Group financial statements.

The Company's Directors are closely reviewing all related party transactions and trading relationships with a view to ensuring they are on an arms-length basis and commercially beneficial to the Group.

10 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2004, the Group invested approximately HK\$8,487,000 (six months ended 30 June 2003: HK\$12,360,000) on property and equipment. During the same period, the Group disposed of certain of its property and equipment with an aggregate carrying value of approximately HK\$3,568,000 (six months ended 30 June 2003: HK\$29,000) with a gain on disposal of approximately HK\$379,000 (six months ended 30 June 2003: loss of HK\$17,000).

9 有關連人士交易 (續)

附註：

- (1) 福方股份有限公司為本公司的主要股東之一，而勝山實業股份有限公司、福方汽車(香港)有限公司及安佳汽車維修有限公司則為福方股份有限公司的附屬公司。
- (2) 若干董事擁有該等公司的權益。
- (3) 鄭美玲女士為李茂芳先生(本公司董事)的配偶。
- (4) 福方汽車工業股份有限公司(「福方汽車工業」)為聯營公司，李茂芳先生為該公司董事。福方汽車工業於二零零四年五月二十九日以前為本公司的全資附屬公司，該日以前與福方汽車工業的交易已於本集團的財務報表內全數對銷。

本公司董事正密切檢討所有有關連人士交易及貿易關係，以確保乃按公平基準進行及在商業上對本集團有利。

10 物業及設備

截至二零零四年六月三十日止六個月，本集團在物業及設備上投資約8,487,000港元(截至二零零三年六月三十日止六個月：12,360,000港元)。同期，本集團出售其若干物業及設備，合共賬面值約為3,568,000港元(截至二零零三年六月三十日止六個月：29,000港元)，而出售收益約為379,000港元(截至二零零三年六月三十日止六個月：虧損17,000港元)。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

簡明財務報表附註

截至二零零四年六月三十日止六個月

11 LONG-TERM INVESTMENTS

11 長期投資

		As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Unlisted, equity securities in Taiwan at cost	台灣非上市股本證券 (按成本)	28,151	29,635
Impairment in value	減值	(23,642)	-
		4,509	29,635

12 ACCOUNTS RECEIVABLE

An aged analysis of the Group's accounts receivable is as follows:

12 應收賬款

本集團應收賬款按賬齡分析如下：

		As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
0 to under 3 months	0至不超過3個月	91,833	102,355
3 to under 6 months	3個月至不超過6個月	53,509	28,561
6 to under 9 months	6個月至不超過9個月	19,653	8,065
9 to under 12 months	9個月至不超過12個月	2,361	3,720
Over 12 months	超過12個月	12,299	12,737
		179,655	155,438
Less: provision	減：撥備	(13,509)	(11,699)
		166,146	143,739

For sales of bus and coach chassis in Taiwan, four to six months credit terms are generally required by customers as they have to arrange for the bodybuilding process to be carried out by local manufacturers. For other sales, credit terms are normally between 30 days to 90 days.

就台灣的巴士及旅遊巴士汽車底盤銷售而言，客戶由於需安排當地生產商進行全車體組裝過程，故一般要求四至六個月信貸期。其餘銷售的信貸期一般介乎30天至90天。

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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簡明財務報表附註

截至二零零四年六月三十日止六個月

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the amount as at 30 June 2004 was a receivable of approximately HK\$38,850,000 (31 December 2003: Nil) being part of the proceeds from the issue of the US\$15 million zero coupon convertible bonds completed on 2 February 2004 (Note 17).

14 OTHER INVESTMENTS

13 預付款項、按金及其他應收款項

二零零四年六月三十日的款項中包括一項為數約38,850,000港元的應收款項(二零零三年十二月三十一日:無),乃為二零零四年二月二日完成發行1,500萬美元零息票可換股債券所得款項的一部分(附註17)。

14 其他投資

		As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 (audited) (經審核)
At carrying value	賬面值		
Listed, Taiwan equity securities	台灣上市股本證券	1,807	1,739
Quoted market value of listed investment	上市投資所報市價	1,807	1,739

15 BILLS AND ACCOUNTS PAYABLE

An aged analysis of the Group's bills and accounts payable is as follows:

15 應付票據及應付賬款

本集團應付票據及應付賬款按賬齡分析如下:

		As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 (audited) (經審核)
0 to under 3 months	0至不超過3個月	77,516	42,814
3 to under 6 months	3個月至不超過6個月	6,342	6,377
6 to under 9 months	6個月至不超過9個月	1,025	72
9 to under 12 months	9個月至不超過12個月	42	718
Over 12 months	超過12個月	86	165
		85,011	50,146

Included in the amount as at 30 June 2004 was an amount due to FAI of approximately HK\$51,890,000 (31 December 2003: Nil)

於二零零四年六月三十日之款項包括應付福方汽車工業為數約51,890,000港元之款項(二零零三年十二月三十一日:無)。

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簡明財務報表附註

截至二零零四年六月三十日止六個月

16 ACCRUALS AND OTHER PAYABLES

Included in the amount as at 30 June 2004 was an amount due to FAI of approximately HK\$30,425,000 (31 December 2003: Nil).

17 ZERO COUPON CONVERTIBLE BOND

On 2 February 2004 the Company announced that the Group issued US\$15 million Zero Coupon Convertible Bonds. According to the management of the Company, proceeds of only US\$10 million has been banked to-date in relation to the bond issue.

Mr. Michael Tsai has represented himself to the Company as the subscriber of the outstanding US\$5 million portion of the Convertible Bonds. Mr. Michael Tsai has further represented that a cheque for HK\$38,218,000 issued in favor of the Company by Ms. Lee Pei Fen is in consideration of his US\$5 million Bond subscription. The Company is actively seeking to confirm and verify Mr. Michael Tsai's representations.

The Board of Directors of the Company is currently taking legal advice regarding this matter. In addition the Board is seeking further information from the manager of the Convertible Bonds issue on the actual events and has commenced negotiations with Mr. Michael Tsai for resolution of the issue.

16 應計費用及其他應付款項

於二零零四年六月三十日之款項包括應付福方汽車工業為數約30,425,000港元之款項(二零零三年十二月三十一日：無)。

17 零息票可換股債券

於二零零四年二月二日，本公司宣佈本集團發行15,000,000美元零息票可換股債券。根據本公司管理層表示，截至目前為止，就發行債券而存入銀行之所得款項僅有10,000,000美元。

蔡政敏先生已向本公司聲明作為可換股債券尚餘5,000,000美元之認購人，並進一步聲明李佩芬女士以本公司為抬頭人開出之38,218,000港元支票為其認購5,000,000美元債券之代價。本公司正積極尋求確認及核實蔡政敏先生之聲明。

本公司董事會正就此事徵詢法律意見。此外，董事會正向可換股債券發行事宜之管理商尋求進一步資料以了解實際情況，並已與蔡政敏先生展開有關解決是次發行事宜之磋商。

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18 SHARE CAPITAL

18 股本

		For the six months ended 30 June 2004 截至二零零四年 六月三十日止六個月 (unaudited) (未經審核)		For the year ended 31 December 2003 截至二零零三年 十二月三十一日止年度 (audited) (經審核)	
		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元	Number of shares 股份數目 '000 千股	Nomial value 面值 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股面值0.1港元的 普通股				
Authorised:	法定：				
At beginning and end of the period/year	期初／年初及 期終／年終	1,000,000	100,000	1,000,000	100,000
Issued and fully paid:	已發行及繳足：				
At beginning of the period/year	期初／年初	441,700	44,170	441,700	44,170
Repurchase of shares	購回股份	(5,928)	(593)	-	-
		-	-	-	-
At end of the period/year	期終／年終	435,772	43,577	441,700	44,170

19 CONTINGENT LIABILITIES

Associated company guarantee

As at 30 June 2004, the Company had granted a guarantee in the amount of NT\$105,000,000 (approximately HK\$24,465,000) to a Taiwanese bank in respect of a facility provided by the bank to Forefront Automobile Industry Limited, an associated company owned 49% by the Group as at 30 June 2004.

Guarantee to customers in Taiwan

As at 30 June 2004, a subsidiary in Taiwan granted a guarantee in the amount of approximately HK\$3,749,000 (as at 31 December 2003: HK\$4,259,000) to a bank in respect of banking facilities granted to its customers.

19 或然負債

聯營公司擔保

於二零零四年六月三十日，本公司已就福方汽車工業股份有限公司（於二零零四年六月三十日乃本集團擁有49%的聯營公司）所獲台灣一間銀行授予的備用額向該銀行作出新台幣105,000,000元（約24,465,000港元）的擔保。

向台灣客戶作出擔保

於二零零四年六月三十日，台灣一間附屬公司就其客戶獲授的銀行備用額，向一間銀行作出約3,749,000港元（於二零零三年十二月三十一日：4,259,000港元）的擔保。

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19 CONTINGENT LIABILITIES (continued)

Alleged Loan

During the period under review, the Group has received a claim from Wise Dynasty Limited (“**Wise Dynasty**”) for HK\$8 million, plus interest and costs thereon. Wise Dynasty is also seeking vacant possession of a property belonging to a subsidiary of the Group, over which Wise Dynasty claims to hold security. The Group denies the claims.

Wise Dynasty alleges that it lent HK\$20 million to Cyber Centre Limited (“**Cyber Centre**”), a 100%-owned subsidiary of the Group, on 9 March 2004 (the “**Alleged Loan**”). Wise Dynasty further alleges, inter alia, that:

- (a) the Alleged Loan is evidenced by a loan agreement;
- (b) HK\$12 million of the Alleged Loan has been repaid; and
- (c) the Alleged Loan is secured by a legal charge (the “**Alleged Legal Charge**”) given by Cyber Centre on 9 March 2004 over a property owned by Cyber Centre (the “**Property**”).

Two legal proceedings have been commenced by Wise Dynasty in respect of the Alleged Loan, being:

- (a) a writ of summons has been issued by Wise Dynasty on 19 May 2004 against the Company for the sum of HK\$8 million, being the amount of a cheque allegedly issued by the Company in repayment of the balance of the Alleged Loan, together with interests and costs; and

19 或然負債 (續)

指稱貸款

於回顧期間內，本集團收到 Wise Dynasty Limited (「**Wise Dynasty**」) 一項為數 8,000,000 港元另加其利息及成本的申索。Wise Dynasty 亦正尋求本集團一間附屬公司名下一項物業的空置管有權，Wise Dynasty 指稱已獲該物業作抵押。本集團否認該項申索。

Wise Dynasty 指稱於二零零四年三月九日向本集團一間全資附屬公司 Cyber Centre Limited (「**Cyber Centre**」) 借出 20,000,000 港元 (「**指稱貸款**」)。Wise Dynasty 進一步指稱 (其中包括)：

- (a) 指稱貸款具有貸款協議作為憑證；
- (b) 指稱貸款內 12,000,000 港元已獲償還；及
- (c) 指稱貸款由 Cyber Centre 於二零零四年三月九日以 Cyber Centre 擁有的一項物業 (「**該物業**」) 作出的法定押記作為抵押 (「**指稱法定押記**」)。

兩項法律程序已由 Wise Dynasty 就指稱貸款展開，即：

- (a) Wise Dynasty 於二零零四年五月十九日向本公司就 8,000,000 港元 (即指稱由本公司發出，用作償還指稱貸款結餘的支票的金額) 以及其利息及成本發出傳訊令狀；及

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19 CONTINGENT LIABILITIES (continued)

Alleged Loan (continued)

- (b) an originating summons has been issued by Wise Dynasty on 16 June 2004 against Cyber Centre seeking the court determination, inter alia, of the following questions:
- (i) the payment of all monies allegedly due under the Alleged Legal Charge; and
 - (ii) an order for delivery of vacant possession of the Property by Cyber Centre to Wise Dynasty.

Based upon information available to the Board up to the date of this report:

- (a) neither the Company, Cyber Centre nor any other member of the Group ever received any monies from Wise Dynasty;
- (b) neither the Company, Cyber Centre nor any other member of the Group ever paid monies to Wise Dynasty;
- (c) the Board at the relevant time did not authorize any of the Alleged Loan, the execution of the alleged loan agreement with Wise Dynasty or the Alleged Legal Charge, nor the issuance of a cheque in favour of Wise Dynasty; and
- (d) the board of directors of Cyber Centre at the time of the alleged loan (which comprised Mr. Yang Chien Chi, Allen and Mr. So Siu Ming, George) did not authorize any of the Alleged Loan, the execution of the alleged loan agreement with Wise Dynasty, nor the Alleged Legal Charge.

The Board promptly reported the irregularities to the Commercial Crimes Bureau ("CCB"). As at the date of this report, the outcome of CCB's investigation is still pending. The Company and Cyber Centre are actively contesting both Wise Dynasty petitions.

19 或然負債 (續)

指稱貸款 (續)

- (b) 由Wise Dynasty於二零零四年六月十六日向Cyber Centre發出的原訴傳票，尋求法院裁決(其中包括)以下事項：
- (i) 支付指稱法定押記下指稱欠負的所有款項；及
 - (ii) 命令Cyber Centre向Wise Dynasty交出該物業的空置管有權。

根據截至本報告日期董事會所取得的資料：

- (a) 本公司、Cyber Centre或本集團任何其他成員公司概無收取Wise Dynasty任何款項；
- (b) 本公司、Cyber Centre或本集團任何其他成員公司概無向Wise Dynasty支付任何款項；
- (c) 有關時間的董事會並無批准指稱貸款、與Wise Dynasty訂立指稱貸款協議或指稱法定押記，或簽發以Wise Dynasty為抬頭人的支票；及
- (d) 指稱貸款時的Cyber Centre董事會(成員包括楊健志先生及蘇少明先生)並無批准指稱貸款、與Wise Dynasty訂立指稱貸款協議或指稱法定押記。

董事會即時向商業罪案調查科(「商業罪案調查科」)報告上述不當事件。截至本報告日期，商業罪案調查科的調查尚未有定案。本公司及Cyber Centre正積極就Wise Dynasty的兩項呈請進行抗辯。

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20 COMMITMENTS

(i) Capital commitments

The Group had the following capital commitments for the purchase of properties and equipment:

	As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Contracted but not provided for	-	10,123
已訂約但未撥備		

(ii) Operating commitments

The Group has operating lease commitments in respect of rented premises under non-cancellable operating lease agreements extending to December 2008. The total amount of commitments payable under these agreements is analysed as follows:

	As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Amounts payable within a period of		
- within one year	4,637	10,924
- between two to five years	11,013	11,614
	15,650	22,538
期間內應付款項		
- 一年以內		
- 兩年至五年之間		

20 承擔

(i) 資本承擔

本集團購買物業及設備的資本承擔如下：

	As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
	-	10,123

(ii) 經營承擔

根據延期至二零零八年十二月的不可註銷經營租賃協議，本集團擁有有關租用物業的經營租賃承擔。根據此等協議，應付的承擔總額分析如下：

	As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
	4,637	10,924
	11,013	11,614
	15,650	22,538

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20 COMMITMENTS (continued)

(iii) Foreign currency forward contracts

20 承擔 (續)

(iii) 外匯遠期合約

		As at 30 June 2004 於二零零四年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2003 於二零零三年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Commitment to buy US\$2,077,246 as at 31 December 2003 (As at 30 June 2004: Nil)	於二零零三年十二月 三十一日承諾購入 2,077,246美元 (於二零零四年 六月三十日：無)	-	16,126

21 SUBSEQUENT EVENT

In August 2004, FAI completed a rights issue of 9,000,000 shares representing 30% of existing issued share capital of FAI and 23.08% of issued share capital as enlarged by the rights issue. Since the Group did not exercise its right to subscribe for the rights, its equity interest in FAI is reduced from 49% to 37.69%.

21 結算日後事項

於二零零四年八月，福方汽車工業完成一項涉及9,000,000股股份的供股事宜，佔福方汽車工業現有已發行股本的30%，另佔經供股後擴大的已發行股本23.08%。由於本集團並無行使權利認購供股股份，故其於福方汽車工業的股本權益已由49%減至37.69%。

FINANCIAL REVIEW

Results for the period

During the period under review, the Group recorded a turnover of approximately HK\$416.9 million, representing an increase of 33.0% as compared to the corresponding period in 2003.

The loss attributable to shareholders for the period was approximately HK\$33.8 million (six months ended 30 June 2003: profit attributable to shareholders of HK\$5.2 million). The loss incurred for the period under review was mainly due to provision for impairment in value of certain long-term investments in Taiwan of approximately HK\$23.6 million, as well as provision for certain finance lease receivables of approximately HK\$14.6 million. Finance costs increased in line with the average borrowings over the period under review.

Liquidity and financial resources

The Group generally finances its operations with a mixture of internally generated cash flow and credit facilities provided by banks. As at 30 June 2004, the Group's net asset value amounted to approximately HK\$196.4 million (as at 31 December 2003: HK\$233.6 million) with total assets of approximately HK\$790.6 million (as at 31 December 2003: HK\$818.5 million). Net current assets were approximately HK\$43.1 million (as at 31 December 2003: HK\$20.0 million) and current ratio was 1.09 times (as at 31 December 2003: 1.04 times).

Borrowings and gearing ratio

The Group's total borrowings decreased from approximately HK\$471.6 million as at 31 December 2003 to approximately HK\$403.9 million as at 30 June 2004. The decrease was mainly attributable to the exclusion of the borrowings of Forefront Automobile Industry Limited, which became an associated company as at the balance sheet date. With respect to the interest rate structure of the borrowings, most of the loans raised in Hong Kong were in line with the Hong Kong Inter-bank Offer Rate, whereas those raised in Taiwan reference the Singapore Inter-bank Offer rate and Taiwan Basic Lending Rate. The gearing ratio of the Group calculated as a ratio of sum of total bank borrowings and Convertible Bonds to total assets was approximately 51.1%, compared to approximately 57.6% as at 31 December 2003.

財務回顧

本期業績

於回顧期內，本集團錄得營業額約416,900,000港元，較二零零三年同期增加33.0%。

本期之股東應佔虧損約為33,800,000港元(截至二零零三年六月三十日止六個月：股東應佔溢利5,200,000港元)。回顧期間產生之虧損主要由於就台灣若干長期投資減值計提撥備(約23,600,000港元)，以及就若干融資租賃應收款項計提撥備(約14,600,000港元)。融資成本隨同回顧期內平均借貸增加而上升。

流動資金及財務資源

本集團一般兼以內部產生之現金流量及銀行提供之信貸備用額支付其營運所需。於二零零四年六月三十日，本集團之資產淨值約為196,400,000港元(於二零零三年十二月三十一日：233,600,000港元)，資產總值則約為790,600,000港元(於二零零三年十二月三十一日：818,500,000港元)。流動資產淨值約為43,100,000港元(於二零零三年十二月三十一日：20,000,000港元)，流動比率則為1.09倍(於二零零三年十二月三十一日：1.04倍)。

借貸與負債比率

本集團之借貸總額由二零零三年十二月三十一日約471,600,000港元下跌至二零零四年六月三十日約403,900,000港元，主要是由於將結算日時已成為聯營公司的福方汽車工業股份有限公司的借貸撇除。在借貸利息結構方面，在香港籌集之貸款大部分跟從香港銀行同業拆息計算，而在台灣籌集之貸款則參考新加坡銀行同業拆息及台灣基本放款利率計算。銀行借貸總額及可換股債券之總和除以資產總值所得之本集團負債比率約為51.1%，於二零零三年十二月三十一日則約為57.6%。

FINANCIAL REVIEW

Charge on group assets

As at 30 June 2004, 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 book value of approximately HK\$224,318,000 (As at 31 December 2003: HK\$193,249,000);
- (iii) Pledges of the Group's other investment in Taiwan with a net book value of approximately HK\$1,807,000 (As at 31 December 2003: HK\$1,739,000);
- (iv) Pledge of bank deposits of approximately HK\$5,893,000 (As at 31 December 2003: HK\$7,078,000) by the Group's subsidiary in Taiwan; and
- (v) Corporate guarantees provided by the Company.

Exchange rate exposure

The Group is subject to foreign currency exposure since its purchases are mainly denominated in US dollars, NT dollars and Euro, while income derived from the sale of vehicles and provision of after sale services 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 foreign currency forward contracts from time to time.

財務回顧

集團資產之抵押

於二零零四年六月三十日，本集團之借貸及銀行備用額以下列各項抵押：

- (i) 以本集團客戶若干車輛作抵押，該等車輛乃該等客戶獲本集團授出融資租賃而抵押予本集團的抵押品；
- (ii) 若干賬面值約224,318,000港元(於二零零三年十二月三十一日：193,249,000港元)的融資租賃應收款項之抵押；
- (iii) 以本集團在台灣的其他投資作抵押，其賬面淨值約1,807,000港元(於二零零三年十二月三十一日：1,739,000港元)；
- (iv) 本集團在台灣的附屬公司以約5,893,000港元(於二零零三年十二月三十一日：7,078,000港元)之銀行存款作抵押；及
- (v) 本公司提供的公司擔保。

匯率風險

鑑於本集團之採購主要以美元、新台幣及歐元定值，而其銷售車輛及提供售後服務產生之收入主要以新台幣、港元及美元定值，故其須承受外匯風險。本集團密切監察其外匯風險，並不時以外匯遠期合約對沖有關風險。

BUSINESS REVIEW

業務回顧

As shareholders will be aware, the constitution of the Board of Directors has changed during the period since 30 June 2004. The Group has experienced a difficult 6 months under review, attributable mainly to the apparent disappearance of the Ex-Chairman and Ex-Chief Executive Officer, Mr. Yang Chien Chi, Allen. As a result, the Board of Directors has been reconstituted in the interests of shareholders. With that now in place, the Board of Directors' immediate priorities are to focus on and stabilize the trading operations and to review the significant transactions of concern, including those presently the subject of litigation. The Board of Directors is working to re-establish the resumption of trading in the company's shares. The Board of Directors continues to work closely with the senior management team, along with the Group's principal business partner, Scania.

Despite this difficult period, the Group's trading business has not been significantly negatively affected. The Taiwan segment has experienced reasonable growth. For the Hong Kong segment, the board is closely monitoring and implementing a turnaround plan to deliver cost cutting measures with the aim of profitability on a stand-alone basis.

The Board of Directors is also exploring options for attracting strategic investors to the Group. It is the Board of Directors' view that long-term shareholder value will be maximized with the participation of a strategic and/or industry aligned investor. Clearly the PRC market provides the Group with significant growth prospects. The Board of Directors is keen to explore avenues for developing this market as part of the process.

The Board of Directors continues to keep Scania, major customers and staff closely informed of significant developments.

誠如股東所知，董事會在二零零四年六月三十日以來曾有人事變動。本集團在回顧期間內六個月處境困難，主要是因前主席兼前行政總裁楊健志先生似乎芳蹤杳然，因此，為股東利益著想，董事會已經作出人事調動。現況如此，董事會的首要任務，是集中於並穩定本身的貿易業務，及檢討重大的交易，包括現時受到訴訟所牽涉者。董事會現正著力尋求恢復公司股份買賣。董事會繼續與高級管理層以及本集團的主要業務夥伴Scania緊密合作。

儘管處境困難，本集團的貿易業務並無受重大的負面影響。台灣業務呈現合理增長，而香港業務方面，董事會正密切注視及推行一項振興計劃，以求得出減省成本的措施，藉以在此個別業務而言提升盈利能力。

董事會亦正探討為本集團吸引策略投資者的可能性。董事會認為，若有策略及／或行業投資者參與，將可提升長遠股東價值。中國市場顯然可為本集團提供光明的增長前景，董事會正熱切尋求開發中國市場之途。

董事會將繼續向Scania、主要客戶及員工密切報告任何重大發展。

BUSINESS REVIEW

Material acquisitions and disposals

Zero coupon convertible bonds

In February 2004, the Company issued certain redeemable Convertible Bonds with principal amount of US\$15 million (equivalent to HK\$116 million) (“Convertible Bonds”) to certain independent third parties (the “Bondholders”). The Convertible Bonds are unsecured and convertible into ordinary shares of the Company with a par value of HK\$0.10 each at a conversion price of HK\$2.70 per share at any time on or after 15 June 2004 and up to 19 January 2009. In addition, under the terms of the bond issue, the Bondholders have the option to require the Company to redeem all or part of the convertible bonds on 2 May 2004 at 100% or on 2 February 2006 at 109.5% or on 2 February 2007 at 116.9% (“Put Option Dates”) of the principal amount.

In April 2004, the Company received one redemption notice to require the Company to redeem Convertible Bonds of US\$6 million which had already been repaid in May 2004.

According to management of the Company, proceeds of only US\$10 million has been banked to-date in relation to the Convertible Bonds issue.

Mr. Michael Tsai has represented himself to the Company as the subscriber of the outstanding US\$5 million portion of the Convertible Bonds. Mr. Michael Tsai has further represented that a cheque for HK\$38,218,000 issued in favour of the Company by Ms. Lee Pei Fen is in consideration of his US\$5 million Convertible Bonds subscription. The Company is trying to confirm and verify Mr. Michael Tsai's representations.

The Board is currently taking legal advice regarding this matter. In addition the Board is seeking further information from the manager of the Convertible Bonds issue on the actual events and has commenced negotiations with Mr. Michael Tsai for resolution of the issue.

業務回顧

重大收購及出售

零息票可換股債券

於二零零四年二月，本公司向若干獨立第三方（「債券持有人」）發行本金額為15,000,000美元（相當於116,000,000港元）之若干可贖回可換股債券（「可換股債券」）。該等可換股債券乃無抵押，可自二零零四年六月十五日或之後起直至二零零九年一月十九日止期間任何時間，按每股兌換價2.70港元兌換成本公司每股面值0.10港元的普通股。此外，根據債券發行的條款，債券持有人有權要求本公司於二零零四年五月二日按本金額的100%比率或於二零零六年二月二日按本金額的109.5%比率或於二零零七年二月二日按本金額的116.9%比率（「認沽權日期」），全部或部分贖回該等可換股債券。

二零零四年四月，本公司收到一項贖回通知，要求本公司贖回為數6,000,000美元的可換股債券，有關金額已於二零零四年五月償還。

根據本公司管理層表示，截至目前為止，就發行可換股債券而存入銀行之所得款項僅有10,000,000美元。

蔡政敏先生已向本公司聲明作為可換股債券尚餘5,000,000美元之認購人，並進一步聲明李佩芬女士以本公司為抬頭人開出之38,218,000港元支票為其認購5,000,000美元可換股債券之代價。本公司正嘗試確認及核實蔡政敏先生之聲明。

董事會正就此事徵詢法律意見。此外，董事會正向可換股債券發行之管理商尋求進一步資料以了解實際情況，並已與蔡政敏先生展開有關解決是次發行之磋商。

BUSINESS REVIEW

Disposal of 51% equity interest in Forefront Automobile Industry Limited

During the six month period ending 30 June 2004, the Group disposed of 51% of its 100% equity interest in Forefront Automobile Industry Limited ("FAI") to a third party for consideration of HK\$39,214,000. FAI owns and operates a vehicle assembly plant in Taipei, and supplies fully-assembled trucks and buses to the Group in Taiwan. Completion of the transaction occurred on 28 May 2004. Reference is made to various announcements, and in particular the Circular issued by the Company dated 5 July 2004 (the "Circular") disclosing details of this transaction.

In the Circular, the then Board of Directors of the Company disclosed that the consideration for the disposal was derived with reference to the audited net asset value of FAI as at 31 December 2003, and that applying this basis, a gain of approximately HK\$3,930,000 was likely, subject to audit.

During the five months to 28 May 2004, the ongoing trade between FAI and the Group has resulted in an increase in FAI's net asset value as at the date of disposal, to the extent that a net loss of HK\$9,454,000 has in fact been realised by the Group on disposal of the 51% equity interest.

The Board of Directors of the Company is currently undertaking a detailed investigation into the disposal disclosed herein, as well as the trading arrangements now in place between FAI and the Group, and is examining all avenues available to protect the interests of the Group.

業務回顧

出售所持福方汽車工業股份有限公司股本權益的51%

於截至二零零四年六月三十日止六個月，本集團向第三方出售於福方汽車工業股份有限公司（「福方汽車工業」）所持全數股本權益的51%，代價為39,214,000港元，福方汽車工業在台北擁有及經營一間車輛組裝工廠，及在台灣向本集團供應全組裝貨車及巴士。交易已於二零零四年五月二十八日完成。茲提述多份公佈，特別是本公司於二零零四年七月五日刊發的通函（「該通函」），其披露了此交易的詳情。

在該通函內，本公司當時的董事會披露出售代價乃經參考福方汽車工業於二零零三年十二月三十一日的經審核資產淨值而得出，而按此基準，有可能出現為數約3,930,000港元的收益，惟有待審核而定。

在截至二零零四年五月二十八日止五個月，福方汽車工業與本集團之間的持續交易已導致福方汽車工業的資產淨值於出售日期有所增加，以致本集團實際上在出售其所持股本權益的51%時產生為數9,454,000港元的淨虧損。

本公司董事會現正對本報告所披露的出售事宜以及福方汽車工業與本集團之間的現有交易安排進行深入調查，並正檢討保障本集團利益的各種方法。

BUSINESS REVIEW

Litigation

During the period under review, the Group has received a claim from Wise Dynasty Limited (“**Wise Dynasty**”) for HK\$8 million, plus interest and costs thereon. Wise Dynasty is also seeking vacant possession of a property belonging to a subsidiary of the Group, over which Wise Dynasty claims to hold security. The Group denies the claims.

Wise Dynasty alleges that it lent HK\$20 million to Cyber Centre Limited (“**Cyber Centre**”), a 100%-owned subsidiary of the Group, on 9 March 2004 (the “**Alleged Loan**”). Wise Dynasty further alleges, inter alia, that:

- (a) the Alleged Loan is evidenced by a loan agreement;
- (b) HK\$12 million of the Alleged Loan has been repaid; and
- (c) the Alleged Loan is secured by a legal charge (the “**Alleged Legal Charge**”) given by Cyber Centre on 9 March 2004 over a property owned by Cyber Centre (the “**Property**”).

業務回顧

訴訟

於回顧期間內，本集團收到Wise Dynasty Limited (「**Wise Dynasty**」) 一項為數8,000,000港元另加其利息及成本的申索。Wise Dynasty亦正尋求本集團一間附屬公司名下一項物業的空置管有權，Wise Dynasty指稱已獲該物業作抵押。本集團否認該項申索。

Wise Dynasty指稱於二零零四年三月九日向本集團一間全資附屬公司Cyber Centre Limited (「**Cyber Centre**」) 借出20,000,000港元 (「**指稱貸款**」)。Wise Dynasty進一步指稱 (其中包括)：

- (a) 指稱貸款具有貸款協議作為憑證；
- (b) 指稱貸款內12,000,000港元已獲償還；及
- (c) 指稱貸款由Cyber Centre於二零零四年三月九日以Cyber Centre擁有的一項物業 (「**該物業**」) 作出的法定押記作為抵押 (「**指稱法定押記**」)。

BUSINESS REVIEW

Two legal proceedings have been commenced by Wise Dynasty in respect of the Alleged Loan, being:

- (a) a writ of summons has been issued by Wise Dynasty on 19 May 2004 against the Company for the sum of HK\$8 million, being the amount of a cheque allegedly issued by the Company in repayment of the balance of the Alleged Loan, together with interests and costs; and
- (b) an originating summons has been issued by Wise Dynasty on 16 June 2004 against Cyber Centre seeking the court determination, inter alia, of the following questions:
 - (i) the payment of all monies allegedly due under the Alleged Legal Charge; and
 - (ii) an order for delivery of vacant possession of the Property by Cyber Centre to Wise Dynasty.

Based upon information available to the Board up to the date of this report:

- (a) neither the Company, Cyber Centre nor any other member of the Group ever received any monies from Wise Dynasty;
- (b) neither the Company, Cyber Centre nor any other member of the Group ever paid monies to Wise Dynasty;
- (c) the Board at the relevant time did not authorize any of the Alleged Loan, the execution of the alleged loan agreement with Wise Dynasty or the Alleged Legal Charge, nor the issuance of a cheque in favour of Wise Dynasty; and
- (d) the board of directors of Cyber Centre at the time of the alleged loan (which comprised Mr. Yang Chien Chi, Allen and Mr. So Siu Ming, George) did not authorize any of the Alleged Loan, the execution of the alleged loan agreement with Wise Dynasty, nor the Alleged Legal Charge.

The Board promptly reported the irregularities to the Commercial Crimes Bureau ("CCB"). As at the date of this report, the outcome of CCB's investigation is still pending. The Company and Cyber Centre are actively contesting both Wise Dynasty petitions.

業務回顧

兩項法律程序已由Wise Dynasty就指稱貸款展開，即：

- (a) Wise Dynasty於二零零四年五月十九日向本公司就8,000,000港元(即指稱由本公司發出，用作償還指稱貸款結餘的支票的金額)以及其利息及成本發出傳訊令狀；及
- (b) 由Wise Dynasty於二零零四年六月十六日向Cyber Centre發出的原訴傳票，尋求法院裁決(其中包括)以下事項：
 - (i) 支付指稱法定押記下指稱欠負的所有款項；及
 - (ii) 命令Cyber Centre向Wise Dynasty交出該物業的空置管有權。

根據截至本報告日期董事會所取得的資料：

- (a) 本公司、Cyber Centre或本集團任何其他成員公司概無收取Wise Dynasty任何款項；
- (b) 本公司、Cyber Centre或本集團任何其他成員公司概無向Wise Dynasty支付任何款項；
- (c) 有關時間的董事會並無批准指稱貸款、與Wise Dynasty訂立指稱貸款協議或指稱法定押記，或簽發以Wise Dynasty為抬頭人的支票；及
- (d) 指稱貸款時的Cyber Centre董事會(成員包括楊健志先生及蘇少明先生)並無批准指稱貸款、與Wise Dynasty訂立指稱貸款協議或指稱法定押記。

董事會即時向商業罪案調查科(「商業罪案調查科」)報告上述不當事件。截至本報告日期，商業罪案調查科的調查尚未有定案。本公司及Cyber Centre正積極就Wise Dynasty的兩項呈請進行抗辯。

BUSINESS REVIEW

業務回顧

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. The proceeds have been applied in the following areas:

所得款項用途

就本公司股份於聯交所上市而進行股份發售所得款項淨額約為92,800,000港元。所得款項已用作下列用途：

		Originally planned	Subsequently amended	Amount utilised up to 30 June 2004 直至二零零四年 六月三十日 已動用款項
		原計劃 HK\$'000 千港元	其後修訂 HK\$'000 千港元	HK\$'000 千港元
Expansion of the Group's after sale services by establishing additional self-operated service centres and authorised service centres	通過設立額外自行操作的服務中心及特許服務中心而擴充本集團的售後服務	35,000	35,000	35,000
Expansion of the financing capabilities of Forefront Finance Co., Limited	擴充福方財務有限公司的融資能力	20,000	2,385	2,385
Expansion of the chain services provided by U-Drive Company Limited in Hong Kong and setting up of U-Drive in Taiwan and in the Mainland China	擴充由香港任我行有限公司所提供的連鎖服務及在台灣和中國大陸建立任我行業務	15,000	15,000	15,000
Development of and the further upgrading of the Group's information system and information technology	本集團信息系統和信息技術的開發和進一步提升	5,000	1,070	1,070
General working capital	一般營運資金	17,800	39,345	39,345
		92,800	92,800	92,800

BUSINESS REVIEW

業務回顧

Use of proceeds (continued)

The net proceeds in connection with the issue of the Convertible Bonds in February 2004 amounted to HK\$116 million. The proceeds have been applied in the following areas:

所得款項用途 (續)

二零零四年二月發行可換股債券所得款項淨額合共116,000,000港元。所得款項已用於下列方面：

		Originally planned	Amount utilised up to 30 June 2004 直至 二零零四年 六月三十日 已動用款項
		原計劃 HK\$'000 千港元	HK\$'000 千港元
Repayment of bank borrowings	償還銀行借貸	77,000	77,000
General working capital	一般營運資金	39,000	39,000
		<u>116,000</u>	<u>116,000</u>

Employment, training and remuneration policy

The total number of staff of the Group as at 30 June 2004 was 380. The Group is committed to staff training and has provided regular management and technical courses to its employees. 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. Other benefits include medical schemes and pension schemes. Besides, the Company has an employees' share option scheme which was adopted on 2 August 2002. Up to the date of this report, no option has been granted under this new scheme.

僱傭、培訓及酬金政策

本集團於二零零四年六月三十日共有380名員工。本集團致力提供僱員培訓，向來為其僱員提供定期的管理和技術方面的課程。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。其他福利包括醫療福利和公積金計劃。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。直至本報告發出日期，概無根據新計劃授出任何購股權。

OUTLOOK

The first half of 2004 saw continued expansion in the global economy. Despite ongoing elevated crude oil prices, a bias towards tightening of interest rates in most major economies, and the continuing uncertainties in Iraq and over the threat of global terrorism, economic growth has been relatively healthy.

An increasing number of visitors are being allowed by the PRC Central Government to enter Hong Kong from the Mainland. This has provided impetus for the retail sector and improved overall consumption. This has also stimulated the demand for cross-border transportation to accommodate the increasing traffic flow. The Group is positioned well to share the results of this market growth.

The increase of Scania's presence in the PRC, as disclosed in the Company's announcement dated 30 December 2003, will facilitate the development of business opportunities for the Group in the PRC while at the same time enable the Group to concentrate its resources to serve the Pearl River Delta region where it has established solid business contacts and early mover advantages over recent years.

With a number of supportive economic measures implemented by the PRC Central Government, the directors are confident that the Hong Kong economy will continue to strengthen. The Group's business in Taiwan is still providing steady contribution, while the Group's business in PRC is our key growth potential.

展望

於二零零四年上半年，全球經濟繼續增長。雖然原油價格持續上升、大多數主要經濟體系傾向收緊利率、伊拉克局勢持續不明朗以及全球恐怖主義的威脅，經濟增長仍相對呈現穩健。

中央政府允許越來越多國內人士前往香港自遊行，刺激本港零售行業，進而改善整體消費。此舉亦刺激為應付交通不斷增長而設的跨境交通運輸的需求。本集團已蓄勢待發，隨時分享此一市場增長所帶來的好處。

誠如本公司於二零零三年十二月三十日刊發的公佈所披露，Scania增加在中國的據點，會促進本集團在中國業務機會的發展，同時亦讓本集團集中資源主攻珠江三角洲地區，發揮本集團近年在該地區建立的鞏固業務聯繫及捷足先登的優勢。

隨著中央政府實行大量支持香港經濟發展的措施，董事有信心香港經濟將持續增強。本集團台灣業務之貢獻仍然穩定，而本集團在中國的業務乃本集團的主要潛在增長點。

INTERESTS OF DIRECTORS

董事權益

As at 30 June 2004, the interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") of the directors and the chief executive of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

於二零零四年六月三十日，本公司董事及主要行政人員在本公司及其相聯法團（按證券及期貨條例（「證券及期貨條例」）第XV部所賦予之涵義）的股份、相關股份及債權證中擁有須根據證券及期貨條例第XV部第7及第8分部通知本公司及聯交所的權益及淡倉（包括根據證券及期貨條例的該等條文彼等被當作或視作擁有的權益及淡倉），或根據證券及期貨條例第352條須記入該條所指的登記冊的權益及淡倉、或根據上市公司董事進行證券交易的標準守則須通知本公司及聯交所的權益及淡倉如下：

Name 姓名	Nature of interests 權益性質	Number of shares 股份數目	% of voting right 投票權百分比
Lee Mao Fang 李茂芳	Family (Note 1) 家族(附註1)	3,041,832	0.79%
Yang Chien-Nan 楊健男	Corporate (Note 2) 公司(附註2)	122,588,805	28.13%
	Corporate (Note 3) 公司(附註3)	27,686,827	6.35%

Notes:

附註：

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| (1) These shares were held by Mr Lee Mao Fang's spouse, Ms Cheng Mei Lin, and therefore Mr Lee Mao Fang was deemed by virtue of the SFO to be interested in these shares. | (1) 該等股份乃由李茂芳先生之妻子鄭美玲女士持有，故根據證券及期貨條例，李茂芳先生被視為擁有該等股份之權益。 |
| (2) These shares were held by Forefront International Limited (In liquidation) ("FIL"). Jetwide Limited, which owns 45% of the issued share capital of FIL, is wholly-owned by Dr Yang Chien-Nan, and therefore Dr Yang Chien-Nan was deemed by virtue of the SFO to be interested in these shares. | (2) 該等股份乃由福方股份有限公司（現正清盤）（「FIL」）持有。Jetwide Limited（擁有FIL的45%已發行股本）由楊健男博士全資擁有，故根據證券及期貨條例，楊健男博士被視為擁有該等股份之權益。 |
| (3) These shares were held by Sunshine Finance Co., Limited, which is owned as to 80.5% by FIL. Therefore, Dr. Yang Chien-Nan was deemed by virtue of the SFO to be interested in these shares. | (3) 該等股份乃由FIL擁有80.5%之勝山實業股份有限公司持有，故根據證券及期貨條例，楊健男博士被視為擁有該等股份之權益。 |

INTERESTS OF DIRECTORS

Save as disclosed above, as the 30 June 2004, none of the directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Subsequent to 30 June 2004, there have been some changes in the composition of the Board of Directors of the Company. These include the resignation of Mr Yang Chien-Nan and Mr Lee Mao Fang, and the appointment of Mr Kelvin Edward Flynn as Executive Director and Mr Cosimo Borrelli as Non-Executive Director, all effective from 8 September 2004.

Mr Kelvin Edward Flynn was appointed as Joint and Several Provisional Liquidator of Forefront International Limited (In Liquidation) and Ever Wealth Management Limited (In Liquidation) with effect from 7 June 2004. Both companies hold a significant combined shareholding in the Company, as disclosed in the Interests of Substantial Shareholders section of this report. Mr Cosimo Borrelli is a professional colleague of Mr Flynn at RSM Nelson Wheeler Corporate Advisory Services Limited.

董事權益

除上文所披露者外，於二零零四年六月三十日，本公司董事及主要行政人員概無在本公司及其相聯法團（按證券及期貨條例第XV部所賦予之涵義）的股份、相關股份及債權證中擁有須根據證券及期貨條例第XV部第7及第8分部通知本公司及聯交所的權益或淡倉（包括根據證券及期貨條例的該等條文彼等被當作或視作擁有的權益及淡倉），或根據證券及期貨條例第352條須記入該條所指的登記冊的權益或淡倉、或根據上市公司董事進行證券交易的標準守則須通知本公司及聯交所的權益或淡倉。

二零零四年六月三十日以後，本公司董事會有若干人事變動，包括楊健男先生及李茂芳先生辭任、委任Kelvin Edward Flynn先生為執行董事及Cosimo Borrelli先生為非執行董事，全部均由二零零四年九月八日起生效。

Kelvin Edward Flynn先生獲委任為福方股份有限公司（正在清盤）及Ever Wealth Management Limited（正在清盤）的共同及個別臨時清盤人，由二零零四年六月七日起生效。兩公司於本公司持有重大合併股權，本報告主要股東權益一節已有披露。Cosimo Borrelli先生為Flynn先生在其專業方面在RSM Nelson Wheeler Corporate Advisory Services Limited共事的同僚。

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, the following interests and short positions of 5% or more of the share capital of the Company were recorded in the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Number of shares (long position) 股份 (好倉) 數目	% of voting right (long position) 投票權 (好倉) 百分比	Number of shares (short position) 股份 (淡倉) 數目	% of voting right (short position) 投票權 (淡倉) 百分比
Forefront International Limited (In Liquidation) ("FIL") 福方股份有限公司(現正清盤) ("FIL") (Note 1)(附註1)	150,275,632	34.48%	-	-
Jetwide Limited (Note 1)(附註1)	150,275,632	34.48%	-	-
Ever Wealth Management Limited (In Liquidation) (現正清盤)(Note 2)(附註2)	104,573,105	24.03%	92,198,181	21.16%
Caisse Des Depots Et Consignation (Note 3)(附註3)	48,488,931	11.13%	-	-
CDC Holding Finance (Note 3)(附註3)	48,488,931	11.13%	-	-
Caisse Nationale Des Caisse Depargne Et De Prevoyance (Note 3)(附註3)	48,488,931	11.13%	-	-
CIE Financiere Eulia (Note 3)(附註3)	48,488,931	11.13%	-	-
CDC Ixis (Note 3)(附註3)	48,488,931	11.13%	-	-
Nexgen Financial Holdings Limited (Note 3)(附註3)	48,488,931	11.13%	-	-
Nexgen Re Limited (Note 3)(附註3)	48,488,931	11.13%	-	-
Nexgen Capital Limited (Note 3)(附註3)	48,488,931	11.13%	-	-
Todaytech Asia Limited (In Liquidation)(現正清盤) (Notes 2 & 4)(附註2及4)	45,618,683	10.47%	-	-
Sunshine Finance Co., Limited 勝山實業股份有限公司 (Note 1)(附註1)	27,686,827	6.35%	-	-
Yangs Investment Limited	29,594,760	6.79%	-	-
Deutsche Bank Aktiengesellschaft	35,494,000	8.15%	-	-
Aeneas Portfolio Company, L.P.	23,400,000	5.37%	23,400,000	5.37%

Notes:

- Jetwide Limited owns 45% of the issued share capital of FIL, which in turn owns 80.5% of the issued share capital of Sunshine Finance Co., Limited ("Sunshine"). Therefore these interests are duplicated to the extent of 150,275,632 shares.
- The issued share capital of Ever Wealth Management Limited (In Liquidation) ("Ever Wealth") is beneficially owned as to 50% by Mr Yang Kwn San and as to the remaining 50% by his wife, Yang Wu Tsai Hsiu. The entire issued share capital of Todaytech Asia Limited (In Liquidation) ("Todaytech") is owned by Ever Wealth. Therefore these interests are duplicated to the extent of 45,618,683.

主要股東權益

於二零零四年六月三十日，根據本公司按照證券及期貨條例第336條存置的登記冊顯示，下列公司擁有本公司股本5%或以上的權益及淡倉：

Name	Number of shares (long position) 股份 (好倉) 數目	% of voting right (long position) 投票權 (好倉) 百分比	Number of shares (short position) 股份 (淡倉) 數目	% of voting right (short position) 投票權 (淡倉) 百分比
Forefront International Limited (In Liquidation) ("FIL") 福方股份有限公司(現正清盤) ("FIL") (Note 1)(附註1)	150,275,632	34.48%	-	-
Jetwide Limited (Note 1)(附註1)	150,275,632	34.48%	-	-
Ever Wealth Management Limited (In Liquidation) (現正清盤)(Note 2)(附註2)	104,573,105	24.03%	92,198,181	21.16%
Caisse Des Depots Et Consignation (Note 3)(附註3)	48,488,931	11.13%	-	-
CDC Holding Finance (Note 3)(附註3)	48,488,931	11.13%	-	-
Caisse Nationale Des Caisse Depargne Et De Prevoyance (Note 3)(附註3)	48,488,931	11.13%	-	-
CIE Financiere Eulia (Note 3)(附註3)	48,488,931	11.13%	-	-
CDC Ixis (Note 3)(附註3)	48,488,931	11.13%	-	-
Nexgen Financial Holdings Limited (Note 3)(附註3)	48,488,931	11.13%	-	-
Nexgen Re Limited (Note 3)(附註3)	48,488,931	11.13%	-	-
Nexgen Capital Limited (Note 3)(附註3)	48,488,931	11.13%	-	-
Todaytech Asia Limited (In Liquidation)(現正清盤) (Notes 2 & 4)(附註2及4)	45,618,683	10.47%	-	-
Sunshine Finance Co., Limited 勝山實業股份有限公司 (Note 1)(附註1)	27,686,827	6.35%	-	-
Yangs Investment Limited	29,594,760	6.79%	-	-
Deutsche Bank Aktiengesellschaft	35,494,000	8.15%	-	-
Aeneas Portfolio Company, L.P.	23,400,000	5.37%	23,400,000	5.37%

附註：

- Jetwide Limited擁有FIL已發行股本之45%，而FIL則擁有勝山實業股份有限公司("勝山")已發行股本之80.5%。故此該等權益涉及150,275,632股重疊的股份。
- Ever Wealth Management Limited(現正清盤)("Ever Wealth")的已發行股本由楊崑山先生及其妻子楊吳彩秀夫人各擁有50%實益權益。Todaytech Asia Limited(現正清盤)("Todaytech")的全部已發行股本由Ever Wealth擁有。故此該等權益涉及45,618,683股重疊的股份。

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

- (3) The issued share capital of Nexgen Capital Limited is wholly-owned by Nexgen Re Limited, which is in turn wholly-owned by Nexgen Financial Holdings Limited, which is in turn owned as to 39% by CDC Ixis, which is in turn owned as to 53% by CIE Financiere Eulia (“CIEFE”) and as to 43.55% by Caisse Des Depots Et Consignation (“CDDEC”).

The issued share capital of CIEFE is owned as to 49.9% by Caisse Nationale Des Caisse Depargne Et De Prevoyance (“CNDCEDEP”) and as to 50.1% by CDC Holding Finance.

The issued share capital of CNDCEDEP is owned as to 35% by CDC Holding Finance which is in turn wholly-owned by CDDEC.

Therefore the long position interests are duplicated to the extent of 339,422,517 shares and that the short position interests are duplicated to the extent of 154,000,000.

The long position interests consist of 23,952,000 shares beneficially owned by Nexgen Capital Limited and 48,480,931 shares holding a call option.

- (4) These interests consist of 22,218,683 shares of the Company beneficially owned by Todaytech and interest in 23,400,000 shares pursuant to writing a put option to an independent third party.

Save as disclosed above, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the directors or chief executive of the Company, no other person (other than the directors or chief executive of the Company) had any interest or short position in the share capital or underlying shares of the Company or any associated corporations which would fall to be disclosed to the Company pursuant to Section 336 of the SFO as at 30 June 2004.

主要股東權益

- (3) Nexgen Capital Limited的已發行股本由Nexgen Re Limited全資擁有，Nexgen Re Limited則由Nexgen Financial Holdings Limited全資擁有，Nexgen Financial Holdings Limited由CDC Ixis擁有39%，CDC Ixis由CIE Financiere Eulia（「CIEFE」）和Caisse Des Depots Et Consignation（「CDDEC」）分別擁有53%及43.55%。

CIEFE的已發行股本由Caisse Nationale Des Caisse Depargne Et De Prevoyance（「CNDCEDEP」）與CDC Holding Finance分別擁有49.9%及50.1%。

CNDCEDEP的已發行股本由CDC Holding Finance擁有35%，而CDC Holding Finance則由CDDEC全資擁有。

故此，好倉權益涉及339,422,517股重疊的股份，而淡倉權益則涉及154,000,000股重疊的股份。

好倉權益包括23,952,000股由Nexgen Capital Limited實益擁有的股份，及48,480,931股涉及認購權的股份。

- (4) 該等權益包括22,218,683股由Todaytech實益擁有的本公司股份，及23,400,000股涉及給予獨立第三方認沽權的股份。

除上文所披露者外，根據本公司按照證券及期貨條例第336條存置的登記冊顯示，及根據本公司董事及主要行政人員所知，於二零零四年六月三十日，概無本公司董事及主要行政人員以外之其他人士在本公司或任何相聯法團的股本或相關股份中擁有根據證券及期貨條例第336條須向本公司披露的權益或淡倉。

INTERIM DIVIDEND

中期股息

The Board of directors has resolved not to declare any interim dividend in respect of the six months ended 30 June 2004.

董事會已議決不宣派截至二零零四年六月三十日止六個月的任何中期股息。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

購買、出售或贖回本公司之上市證券

During the six months under review, the Company had made the following purchases of its own shares:

於回顧期內六個月，本公司購回其本身股份如下：

Trading Day/Date 交易日	Number of Shares Purchased 所購回股份數目	Method of Purchase 購回方法	Highest Price Paid/Share 所付最高 每股價格 HK\$ 港元	Lowest Price Paid/Share 所付最低 每股價格 HK\$ 港元
26 Feb 2004 二零零四年二月二十六日	500,000	On the Stock Exchange 聯交所	1.50	1.39
27 Feb 2004 二零零四年二月二十七日	210,000	On the Stock Exchange 聯交所	1.59	1.50
4 Mar 2004 二零零四年三月四日	700,000	On the Stock Exchange 聯交所	1.55	1.45
5 Mar 2004 二零零四年三月五日	400,000	On the Stock Exchange 聯交所	1.45	1.41
8 Mar 2004 二零零四年三月八日	260,000	On the Stock Exchange 聯交所	1.52	1.50
9 Mar 2004 二零零四年三月九日	600,000	On the Stock Exchange 聯交所	1.51	1.49
10 Mar 2004 二零零四年三月十日	568,000	On the Stock Exchange 聯交所	1.51	1.45
11 Mar 2004 二零零四年三月十一日	330,000	On the Stock Exchange 聯交所	1.53	1.50
12 Mar 2004 二零零四年三月十二日	1,320,000	On the Stock Exchange 聯交所	1.50	1.48
15 Mar 2004 二零零四年三月十五日	820,000	On the Stock Exchange 聯交所	1.54	1.48
16 Mar 2004 二零零四年三月十六日	220,000	On the Stock Exchange 聯交所	1.54	1.53

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed financial statements for the six months ended 30 June 2004 with the directors.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in the Listing Rules throughout the accounting period covered by the interim report, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to rotation in accordance with the Company's Articles of Association.

By order of the Board
KELVIN EDWARD FLYNN
Executive director

Hong Kong, 23 September 2004

審核委員會

審核委員會已經與管理層審閱本集團採納的會計原則及慣例，並商討內部監控及財務申報事宜，包括與董事共同審閱截至二零零四年六月三十日止六個月的未經審核簡明財務報表。

最佳應用守則

董事認為，除本公司獨立非執行董事的任命並無特定期限而是依照本公司的組織章程細則輪席告退外，本公司在中期報告涵蓋的整個會計期間均遵守上市規則所載的最佳應用守則。

承董事會命
執行董事
KELVIN EDWARD FLYNN

香港，二零零四年九月二十三日

INDEPENDENT REVIEW REPORT

To the Directors of
Forefront International Holdings Limited

Introduction

We have been instructed by the Board of Directors of the Company to review the interim financial report.

Respective responsibilities of Directors and Independent Accountants

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with SSAP 25 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with SAS 700 “Engagements to review interim financial reports” issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of our review was limited as explained below. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

獨立審閱報告

致福方國際控股有限公司董事

緒言

吾等已獲 貴公司董事會之指示審閱中期財務報告。

董事及獨立會計師各自之責任

根據香港聯合交易所有限公司證券上市規則之規定，中期財務報告須遵照香港會計師公會頒佈之會計實務準則第25號「中期財務報告」及有關規定編製。中期財務報告乃董事負責編製，並已由彼等審批。

吾等之責任為根據吾等審閱工作之結果，對中期財務報告作出獨立結論，並根據吾等所協定之應聘條款，僅向作為團體之董事會報告吾等之結論，而不作其他用途。吾等不就本報告之內容，向任何其他人士負上或承擔任何責任。

進行之審閱工作

吾等乃按照香港會計師公會頒佈之核數準則第700號「應聘審閱中期財務報告」進行審閱，惟基於下列原因，吾等之審閱工作範圍受到一定之限制。審閱工作主要包括向集團管理層作出查詢及對中期財務報告進行分析程序，據此評估會計政策及呈報基準是否貫徹採用，惟若另有披露者則除外。審閱不包括控制測試及核實資產、負債和交易等審核程序。由於審閱之範圍遠較審核小，所給予之保證程度較審核低，因此，吾等不會對中期財務報告發表審核意見。

INDEPENDENT REVIEW REPORT

The scope of our review was limited in respect of the financial information of Forefront Automobile Industry Limited ("FAI"):

The condensed financial statements for the six months ended 30 June 2004 includes significant financial information of FAI for the period from 1 January 2004 to 28 May 2004 as a subsidiary and for the period from 29 May 2004 to 30 June 2004 as an associated company in the amount as shown in note 2 to the interim financial statements. Loss on partial disposal of investment in FAI in the amount of HK\$9,454,000 and the Group's share of profit of FAI for the period from 29 May 2004 to 30 June 2004 in the amount of HK\$6,206,000 being part of share of profit of an associated company have all been included in the condensed consolidated profit and loss accounts. The Group's investment in FAI as investment in an associated company in the amount of HK\$54,569,000 has also been included in the condensed consolidated balance sheet. We were unable to gain access to the accounting records and other information necessary for our review. As a result, we are unable to determine whether the financial information regarding FAI as included in the interim financial statements are fairly stated.

Fundamental uncertainty

In arriving our review conclusion, we have considered the adequacy of the disclosures made in note 19 to the condensed financial statements concerning the legal actions taken by a company holding out to be a secured creditor ("the Claimant") against the Company and a subsidiary of the Company.

As explained in more detail in note 19, the Claimant is claiming the payment of the alleged sum of HK\$8 million together with interest and costs and an order for delivery of vacant possession of the property in question by the subsidiary to the Claimant. However, the outcome of the claim is uncertain and the outcome of the litigation may have significant potential adverse effect on the financial position of the Group. The condensed financial statements do not include any adjustments that would arise in the event should the Group be unable to successfully defend this litigation.

獨立審閱報告

吾等之審閱工作範圍在福方汽車工業股份有限公司(「福方汽車工業」)的財務資料方面受到限制：

截至二零零四年六月三十日止六個月之簡明財務報表包括福方汽車工業從二零零四年一月一日起至二零零四年五月二十八日止期間作為附屬公司及從二零零四年五月二十九日起至二零零四年六月三十日止作為聯營公司的重要財務資料，其數額載於中期財務報表附註2。出售於福方汽車工業之部分投資所產生之虧損為數9,454,000港元及 貴集團應佔福方汽車工業從二零零四年五月二十九日起至二零零四年六月三十日止期間之溢利為數6,206,000港元(該數額作為部分分佔聯營公司溢利呈列)，全部均已載入簡明綜合損益賬內。簡明綜合資產負債表亦已載入 貴集團於福方汽車工業之投資(作為於聯營公司的投資)為數54,569,000港元。吾等未能獲得吾等進行審閱工作所需之會計紀錄及其他資料，因此，吾等不能確定中期財務報表所載有關福方汽車工業之財務資料是否公允地呈列。

基本不明朗因素

在作出審閱結論時，吾等已考慮簡明財務報表附註19所載有關一間公司自稱為有抵押債權人(「申索人」)並對 貴公司及 貴公司之一間附屬公司採取法律行動之披露是否足夠。

誠如附註19所詳述，申索人提出申索，要求支付所指稱之8,000,000港元另加其利息及成本，並要求命令該附屬公司向申索人交出該物業的空置管有權。然而，該項申索之結果仍不明朗，而該訴訟之結果可能對 貴集團之財務狀況產生重大潛在不利影響。簡明財務報表並無包括倘若 貴集團在該項訴訟中未能成功抗辯可能產生之任何調整。

INDEPENDENT REVIEW REPORT

獨立審閱報告

Modified review conclusion arising from limitation of review scope

Because of the significance of the possible effect of the limitation in the scope of our work and the fundamental uncertainty regarding the outcome of the outstanding litigation, we are unable to reach a review conclusion as to whether material modification should be made to the interim financial report for the six months ended 30 June 2004.

Moores Rowland Mazars
Chartered Accountants
Certified Public Accountants

Hong Kong, 23 September 2004

因審閱範圍受限制而修訂審閱結論

因吾等之審閱工作範圍受到限制及有關未完結訴訟之結果存在基本不明朗因素，其可能產生重大影響，故吾等就有關截至二零零四年六月三十日止六個月之中期財務報告是否應作出重大修訂，未能達致審閱結論。

摩斯倫•馬賽會計師事務所
特許會計師
執業會計師

香港，二零零四年九月二十三日