



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)



2005 Interim Report
中期報告

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CORPORATE INFORMATION

DIRECTORS

Mr. Kelvin Edward Flynn (*Executive Director*)
Mr. Arne Karlsson (*Non-Executive Director*)
Mr. Paul Gerard Davies (*Non-Executive Director*)
Mr. Cosimo Borrelli (*Non-Executive Director*)
Mr. Lau Siu Ki, Kevin* (*Independent Non-executive Director*)
Mr. Cheong Ying Chew, Henry*
(*Independent Non-executive Director*)
Mr. Alistair Macleod* (*Independent Non-executive Director*)

CHIEF EXECUTIVE

Mr. Liu Chen Wei, Jerry (*Chief Executive Officer*)

* *Member of Audit Committee*

QUALIFIED ACCOUNTANT

Ms Lo Mei Lan

COMPANY SECRETARY

Ms Lo Mei Lan

AUDITORS

Moore's Rowland Mazars

PRINCIPAL BANKERS

Standard Chartered Bank
Hua Nan Commercial Bank
Chiao Tung Bank
The International Commercial Bank of China
Chang Hwa Bank

HONG KONG LEGAL ADVISERS

Johnson Stokes and Master

CAYMAN ISLANDS LEGAL ADVISERS

Maples and Calder Asia

公司資料

董事

Kelvin Edward Flynn先生 (執行董事)
Arne Karlsson先生 (非執行董事)
Paul Gerard Davies先生 (非執行董事)
Cosimo Borrelli先生 (非執行董事)
劉紹基先生* (獨立非執行董事)
張英潮先生*
(獨立非執行董事)
Alistair Macleod先生* (獨立非執行董事)

主要行政人員

劉振偉先生 (行政總裁)

* 審核委員會成員

合資格會計師

盧美蘭女士

公司秘書

盧美蘭女士

核數師

摩斯倫•馬賽會計師事務所

主要往來銀行

渣打銀行
華南商業銀行
交通銀行
中國國際商業銀行
彰化銀行

香港法律顧問

孖士打律師行

開曼群島法律顧問

Maples and Calder Asia

CORPORATE INFORMATION

REGISTERED OFFICE

P. O. Box 309, Ugland House,
South Church Street, George Town,
Grand Cayman, Cayman Islands,
British West Indies

PRINCIPAL PLACE OF BUSINESS

1/F, Forefront Cyber Centre
9 Fui Sha Wai Lane
Tong Yan San Tsuen
Yuen Long, N.T.
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
G/F, Bank of East Asia Harbour View Centre
56 Gloucester Road, Wan Chai
Hong Kong

STOCK CODE

885

WEBSITE

www.forefront.com.hk

公司資料

註冊辦事處

P.O. Box 309, Ugland House,
South Church Street, George Town,
Grand Cayman, Cayman Islands,
British West Indies

主要營業地點

香港
新界元朗
唐人新村
灰沙圍里9號
福方數碼中心1字樓

香港股份過戶登記處

登捷時有限公司
香港
灣仔告士打道56號
東亞銀行港灣中心地下

股份代號

885

網址

www.forefront.com.hk

The Board of Directors (the “Directors”) of Forefront International Holdings Limited (“the Company”) reports the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2005

福方國際控股有限公司(「本公司」)董事會(「董事會」)謹此匯報本公司及其附屬公司(統稱「本集團」)截至二零零五年六月三十日止六個月之未經審核綜合中期業績如下：

簡明綜合損益帳

截至二零零五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	30 June		
		2005	2004		
		二零零五年	二零零四年		
		六月三十日	六月三十日		
Note		HK\$'000	HK\$'000		
附註		千港元	千港元		
		(Unaudited)	(Unaudited)		
		(未經審核)	(未經審核)		
	Turnover	營業額	3	61,498	416,915
	Cost of sales and services	銷售及服務成本		(52,990)	(336,635)
	Gross profit	毛利		8,508	80,280
	Other revenue	其他收入		1,199	2,194
	Distribution and selling expenses	分銷及銷售開支		(669)	(4,655)
	General and administrative expenses	一般及行政開支	15	(30,310)	(60,465)
	Provision for finance lease receivables	融資租賃應收款項撥備		-	(14,612)
	(Loss)/profit from operations	經營(虧損)/溢利	4	(21,272)	2,742
	Interest expenses	利息支出		(1,895)	(6,469)
	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 an associate	所佔聯營公司溢利		-	5,420
	Loss before taxation	除稅前虧損		(23,167)	(31,403)
	Taxation	稅項	5	-	(2,437)
	Loss for the period	期內虧損		(23,167)	(33,840)
	Attributable to:	以下人士應佔：			
	Equity holders of the parent	母公司股權持有人		(23,167)	(33,840)
	Minority interests	少數股東權益		-	-
				(23,167)	(33,840)
	Dividend	股息		-	-
	Loss per share – basic (HK cents)	每股虧損 – 基本(港仙)	6	(5.31)	(7.73)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

簡明綜合資產負債表

於二零零五年六月三十日

			As at 30 June 2005 於二零零五年 六月三十日	As at 31 December 2004 於二零零四年 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		非流動資產		
Property, plant and equipment	8	物業、廠房及設備	45,203	53,764
Interests in unconsolidated subsidiaries	9	於未綜合附屬公司之權益	149,054	149,054
Amounts due from unconsolidated subsidiaries	9	應收未綜合 附屬公司款項	1,210	1,130
Investment securities	10	投資證券	-	-
Land lease prepayment		土地租賃預付款項	2,421	2,450
Total non-current assets		非流動資產總值	197,888	206,398
Current assets		流動資產		
Inventories		存貨	48,874	35,847
Trade and other receivables	11	應收貿易帳款及其他應收款項	63,069	68,801
Bank balances and cash		銀行結存及現金	9,692	14,311
Total current assets		流動資產總值	121,635	118,959
Current liabilities		流動負債		
Trade and other payables	12	應付貿易帳款及其他應付款項	(34,127)	(26,598)
Amounts due to unconsolidated subsidiaries	9	應付未綜合 附屬公司款項	(46,901)	(41,003)
Provision for litigation	15	訴訟撥備	(7,000)	-
Current portion of unsecured interest-bearing borrowings		無抵押計息銀行 借貸之即期部份	(15,610)	(5,854)
Zero coupon convertible bonds	13	零息票可換股債券	(71,330)	-
Taxation payable		應付稅項	(1,536)	(1,536)
Total current liabilities		流動負債總值	(176,504)	(74,991)
Net current (liabilities)/assets		流動(負債)/資產淨額	(54,869)	43,968
Total assets less current liabilities		資產總值減流動負債	143,019	250,366

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2005

簡明綜合資產負債表

於二零零五年六月三十日

			As at 30 June 2005 於二零零五年 六月三十日	As at 31 December 2004 於二零零四年 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 unsecured interest-bearing borrowings	長期無抵押計息銀行借貸		-	(9,756)
Zero coupon convertible bonds	零息票可換股債券	13	-	(69,930)
Total non-current liabilities	非流動負債總額		-	(79,686)
Net assets	資產淨值		143,019	170,680
Represented by:	包括：			
Issued capital	已發行資本	14	43,577	43,577
Reserves	儲備	8	241,436	245,930
Accumulated deficit	累積虧絀		(141,994)	(118,827)
Equity attributable to equity holders of the parent	母公司股權 持有人應佔股權		143,019	170,680
Minority interests	少數股東權益		-	-
Total equity	股權總值		143,019	170,680

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

簡明綜合股東權益變動報表

截至二零零五年六月三十日止六個月

Six months ended 30 June 2005 (unaudited)

截至二零零五年六月三十日止六個月 (未經審核)

		Issued capital 已發行 股本	Share premium 股份溢價	Capital reserve 資本儲備	Capital	Property	Exchange reserve 匯兌儲備	Accumulated deficit 累積虧絀	Total	Minority Interests 少數股東 權益	Total equity 股權總值
					redemption reserve 儲備	revaluation reserve 儲備					
		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	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Beginning of period	期初	43,577	235,491	10,482	1,173	4,505	(5,721)	(118,827)	170,680	-	170,680
Translation adjustments	匯兌調整	-	-	-	-	-	11	-	11	-	11
Revaluation	土地及建築物 重估虧損	-	-	-	-	(4,505)	-	-	(4,505)	-	(4,505)
Loss for the period	期內虧損	-	-	-	-	-	-	(23,167)	(23,167)	-	(23,167)
End of period	期終	43,577	235,491	10,482	1,173	-	(5,710)	(141,994)	143,019	-	143,019

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)

		Issued capital 已發行 股本	Share premium 股份溢價	Capital reserve 資本儲備	Capital	Property	Exchange reserve 匯兌儲備	Accumulated deficit 累積虧絀	Total	Minority Interests 少數股東 權益	Total equity 股權總值
					redemption reserve 儲備	revaluation reserve 儲備					
		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	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Beginning of period	期初	44,170	243,800	10,482	580	3,197	(5,790)	(62,874)	233,565	-	233,565
Translation adjustments	匯兌調整	-	-	-	-	-	5,698	-	5,698	-	5,698
Repurchase of shares	購回股份	(593)	(8,309)	-	593	-	-	(593)	(8,902)	-	(8,902)
Disposal of property	出售物業	-	-	-	-	(141)	-	-	(141)	-	(141)
Loss for the period	期內虧損	-	-	-	-	-	-	(33,840)	(33,840)	-	(33,840)
End of period	期終	43,577	235,491	10,482	1,173	3,056	(92)	(97,307)	196,380	-	196,380

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2005

簡明綜合現金流量報表

截至二零零五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	30 June
		2005	2004
		二零零五年	二零零四年
		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	(4,747)	(89,206)
Net cash generated			
from investing activities	投資活動所得現金淨額	565	28,237
Net cash (used in)/generated	融資活動(所用)/所得		
from financing activities	現金淨額	(448)	41,206
Decrease in cash and	現金及現金等		
cash equivalents	值物減少	(4,630)	(19,763)
Cash and cash equivalents	期初的現金及		
at beginning of period	現金等值物	14,311	52,447
Effect on cumulative	累計匯兌		
translation adjustments	調整影響	11	3,575
Cash and cash equivalents	期終的現金及		
at end of period	現金等值物	9,692	36,259
Analysis of cash and			
cash equivalents	現金及現金等值物分析		
Bank balances and cash	銀行結存及現金	9,692	36,259

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2005

簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

Forefront International Holdings Limited (“the Company”) was incorporated in the Cayman Islands on 10 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.

These interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”), Hong Kong Accounting Standard (“**HKAS**”) 34: Interim Financial Reporting, other relevant HKASs and Interpretations and Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 December 2004, except for the new adoption of policies as disclosed in Note 2.

Taiwan Subsidiaries

Reference is made to the Company’s annual report for the twelve months ended 31 December 2004, and to the announcement of the Company dated 5 May 2005. In early 2005, the Group became involved in a dispute concerning control of its Taiwanese operations. Certain former members of the Board are actively obstructing the Group’s legitimate exercise of control over its subsidiaries operating in Taiwan, namely Forefront International Automotive Limited Taiwan Branch (“**FIAL Taiwan**”), Sunshine Credit Limited (“**SSC**”) and U-Drive Smart Card Company Limited (collectively referred to as “**Taiwan Subsidiaries**”). As a result, the Group presently does not have full control over the Taiwan Subsidiaries. The Group has also been denied access to information relevant to its residual 38% investment in Forefront Automobile Industry Limited (“**FAIL**”), which operates an assembly plant in Taiwan.

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於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。本公司股份自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。

此等中期財務報表乃根據香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十六之適用披露規定,以及按香港會計師公會(「香港會計師公會」)頒佈之香港會計準則(「香港會計準則」)第34號:中期財務報告及其他相關香港會計準則及詮釋,以及香港財務報告準則(「香港財務報告準則」)而編製。

編製此等未經審核簡明綜合中期財務報表所採用之會計政策與本集團截至二零零四年十二月三十一日止年度經審核財務報表所採用者貫徹一致,惟附註2所披露之新採納者除外。

台灣附屬公司

謹此提述本公司截至二零零四年十二月三十一日止十二個月之年報及本公司於二零零五年五月五日刊發之公佈。於二零零五年初,本集團涉及一宗有關其台灣業務控制權之紛爭。若干前董事會成員積極阻撓本集團對於其於台灣經營之附屬公司英屬維京群島商福方國際汽車股份有限公司(「福方國際汽車」)、勝山財務股份有限公司(「勝山」)及任我行智慧卡有限公司(統稱「台灣附屬公司」)行使合法控制權。故此,本集團目前對台灣附屬公司並無全面控制權。本集團被拒絕查閱有關其於福方汽車工業股份有限公司(「福方汽車工業」)於台灣經營一家組裝廠)其餘38%投資之資料。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2005

簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(continued)*

Taiwan Subsidiaries *(continued)*

The Board has taken active steps to restore control over the Taiwan Subsidiaries and significant progress has been made in Taiwan towards restoration of the business. Control of SSC was achieved in June 2005 and the accuracy and reliability of the available management accounts are now under examination. In August 2005, certain books and records of FIAL were returned and the audit of the financial statements of FIAL for the period ended 31 December 2004 was completed by Pyramid Certified Public Accountants, the appointed Taiwan external auditor who is a member of Moores Rowland International.

Due to the issues impacting the Group's Taiwan operations described above, the Directors, despite having taken all reasonable steps, were not able to satisfy themselves as to the accuracy and reliability of the available financial information of the Group's Taiwan Subsidiaries for the period and for the year ended 31 December 2004. Accordingly, the Directors were unable to satisfy themselves that the results, assets and liabilities of these subsidiaries were properly recorded and fairly stated in the management accounts.

1 呈報基準及會計政策 *(續)*

台灣附屬公司 *(續)*

董事會一直採取積極措施以便恢復對台灣附屬公司之控制權，並於台灣在恢復業務問題上取得重大進展。於二零零五年六月已獲得勝山之控制權，現並對其管理帳目進行準確性及可靠性審查。於二零零五年八月，福方國際汽車之若干帳冊及紀錄已經歸還，而福方國際汽車截至二零零四年十二月三十一日止期間之財務報表之審核工作已經由獲委任之台灣外聘核數師眾智聯合會計師事務所（摩斯倫國際會計師事務所之成員公司）完成。

鑑於上文所載有關影響本集團台灣業務之事宜，董事即使已採取一切合理措施，惟仍未能信納本集團台灣附屬公司於期內及截至二零零四年十二月三十一日止年度可取得之財務資料之準確性及可靠性。因此，董事未能信納該等附屬公司之業績、資產及負債已妥為記錄並已於管理帳目中公平列載。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2005

簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(continued)*

Taiwan Subsidiaries *(continued)*

As a result, the financial statements of the Taiwan Subsidiaries have not been included in the condensed consolidated financial statements of the Group for the period ended 30 June 2005 and for the year ended 31 December 2004 as, in the opinion of the Directors, the inclusion of these financial statements may result in an inaccurate picture of the Group's financial position and performance. Whilst the directors considered that the exclusion of these subsidiaries was the best way of presenting the Group's financial position and results for the year in the circumstances, the reason for the exclusion is not one of the reasons for exclusion provided for in HKAS 27 "Consolidated and separate financial statements" issued by HKICPA ("**HKAS 27**") and, in this respect, the financial statements were not in compliance with HKAS 27. For this reason, and the uncertainties impacting the Group's operations in Taiwan, the Company's auditors were not able to reach a review conclusion for the period ended 30 June 2005 and disclaimed their opinion on the financial statements of the Group for the year ended 31 December 2004.

For the same reasons stated above, the 2005 condensed consolidated interim financial statements have excluded the results for the period and financial positions as at 30 June 2005 of the Taiwan Subsidiaries, which form a significant part of the Group. As a result, the 2005 figures in the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement are not comparable with the 2004 figures. In addition, the results of the Taiwan Subsidiaries were included in the condensed consolidated income statement for the six months ended 30 June 2004 but were excluded from the consolidated balance sheet as at 31 December 2004.

1 呈報基準及會計政策 *(續)*

台灣附屬公司 *(續)*

因此，台灣附屬公司之財務報表並無計入本集團截至二零零五年六月三十日止期間及截至二零零四年十二月三十一日止年度之簡明綜合財務報表，皆因董事認為，計入該等財務報表或會導致本集團之財務狀況及表現有欠準確。儘管董事認為不將此等附屬公司綜合入帳是在此情況下呈報本集團在本年度之財務狀況及業績之最佳做法，惟不將此等附屬公司綜合入帳之原因，並非香港會計師公會頒佈之香港會計準則第27號「綜合及獨立財務報表」(「**香港會計準則第27號**」)規定之原因之一，就此而言，財務報表並不符合香港會計準則第27號。基於此原因及影響本集團台灣業務營運之不明朗因素，本公司的核數師未能就截至二零零五年六月三十日止期間達致審閱結論，故就本集團截至二零零四年十二月三十一日止年度之財務報表不發表意見。

基於上述相同原因，二零零五年之綜合中期財務報表並不包括台灣附屬公司(屬本集團一重要部份)於本期間業績及於二零零五年六月三十日之財政狀況。因此，簡明綜合損益帳、簡明綜合股東權益變動報表及簡明現金流量報表內二零零五年之數字不可與二零零四年之數字直接互相比較。此外，台灣附屬公司之業績已包括於截至二零零四年六月三十日止六個月之簡明綜合損益帳內，但並未包括於二零零四年十二月三十一日之綜合資產負債表內。

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1 STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(continued)*

Taiwan Subsidiaries *(continued)*

Despite the issues noted above, it is the opinion of the Directors that it is appropriate to apply the going concern basis in preparing the unaudited consolidated condensed financial statements. The Board is presently implementing plans to secure control over the Group's operations in Taiwan. By working closely with Scania and other key stakeholders, the Board is committed to maximising shareholder value by ensuring the future stability of the Group's operations, including Taiwan.

The Group's share of the net assets of its Taiwan Subsidiaries, based on audited financial information as at 31 December 2003 and totaling HK\$149,054,000, has been included in the unaudited condensed consolidated balance sheet as interests in unconsolidated subsidiaries.

The unaudited consolidated condensed financial statements have been reviewed by the Audit Committee. In addition, the auditors, Moores Rowland Mazars, have reviewed the interim financial report in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial report", issued by the HKICPA. The full version of the review report from Moores Rowland Mazars is attached hereto.

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 2004.

1 呈報基準及會計政策 *(續)*

台灣附屬公司 *(續)*

雖有上文所述問題，惟董事認為採用持續經營基準編製未經審核綜合簡明財務報表實屬適當。董事會目前正敲定有關確保取得本集團台灣業務控制權之計劃。透過與Scania及其他主要利益各方緊密合作，董事會致力透過確保本集團的業務營運（包括台灣）日後的穩定性，盡量提升股東價值。

根據於二零零三年十二月三十一日之經審核財務資料，本集團分佔台灣附屬公司之資產淨值合共149,054,000港元，在未經審核簡明綜合資產負債表中已列作於未綜合附屬公司之權益。

本未經審核綜合簡明財務報表已由審核委員會審閱。此外，核數師摩斯倫•馬賽會計師事務所已根據香港會計師公會發出之核數準則第700號「審閱中期財務報告的委聘」審閱中期財務報告。隨附摩斯倫•馬賽會計師事務所之審閱報告全文。

本未經審核綜合簡明財務報表應與本集團於二零零四年十二月三十一日及截至該日止年度之全年帳目一併閱覽。

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截至二零零五年六月三十日止六個月

2 IMPACT OF NEW HKFRS AND HKASs

In the current period, the Group has applied, for the first time, a number of new HKASs and Interpretations (hereinafter collectively referred to as “**New HKFRSs**”) issued by HKICPA which are effective for accounting periods beginning on or after 1 January 2005. The effects of adoption of the New HKFRSs are detailed below.

HKAS 1	Presentation of financial statements
HKAS 17	Leases
HKAS 32	Financial instruments: disclosure and presentation
HKAS 39	Financial Instruments: recognition and measurement

These HKASs prescribe new accounting measurement and disclosure practices. The major and significant effects of the adoption of these HKASs on the Group’s accounting policies and on amounts disclosed in the interim financial statements are summarised as follows:

- (a) Leasehold land and buildings were previously carried at their revalued amount. In accordance with the provisions of HKAS 17, where the total payment at the inception of the lease can be allocated reliably into the land element and building element, the payment for the land element is treated as an operating lease and amortised over the term of the lease. If the land and building elements cannot be allocated reliably at the inception of the lease, both elements will continue to be treated as a finance lease and carried at valuation under HKAS 16.

2 新香港財務報告準則及香港會計準則之影響

於本期間，本集團首次採用香港會計師公會頒佈之多項新訂香港會計準則及詮釋（以下統稱「**新香港財務報告準則**」），該等準則於二零零五年一月一日或之後開始之會計期間生效。採納新香港財務報告準則之影響詳述如下。

香港會計準則第1號	財務報表之呈報
香港會計準則第17號	租賃
香港會計準則第32號	財務工具：披露及呈報
香港會計準則第39號	財務工具：確認及計量

此等香港會計準則訂明新會計計量及披露慣例。採納此等香港會計準則對本集團會計政策及於中期財務報表所披露金額之主要及重大影響概述如下：

- (a) 租賃土地及樓宇以往按重估金額列帳。根據香港會計準則第17號之條文，倘租賃開始時之總付款額能可靠地分配至土地部份及樓宇部份，則土地部份之付款額會被當作經營租賃處理，並按租賃年期攤銷。倘土地及樓宇不可能於租賃開始時可靠地分配，則根據香港會計準則第16號，土地及樓宇部份將繼續當作融資租賃處理及按估值模式列帳。

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2 IMPACT OF NEW HKFRS AND HKASs

(continued)

The revaluation reserve on the leasehold land is de-recognised and related deferred taxation reversed. The cost of the land premium/lease paid is reflected as a prepayment under non-current assets and amortised over the remaining lease term. The change in accounting policy is adopted retrospectively and reflected by way of prior year adjustment and restatement of comparative figures. At the balance sheet date, HK\$2,421,000 (31 December 2004: HK\$2,450,000) was reclassified from property, plant and equipment as land lease prepayment.

- (b) In prior periods, the Group's convertible bonds were stated in the balance sheet at face value. With effect from 1 January 2005, in accordance with HKAS 39, convertible bonds issued should be split into their liability and equity components at initial recognition by recognising the liability component at its fair value and attributing to the equity component the difference between the proceeds from the issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the capital reserve until the bond is either converted (in which case it is transferred to share premium) or the bond is redeemed (in which case it is released directly to retained profits).

After taking into account an independent valuation conducted by Grant Sherman Appraisal Limited, the directors consider the equity component of the convertible bonds to be immaterial to the financial statements and therefore no adjustment to the opening balance of the Capital Reserve or to the carrying value of the liability component of the convertible bonds is made in this respect.

2 新香港財務報告準則及香港會計準則之影響 (續)

租賃土地之重估儲備已不再確認，而相關之遞延稅項已經撥回。土地溢價之成本／已付租賃反映作非流動資產項下之預付款項，並按餘下租賃年期攤銷。會計政策之變動已追溯應用，並以上年度調整及重列比較數字之方式作出反映。於結算日，來自物業、廠房及設備之2,421,000港元（二零零四年十二月三十一日：2,450,000港元）已重新分類為土地租賃預付款項。

- (b) 於往期間，本集團之可換股債券乃按面值於資產負債表內列帳。由二零零五年一月一日起，根據香港會計準則第39號，已發行之可換股債券透過按公平值確認負債部份及股本部份應佔發行所得款項與負債部份公平值之差額，於初次確認時分為彼等之負債及股本部份。負債部份最終按攤銷成本入帳。股本部份則在資本儲備中確認，直至債券被兌換（在其被轉移至股份溢價之情況下）或債券被贖回（在其被直接解除至保留溢利之情況下）為止。

經考慮由中證評估有限公司進行之獨立估值報告後，董事認為可換股債券之股本部份對財務報表佔非常輕微的影響，故並無對資本儲備之期初餘額或可換股債券之負債部份之帳面值就此方面作出任何調整。

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2 IMPACT OF NEW HKFRS AND HKASs

(continued)

- (c) In prior periods, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group were also separately presented in the condensed consolidated and income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2005, in order to comply with HKAS 1, minority interests at the balance sheet date should be presented in the condensed consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group should be presented on the face of the condensed consolidated and income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

2 新香港財務報告準則及香港會計準則之影響 (續)

- (c) 於往期間，於結算日之少數股東權益在資產負債表內獨立於負債呈列及用作扣減資產淨值。而少數股東權益在集團業績內亦獨立呈列於簡明綜合損益帳中及用作計算股東應佔盈利前之扣減。

自二零零五年一月一日起，為符合香港會計準則第1號，在結帳日，於簡明綜合資產負債表內少數股東權益乃歸入權益，並與母公司股權持有人應佔權益分別呈列，而於集團期內業績，少數股東權益則與母公司股權持有人一同分配期內盈利或虧損總額及呈列在簡明綜合損益帳內。

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截至二零零五年六月三十日止六個月

2 IMPACT OF NEW HKFRS AND HKASs

(continued)

The presentation of minority interests in the condensed consolidated balance sheet, condensed consolidated income statement and condensed consolidated statement of changes in equity for the comparative period has been restated accordingly.

At the date of authorisation of these condensed consolidated financial statements, the HKICPA has issued the following standards and interpretations that are not yet effective:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plan and Disclosures
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Liabilities, Cash Flow Hedge Accounting of Forecast Intragroup Transactions and the Fair Value Option
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS Interpretation 4	Determining whether an Arrangement contains a lease
HKFRS Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The Directors anticipate that the adoption of these new HKFRS in the future periods will have no material impact on the results of the Group.

2 新香港財務報告準則及香港會計準則之影響 (續)

簡明綜合資產負債表、簡明綜合損益帳及簡明綜合權益變動表之少數股東權益之呈列已分別重列於比較期內：

於此等簡明綜合財務報表獲批准之日期，香港會計師公會已頒佈下列尚未生效之標準及詮釋。

香港會計準則第19號 (經修訂)	實際盈虧、集團計劃及披露事宜
香港會計準則第39號 (經修訂)	財務資產及負債之過渡及首次確認、集團內公司間之交易之現金流量對沖會計法，以及公平值選擇權
香港財務報告準則第6號	礦物資源之開採及評估
香港財務報告準則註釋第4號	決定一項安排是否載有租賃
香港財務報告準則註釋第5號	獲得因退役、復修及環境保護資金產生之權益之權利

董事預期，採納此等新香港財務報告準則在往後期間不會對本集團之業績構成重大影響。

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簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

3 SEGMENTAL INFORMATION

Business segment

The Group is principally engaged in the distribution of motor trucks, coaches and vehicle accessories, provision of motor vehicle repair and maintenance services, provision of other motor vehicle related services and motor vehicle financing. An analysis by business segment is as follows: –

3 分類資料

業務分類

本集團主要從事分銷貨車、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及汽車融資。按業務分類分析如下：–

		Six months ended 30 June 2005 (Unaudited)						
		截至二零零五年六月三十日止六個月 (未經審核)						
		Provision of						
		Distribution of	Provision of	other motor	Motor	Assembling		
		trucks, coaches	repair and	vehicle	vehicle	of motor		
		and vehicles	maintenance	related	vehicle	of motor		
		accessories	services	services	financing	vehicles	Eliminations	Total
		分銷貨車、	提供	提供				
		旅遊巴士及	汽車維修	其他汽車				
		車輛零配件	保養服務	相關服務	汽車融資	組裝汽車	對銷	總計
		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
Turnover	營業額							
Sales to external customers	對外間客戶銷售	47,216	11,762	2,520	-	-	-	61,498
Inter-segment sales	分類業務間銷售	-	3,209	96	-	-	(3,305)	-
Total turnover	總營業額	47,216	14,971	2,616	-	-	(3,305)	61,498
Operating results	經營業績							
Segment results	分類業績	(2,865)	(2,719)	2,228	344	-	2,046	(966)
Unallocated corporate expenses	未分配公司開支							(20,453)
Unallocated corporate interest expenses	未分配公司利息支出							(1,748)
Loss attributable to the shareholders	股東應佔虧損							(23,167)

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簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

3 SEGMENTAL INFORMATION (continued)

Business segment (continued)

3 分類資料 (續)

業務分類 (續)

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)

		Provision of						
		Distribution of trucks, coaches and vehicles accessories 分銷貨車、 旅遊巴士及 車輛零配件 HK\$'000 千港元	Provision of repair and maintenance services 提供 汽車維修 保養服務 HK\$'000 千港元	other motor vehicle related services 提供 其他汽車 相關服務 HK\$'000 千港元	Motor vehicle financing 汽車融資 HK\$'000 千港元	Assembling of motor vehicles 組裝汽車 HK\$'000 千港元	Eliminations	Total
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	(3,328)	(11,401)	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 an associate	分佔聯營公司溢利							5,420
Taxation	稅項							(2,437)
Loss attributable to the shareholders	股東應佔虧損							(33,840)

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簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

4 (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations has been arrived at after charging: –

4 經營(虧損)/溢利

經營(虧損)/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	
		2005	2004
		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
Depreciation	折舊	2,965	5,883
Amortisation of goodwill	商譽攤銷	–	470
Provision for finance lease receivables	融資租賃應收款項撥備	–	14,612
Staff costs and related expenses	員工成本及相關開支	8,795	37,713
Provision for Litigation	訴訟撥備	7,000	–
Gain on disposal of land and building	出售土地及建築物之收益	–	148

5 TAXATION

No profits tax has been provided for as, in the opinion of the directors, the Group has no assessable profit arising in or derived from Hong Kong for the period.

5 稅項

董事認為，由於本集團期內並無於香港產生或因香港衍生任何應課稅溢利，故並未就利得稅作撥備。

		Six months ended 30 June	
		截至六月三十日止六個月	
		2005	2004
		二零零五年	二零零四年
		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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2005

6 LOSS PER SHARE

The calculation of basic earnings per share is based on the consolidated loss attributable to shareholders for the period of approximately HK\$23,167,000 (six months ended 30 June 2004: HK\$33,840,000) and on the weighted average of 435,772,000 shares (six months ended 30 June 2004: 438,012,769 shares) in issue during the period. No dilutive earnings per share is presented as the effect of conversion of the convertible bonds into ordinary shares is not considered since the average market price of the Company's shares was substantially lower than the conversion price during both periods ended 30 June 2005 and 2004.

簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

6 每股虧損

每股基本盈利乃按期間內股東應佔綜合虧損約23,167,000港元(截至二零零四年六月三十日止六個月: 33,840,000港元)及期間內已發行股份的加權平均數435,772,000股(截至二零零四年六月三十日止六個月: 438,012,769股)計算。由於並無考慮將可換股票據兌換為普通股之影響,而截至二零零五年及二零零四年六月三十日止期間內本公司股份之平均市價乃低於換股價,故並無呈列該兩段期間之每股攤薄盈利。

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截至二零零五年六月三十日止六個月

7 RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2005, the Group had the following significant related party transactions: –

7 有關連人士交易

截至二零零五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	
		2005	2004
		二零零五年	二零零四年
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
Management fee paid to RSM Nelson Wheeler Corporate Advisory Services Limited (Note i)	已付羅申美企業顧問有限公司之管理費(附註i)	3,000	–
Sales to Forefront Automobile Industry Limited	銷售予福方汽車工業股份有限公司	–	44
Purchases from:	購自		
– Scania CV AB (Note ii)	– Scania CV AB (附註ii)	7,955	–
– Forefront Automobile Industry Limited (Note iii)	– 福方汽車工業股份有限公司(附註iii)	–	53,539
– Forefront International Automotive Limited (Note vii)	– 福方國際汽車股份有限公司(附註vii)	6,345	–
Warranty claims received from Scania CV AB (Note ii)	已收Scania CV AB的保固承擔(附註ii)	109	–
Rental income received/receivable from:	已收/應收租金收入		
– Forefront Motors (Hong Kong) Limited (In Liquidation) (Note iv)	– 福方汽車(香港)有限公司(清盤中)(附註iv)	–	120
– Sunshine Finance Co Ltd (Note iv)	– 勝山實業股份有限公司(附註iv)	–	9
Management fee income received/receivable from:	已收/應收以下公司的管理費收入		
– Sunshine Finance Co., Ltd. (Note iv)	– 勝山實業股份有限公司(附註iv)	–	55
– Achieve Leasing Co., Ltd. (Note v)	– 福企租賃股份有限公司(附註v)	–	42
– Fuyo Leasing Co., Ltd. (Note v)	– 福友租賃股份有限公司(附註v)	–	42
– Fully Leasing Co., Ltd. (Note v)	– 福兆租賃股份有限公司(附註v)	–	42
– Forth Leasing Co., Ltd. (Note v)	– 福之租賃股份有限公司(附註v)	–	42
– Fortune Leasing Co., Ltd. (Note v)	– 福川租賃股份有限公司(附註v)	–	42
– Free Leasing Co., Ltd. (Note v)	– 福立租賃股份有限公司(附註v)	–	42
– Future Leasing Co., Ltd. (Note v)	– 福昌租賃股份有限公司(附註v)	–	42
– Fund Leasing Co., Ltd. (Note v)	– 福采租賃股份有限公司(附註v)	–	42
– Forefront Automobile Industry Limited (Note iii)	– 福方汽車工業股份有限公司(附註iii)	–	23
Rental expenses in respect of office premises & workshop paid /payable to:	已付/應付辦公室物業及廠房租金開支		
– Forefront International Limited (In Liquidation) (Note iv)	– 福方股份有限公司(清盤中)(附註iv)	–	1,567
– Ms Cheng Mei Lin (Note vi)	– 鄭美玲女士(附註vi)	–	4
– Forefront Automobile Industry Limited (Note iii)	– 福方汽車工業股份有限公司(附註iii)	–	23
Interest expenses paid to Forefront Automobile Industry Limited (Note iii)	已付福方汽車工業股份有限公司利息支出(附註iii)	–	115
Repair and maintenance service fees paid to Ankor Services Limited In Liquidation) (Note iv)	已付安佳汽車維修有限公司的維修及保養費(清盤中)(附註iv)	–	99
Sale of furniture & equipment to:	銷售傢具及設備予		
– Forefront Motors (Hong Kong) Limited (In Liquidation) (Note iv)	– 福方汽車(香港)有限公司(清盤中)(附註iv)	–	4
– Forefront Automobile Industry Limited (Note iii)	– 福方汽車工業股份有限公司(附註iii)	–	19

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For the six months ended 30 June 2005

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7 RELATED PARTY TRANSACTIONS

(continued)

Notes:

- (i) RSM Nelson Wheeler Corporate Advisory Services Limited ("RSM"), is a connected person by virtue of it being an associate of Mr. Kelvin Edward Flynn and Mr. Cosimo Borrelli who are both directors of the Company. In addition, Mr. Flynn and Mr. Borrelli are the joint and several liquidators of a substantial shareholder and two other shareholders of the Company. The engagement between RSM and the Company terminated on 7 July 2005, and was replaced by an engagement with Alvarez & Marsal Asia Limited.
- (ii) A substantial shareholder since 12 May 2005, and the Group's main supplier.
- (iii) Forefront Automobile Industry Limited ("FAIL") is an associate in Taiwan, in which the Group had a 38% interest as at 30 June 2005. FAIL was an indirect wholly-owned subsidiary of the Company prior to 29 May 2004.
- (iv) Forefront International Limited (In Liquidation) ("FIL") is a substantial shareholder of the Company, and Sunshine Finance Co., Ltd., Forefront Motors (Hong Kong) Limited (In Liquidation) ("FMHK") and Ankor Services Limited (In Liquidation) ("Ankor") are subsidiaries of Forefront International Limited. Mr. Kelvin Edward Flynn and Mr. Cosimo Borrelli are appointed Joint and Several Liquidators of FIL, FMHK and Ankor.

7 有關連人士交易 (續)

附註：

- (i) 羅申美企業顧問服務有限公司(「羅申美」)乃關連人士，故此為本公司董事 Kelvin Edward Flynn 先生及 Cosimo Borrelli 先生之聯繫人士。此外，Flynn 先生及 Borrelli 先生均為本公司一名主要股東及另外兩名股東之共同及個別清盤人。羅申美及本公司間之聘任於二零零五年七月七日終止，並委聘 Alvarez & Marsal Asia Limited 接替。
- (ii) 自二零零五年五月十二日起之主要股東及為本集團之主要供應商。
- (iii) 福方汽車工業股份有限公司(「福方汽車工業」)為於台灣之聯營公司，本集團於二零零五年六月三十日持有該公司之 38% 股權。福方汽車工業於二零零四年五月二十九日前乃本公司之全資附屬公司。
- (iv) 福方股份有限公司(清盤中)(「福方股份」)為本公司的主要股東，而勝山實業股份有限公司、福方汽車(香港)有限公司(清盤中)(「福方汽車香港」)及安佳汽車維修有限公司(清盤中)(「安佳」)則為福方股份有限公司的附屬公司。Kelvin Edward Flynn 先生及 Cosimo Borrelli 先生獲委為福方股份、福方汽車香港及安佳之共同及各別清盤人。

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截至二零零五年六月三十日止六個月

7 RELATED PARTY TRANSACTIONS

(continued)

- (v) Certain former directors have interests in these companies.
- (vi) Ms Cheng Mei Lin is the spouse of Mr. Lee Mao Fang, a former director of the Company until his resignation on 8 September 2004.
- (vii) Forefront International Automotive Limited is a wholly owned subsidiary of the Company.

In the opinion of the Company's Directors, the related party transactions noted above for the six months ended 30 June 2005 were conducted in accordance with the respective arrangements entered into between the Group and the related parties.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2005, the Group invested approximately HK\$17,000 (six months ended 30 June 2004: HK\$8,487,000) 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\$930,000 (six months ended 30 June 2004: HK\$3,568,000) with a loss on disposal of approximately HK\$238,000 (six months ended 30 June 2004: gain of HK\$379,000).

The Group's head office premises located at 9 Fui Sha Wai Lane, Tong Yan San Tsuen, Yuen Long, New Territories in Hong Kong, was revalued by the directors on an open market value basis at approximately HK\$43,000,000 as at 30 June 2005 whereby the revaluation decrease of HK\$4,505,000 was dealt with in the Revaluation Reserve.

7 有關連人士交易 (續)

- (v) 若干前董事擁有該等公司的權益。
- (vi) 鄭美玲女士為李茂芳先生(本公司前董事)的配偶，李先生已於二零零四年九月八日辭任。
- (vii) 福方國際汽車股份有限公司為本公司之全資附屬公司。

本公司之董事認為，於截至二零零五年六月三十日止，上述有關連人士交易乃根據本集團與該等有關連人士各自訂立之安排進行。

8 物業、廠房及設備

截至二零零五年六月三十日止六個月，本集團在物業及設備上投資約17,000港元(截至二零零四年六月三十日止六個月：8,487,000港元)。同期，本集團出售其若干物業及設備，合共賬面值約為930,000港元(截至二零零四年六月三十日止六個月：3,568,000港元)，而出售虧損約為238,000港元(截至二零零四年六月三十日止六個月：收益379,000港元)。

本集團位於香港新界元朗唐人新村灰沙圍里9號之總辦事處，由董事於二零零五年六月三十日按公開市值基準重新評估為約43,000,000港元。並於重估儲備內處理重估減值4,505,000港元。

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簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

9 INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

9 於未綜合附屬公司之權益

	30 June 2005 二零零五年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	31 December 2004 二零零四年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Interests in unconsolidated subsidiaries 於未綜合附屬公司之權益	149,054	149,054

The amounts due from unconsolidated subsidiaries are unsecured, non-interest bearing and not repayable within the next twelve months from the balance sheet date.

應收未綜合附屬公司之款項為無抵押、免息及不需於自結算日起計十二個月內償還。

The amounts due to unconsolidated subsidiaries are unsecured, non-interest bearing and have no fixed repayment term.

應付未綜合附屬公司之款項為無抵押、免息及無固定還款期。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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9 INTERESTS IN UNCONSOLIDATED SUBSIDIARIES (continued)

Details of unconsolidated subsidiaries are as follows: –

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest held by the Company		Principal activities	
			Directly	Indirectly		
附屬公司名稱	註冊成立/經營地點	已發行及繳足股本/註冊資本	本公司所持股本權益百分比	直接	間接	主要業務
Forefront International Automotive Limited	British Virgin Islands (with branch operation in Taiwan)	US\$3,254,681	100%			Distribution of motor trucks, coaches and vehicle accessories and provision of motor vehicle repairs and maintenance services
福方國際汽車股份有限公司	英屬處女群島/台灣分行	3,254,681美元				貨車、旅遊巴士及汽車零配件貿易以及提供汽車維修保養服務
Sunshine Credit Limited	Taiwan	NT\$201,000,000		93.7%		Provision of motor vehicle hire purchase financing
勝山財務股份有限公司	台灣	新台幣201,000,000元				提供汽車租購融資
U-Drive Smart Card Company Limited	Taiwan	NT\$360,000,000		93.7%		Dormant. Previously, development of multi-application smart card system
任我行智慧卡有限公司	台灣	新台幣360,000,000元				暫停營業。前為研發及經營多用途智慧卡系統

As explained in note 1 to the condensed consolidated financial statements, the financial statements of the Group's Taiwan Subsidiaries have not been included in the condensed consolidated financial statements of the Group in accordance with HKAS27 issued by HKICPA and the Hong Kong Companies Ordinance as in the opinion of the Directors, the inclusion of these financial statements may result in an inaccurate picture of the Group's financial position and performance for the period. The Group's share of the net assets of these subsidiaries, based on the latest audited financial information as at 31 December 2003 and totaling HK\$149,054,000, has been included in the condensed consolidated balance sheet as interests in unconsolidated subsidiaries. Details were presented in the Company's annual report for the year to 31 December 2004.

9 於未綜合附屬公司之權益 (續)

未綜合附屬公司詳情：—

誠如簡明綜合財務報表附註1所說明，根據香港會計師公會頒佈之會計實務準則第27號「綜合財務報表及附屬公司投資會計處理」以及香港公司條例，本集團台灣附屬公司之財務報表並無計入本集團之簡明綜合財務報表，皆因董事認為，計入該等財務報表或會導致本集團本年度之財務狀況及表現有欠準確。根據於二零零三年十二月三十一日之經審核財務資料，本集團分佔此等附屬公司之資產淨值合共149,054,000港元，在簡明綜合資產負債表中已計作未綜合附屬公司之權益。詳情已呈列於截至二零零四年十二月三十一日止年度之年報。

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截至二零零五年六月三十日止六個月

10 INVESTMENT SECURITIES

10 投資證券

		As at 30 June 2005	As at 31 December 2004
		於二零零五年 六月三十日	於二零零四年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(audited)
		(未經審核)	(經審核)
At cost	按成本：		
Unlisted equity interest in Taiwan, at cost	於台灣之非上市股本權益， 按成本	6,908	6,908
Impairment loss recognized	已確認之減值虧損	(6,908)	(6,908)
		-	-

11 TRADE AND OTHER RECEIVABLES

11 應收貿易帳款及其他應收款項

		As at 30 June 2005	As at 31 December 2004
		於二零零五年 六月三十日	於二零零四年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(audited)
		(未經審核)	(經審核)
Trade receivables	應收貿易帳款	18,552	21,293
Other receivables	其他應收款項		
Deposits, prepayments and other debtors	按金、預付款項及 其他應收款項	44,517	47,508
		63,069	68,801

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簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

11 TRADE AND OTHER RECEIVABLES

(continued)

The Group grants its customers credit terms ranging from 1-3 months. The aging analysis of the trade receivables at the balance sheet date is as follows: –

0 to under 3 months	零至不超過三個月
3 to under 6 months	三至不超過六個月
6 to under 9 months	六至不超過九個月
9 to under 12 months	九至不超過十二個月
Over 12 months	超過十二個月
Less: provision	減：撥備

Included in deposits, prepayments and other debtors was a receivable of approximately HK\$38,850,000 (31 December 2004: HK\$38,850,000) being part of the proceeds from the issue of the US\$15 million zero coupon convertible bond completed on 2 February 2004 (Note 13).

11 應收貿易帳款及其他應收款項 (續)

本集團給予客戶的信貸期介乎一至三個月不等。應收貿易帳款於結算日帳齡分析如下：–

As at 30 June 2005 於二零零五年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2004 於二零零四年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
15,668	18,019
372	2,599
2,235	1,760
1,237	1,727
10,361	10,789
29,873	34,894
(11,321)	(13,601)
18,552	21,293

按金、預付款項及其他應收款項包括一筆應收款項約38,850,000港元(二零零四年十二月三十一日：38,850,000港元)，乃於二零零四年二月二日完成發行15,000,000美元之零息票可換股債券之部份所得款項(附註13)。

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截至二零零五年六月三十日止六個月

12 TRADE AND OTHER PAYABLES

12 應付貿易帳款及其他應付款項

		As at 30 June 2005	As at 31 December 2004
		於二零零五年 六月三十日	於二零零四年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(audited)
		(未經審核)	(經審核)
Trade payables	應付貿易帳款	16,222	9,195
Other payables	其他應付款項	17,905	17,403
		34,127	26,598

The aging analysis of the trade payables as at the balance sheet date is as follows:

應付貿易帳款於結算日帳齡分析如下：

		As at 30 June 2005	As at 31 December 2004
		於二零零五年 六月三十日	於二零零四年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(audited)
		(未經審核)	(經審核)
0 to under 3 months	零至不超過三個月	12,988	7,649
3 to under 6 months	三至不超過六個月	2,860	1,320
6 to under 9 months	六至不超過九個月	118	3
9 to under 12 months	九至不超過十二個月	30	32
Over 12 months	超過十二個月	226	191
		16,222	9,195

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13 ZERO COUPON CONVERTIBLE BONDS

In February 2004, the Company announced that it had issued certain redeemable convertible bonds (the "**Bonds**") for a principal amount of US\$15 million (equivalent to HK\$116 million) to certain independent third parties (the "**Bondholders**"). The 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. 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% of the principal amount.

In April 2004, the Company received one redemption notice to require the Company to redeem Bonds with a face value of US\$6 million. These bonds were redeemed by the Company in May 2004.

Subsequently, according to the Company's management, it was revealed that subscription proceeds of only US\$10 million had been banked by the Company. Mr. Michael Tsai ("**Mr. Tsai**") previously represented to the Company that he was the subscriber for the remaining US\$5 million Bonds (the "**Relevant Bonds**"). To-date no funds in respect of Mr. Tsai's subscription for the Relevant Bonds have been received by the Company. Based on discussions between the manager of the Bond issue and the Company's representatives, the Board believes that a cheque dated 2 February 2004 for HK\$38,218,000 issued in favor of the Company by Ms. Lee Pei Fen was tendered by Mr. Michael Tsai in consideration of his subscription for the Relevant Bonds. The cheque has not been banked and cannot be located. The Board understands that Ms. Lee Pei Fen is the wife of Mr. Yang Chien Chi, Allen, who, at the time of the issue of the Bonds, was the Chairman of the Company. Mr. Michael Tsai is a director of a number of subsidiaries of Forefront International Limited (In Liquidation) which, at the time of the issue of the Bonds, was a controlling shareholder (as defined in the Listing Rules) of the Company.

簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

13 零息票可換股債券

於二零零四年二月，本公司宣佈已向若干名獨立第三方（「**債券持有人**」）發行若干本金額為15,000,000美元（相當於116,000,000港元）之可贖回可換股債券（「**債券**」）。債券為無抵押，可自二零零四年六月十五日或之後起至二零零九年一月十九日止隨時按換股價每股2.70港元，兌換成本公司每股面值0.10港元之本公司普通股。債券持有人有權要求本公司於二零零四年五月二日以本金額之100%或二零零六年二月二日以本金額之109.5%或於二零零七年二月二日以本金額之116.9%贖回全部或部份可換股債券。

於二零零四年四月，本公司接獲一份贖回通知，要求本公司贖回面值6,000,000美元的債券。本公司已於二零零四年五月贖回該等債券。

其後，根據本公司管理層表示，本公司存入銀行之認購所得款項僅有10,000,000美元。蔡政敏先生（「**蔡先生**」）以前向本公司聲明，其為尚餘5,000,000美元債券（「**有關債券**」）的認購人。截至目前為止，本公司尚未收到蔡先生認購有關債券之資金。根據債券發行之經辦人與本公司代表進行之討論，董事會相信，蔡先生已交出由李佩芬女士開出以本公司為抬頭人日期為二零零四年二月二日之38,218,000港元支票，作為其認購有關債券的代價。該支票並無存入銀行，亦未知其去向。董事會瞭解到，李佩芬女士為楊健志先生的妻子，於發行債券當時，楊健志先生乃本公司的主席。蔡先生為福方股份有限公司（清盤中）多間附屬公司的董事，於發行債券當時，福方股份有限公司乃本公司的控股股東（定義見上市規則）。

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For the six months ended 30 June 2005

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截至二零零五年六月三十日止六個月

13 ZERO COUPON CONVERTIBLE BONDS (continued)

The Company has reached an in-principle agreement to repurchase the Relevant Bonds from Mr. Michael Tsai for nominal consideration and to then have the Relevant Bonds cancelled in accordance with their terms. Draft documents to give effect to the agreement have been negotiated and are pending signing. Pending resolution of this matter the Company has reserved all its rights in relation to the issue of the Bond and no interest on the US\$5 million will be provided.

At the balance sheet date, HK\$1,400,000 (31 December 2004 :Nil) of accrued convertible bond interest is included in the carrying amount of convertible bonds to arrive at the amortised cost (note 2(b)).

13 零息票可換股債券 (續)

本公司已達成協議，以象徵式代價向蔡先生購回有關債券，並於當時按照條款註銷有關債券。令該協議生效之草擬文件已進行磋商及有待簽署。在此事宜有待解決時，本公司保留有關發行債券之一切權利，並不就該5,000,000美元之任何利息提撥準備。

於結算日，累計可換股債券之利息1,400,000港元(二零零四年十二月三十一日：無)已計入可換股債券之帳面值以達致該經攤銷成本(附註2(b))。

14 SHARE CAPITAL

14 股本

		For the six months ended 30 June 2005 (unaudited) 截至二零零五年 六月三十日止 六個月(未經審核)		For the year ended 31 December 2004 (audited) 截至二零零四年 十二月三十一日止 年度(經審核)	
		No. of shares 股份數目	Nominal value 面值	No. of shares 股份數目	Nominal value 面值
		'000 千股	HK\$'000 千港元	'000 千股	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	435,772	43,577	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	435,772	43,577

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2005

15 CONTINGENT LIABILITIES

No information regarding the Taiwan Subsidiaries for the period ended 30 June 2005 and for the year ended 31 December 2004 has been presented due to the limitations and doubts as to the accuracy of the available information as explained in note 1 to the condensed consolidated financial statements. The following details regarding the Taiwan Subsidiaries and an associate were obtained from information provided by a number of Taiwanese banks.

Guarantee in relation to FAIL and FIAL Taiwan

During the period, no guarantee existed or was granted with respect to FIAL Taiwan (31 December 2004 : HK\$92,760,000 including HK\$30,008,000 relating to Sunshine Credit Limited) nor to FAIL (31 December 2004 : HK\$25,410,000).

Guarantee in relation to Sunshine Credit Limited (“SSC”)

As at 30 June 2005, the Company had outstanding guarantees amounting to approximately HK\$30,008,000 (31 December 2004 : HK\$30,008,000, but incorrectly disclosed under FIAL Taiwan) to Taiwanese banks in respect of facilities provided by the banks to SCC.

Alleged Loan

During the year ended 31 December 2004, the Group received a claim from Wise Dynasty Limited (“**Wise Dynasty**”) for approximately HK\$9 million (principal of HK\$8 million together with interest and costs thereon) and an order that it be granted vacant possession of the Group’s head office premises and Hong Kong service centre site owned by Cyber Centre Limited (an indirect wholly-owned subsidiary of the Company) (“**Cyber Centre**”) situated at Forefront Cyber Centre, 9 Fui Sha Wai Lane, Tong Yan San Tsuen, Yuen Long, New Territories, Hong Kong (the “**Property**”).

簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

15 或然負債

誠如簡明綜合財務報表附註1所述，由於所獲資料之限制及對其準確性之質疑，因此並無呈列該等台灣附屬公司截至二零零五年六月三十日止六個月期間及截至二零零四年十二月三十一日止年度之資料。下列有關台灣附屬公司及聯營公司之詳情乃經多間台灣銀行所提供資料而取得。

有關福方汽車工業及福方國際汽車之擔保

期內，並無已存在或就有關福方國際汽車批出之擔保（二零零四年十二月三十一日：92,760,000港元，包括有關勝山之30,008,000港元）及有關福方汽車工業之擔保（二零零四年十二月三十一日：25,410,000港元）。

有關勝山財務股份有限公司（「勝山」）之擔保

於二零零五年六月三十日，本公司就銀行向勝山提供之融資而向台灣銀行作出之未償還擔保約為30,008,000港元（二零零四年十二月三十一日：30,008,000港元，但錯誤地披露於福方國際汽車）。

指稱貸款

於二零零四年十二月三十一日，本集團收到Wise Dynasty Limited（「**Wise Dynasty**」）一項為數約9,000,000港元（本金8,000,000港元另加其利息及成本）之索償，以及指令本集團須將數碼中心有限公司（「**數碼中心**」）（本公司一家間接全資附屬公司）所擁有目前位於香港新界元朗唐人新村灰沙圍里9號（「**該物業**」）之總辦事處及香港服務中心之空置管有權。

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簡明綜合財務報表附註

截至二零零五年六月三十日止六個月

15 CONTINGENT LIABILITIES (continued)

Alleged Loan (continued)

Wise Dynasty's claim related to a HK\$20 million loan that it alleges it advanced to Cyber Cyber on 9 March 2004 (the "Alleged Loan"). Wise Dynasty further alleges, amongst other things, that:

- (a) the Alleged loan is evidenced by a loan agreement dated 9 March 2004 between Wise Dynasty as lender and Cyber Centre as borrower (the "Alleged Loan Agreement"). Mr. Allen Yang (Chairman and an Executive Director of the Company and a director of Cyber Centre at the relevant time) purported to sign the Alleged Loan Agreement for and on behalf of Cyber Centre. In its defence of the claim, Cyber Centre contends that, amongst other things, the entering into of the Alleged Loan Agreement was not properly authorised by the board of directors of Cyber Centre;
- (b) HK\$12 million of the Alleged Loan was repaid to Wise Dynasty. Management of Cyber Centre and the Company have investigated this repayment and are unable to trace it to either Cyber Centre or any of the other companies within the Group in Hong Kong;
- (c) the Alleged Loan is secured by an alleged legal charge dated 9 March 2004 over the Property given by Cyber Centre as chargor in favour of Wise Dynasty as lender (the "Alleged Legal Charge"); and
- (d) the Company allegedly issued a cheque in the sum of HK\$8 million for the repayment of the outstanding principal balance of the Alleged Loan (the "Alleged cheque"). In its defence of the claim, the Company contends that, amongst other things, the Company received no consideration for the issuance of the Alleged Cheque and that the Alleged Cheque is unenforceable against the Company.

15 或然負債 (續)

指稱貸款 (續)

Wise Dynasty之索償涉及其指稱於二零零四年三月九日向數碼中心借出為數20,000,000港元之貸款(「指稱貸款」)。Wise Dynasty進一步指稱(其中包括)：

- (a) 指稱貸款具有Wise Dynasty(作為貸款人)與數碼中心(作為借款人)於二零零四年三月九日訂立之一項貸款協議(「指稱貸款協議」)作為憑證。楊健志先生(本公司當時之主席兼執行董事，並為數碼中心之董事)宣稱代表數碼中心簽署該指稱貸款協議。數碼中心就有關索償答辯時辯稱，(其中包括)訂立指稱貸款協議未經數碼中心董事會之適當批准；
- (b) 指稱貸款內12,000,000港元已向Wise Dynasty償付。數碼中心及本公司之管理層已就此筆還款展開調查，並未能就此筆還款應計入數碼中心抑或本集團在香港之任何公司而達成意見；
- (c) 指稱貸款由數碼中心於二零零四年三月九日以Wise Dynasty(作為貸款人)為押記人就該物業作出之指稱法定押記(「指稱法定押記」)作為抵押；及
- (d) 本公司指稱已開出一張金額為8,000,000港元之支票用作償還指稱貸款內之未償還餘額(「指稱支票」)。本公司就有關索償答辯時辯稱，(其中包括)本公司並無就開出指稱支票而收取任何代價，且不可對本公司強制執行指稱支票。

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截至二零零五年六月三十日止六個月

15 CONTINGENT LIABILITIES (continued)

Alleged Loan (continued)

On 18 May 2004, after initial investigations, the Board promptly reported the above irregularities to the Commercial Crimes Bureau. As at the date of this report, the outcome of the Commercial Crime Bureau's investigation is still pending.

In respect of the above claim, Wise Dynasty has commenced the following proceedings against the Company and Cyber Centre:

- (a) On 19 May 2004 a writ of summons was issued by Wise Dynasty against the Company for the sum of HK\$8 million, representing the amount of the Alleged Cheque, together with interests and costs. On 18 November 2004 the Company successfully defended Wise Dynasty's application for summary judgment in these proceedings and the Company was granted unconditional leave to defend the action; and
- (b) On 16 June 2004 an originating summons was issued by Wise Dynasty against Cyber Centre seeking, amongst other things (i) the repayment of all monies allegedly due to it under the Alleged Legal Charge and (ii) an order for delivery of vacant possession of the Property to Wise Dynasty.

Cyber Centre continues to dispute the claim and defend the above proceedings. On 18 November 2004 the above proceedings were ordered to be consolidated into a single action to be heard before the same Judge. Wise Dynasty initially appealed against the dismissal of the application for summary judgment and the consolidation of the proceedings. Wise Dynasty and Cyber Centre subsequently agreed to stay the consolidated proceedings pending the outcome of the appeal which was to be heard on 1 June 2005. However, Wise Dynasty withdrew the appeal on 17 May 2005. Wise Dynasty has since taken no further action with respect to the consolidated proceedings.

15 或然負債 (續)

指稱貸款 (續)

於二零零四年五月十八日，經初步調查後，董事會即時向商業罪案調查科報告上述有關數碼中心交易之不當事件。截至本報告日期，商業罪案調查科之調查尚未有定案。

Wise Dynasty已就上述索償對本公司及數碼中心提出以下法律程序：

- (a) Wise Dynasty於二零零四年五月十九日就8,000,000港元(即指稱支票之金額)連同利息及成本向本公司發出傳訊令狀。於二零零四年十一月十八日，本公司在該等法律程序中就Wise Dynasty之申請成功提出抗辯進行簡易判決，而且，本公司獲授無條件許可就該項訴訟提出抗辯；及
- (b) 二零零四年六月十六日，Wise Dynasty向數碼中心發出原訴傳票，尋求法院裁決(其中包括)以下事項：(i)償還指稱法定押記下指稱欠負之所有款項；及(ii)命令數碼中心向Wise Dynasty交出該物業之空置管有權。

數碼中心正繼續就該項申索提出爭議，並就上述法律程序進行抗辯。於二零零四年十一月十八日，法院命令上述法律程序須合併為單一訴訟由同一法官進行聆訊。Wise Dynasty已就駁回申請以進行簡易判決及合併該等法律程序提出上訴。Wise Dynasty與數碼中心同意暫緩合併法律程序，直至二零零五年六月一日就該上訴之聆訊取得結果。然而，Wise Dynasty於二零零五年五月十七日撤銷上訴。Wise Dynasty自該日起並無就合併法律程序採取進一步行動。

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截至二零零五年六月三十日止六個月

15 CONTINGENT LIABILITIES (continued)

Alleged Loan (continued)

On 2 September 2005, Cyber Centre made applications to the court for the following orders: (i) security for costs to be incurred by Cyber Centre in the consolidated action referred to above, and (ii) an order for the sale of the Property. Wise Dynasty has indicated its intention to contest both applications.

On 12 September 2005, without prejudice negotiations with Wise Dynasty were re-opened towards a consensual settlement of the disputed claims summarised above, which would allow a sale of the Property. Discussions are progressing positively, and further updates will be provided in due course.

Based on the best estimation of the Board, a provision of HK\$7 million has been made in respect of the case inclusive of legal fees.

Alleged agreement on investment in a customer

On 29 June 2004, Mr. Lo Chia Yu (“**Mr. Lo**”) commenced proceedings in respect of an agreement allegedly made on 12 March 2002 in respect of which it is alleged that Mr. Allen Yang verbally agreed for and on behalf of Forefront Automotive Services Company Limited (“**FAS**”) to purchase 30% of the issued share capital of Global Travel Holdings Limited (“**Global Travel**”), a BVI company, for the sum of HK\$7.8 million. A deposit of HK\$2 million was paid to Global Travel as agent for Global Express by Forefront International (HK) Limited, a wholly-owned subsidiary of the Company. Mr. Lo is seeking specific performance, damages, costs and interest suffered as a result of FAS purported breach of the alleged agreement.

15 或然負債 (續)

指稱貸款 (續)

於二零零五年九月二日，數碼中心就下列各項頒令向法院提出申請：(i)數碼中心就上文所指之合併法律程序所產生之堂費作出之擔保；及(ii)就出售該物業作出之頒令。Wise Dynasty已表示有意對上述兩項頒令作出抗辯。

於二零零五年九月十二日，在無損有關雙方解決上文所概述之爭議索償之情況下，已重新與Wise Dynasty展開磋商，有關磋商可使該物業得以出售。有關討論進展良好，且在適當時候將可披露其他最新消息。

根據董事會作出之最佳估計，已就尚須計入法律費用之情況而作出撥備7,000,000港元。

於一名客戶之投資的指稱協議

於二零零四年六月二十九日，駱家雨先生（「駱先生」）就指稱於二零零二年三月十二日訂立之協定展開法律訴訟，此項協定指稱楊健志先生代表福方汽車服務有限公司（「福方汽車服務」）已口頭上同意購入Global Travel Holdings Limited（「Global Travel」，一家英屬處女群島公司）之已發行股本30%，代價為7,800,000港元。本公司全資附屬公司福方（香港）有限公司已向Global Travel（作為Global Express之代理）支付一筆為數2,000,000港元之按金。駱先生正就因福方汽車服務蓄意違反該份指稱協議所蒙受之堂費及利息尋求強制履行令及賠償。

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15 CONTINGENT LIABILITIES *(continued)*

Alleged agreement on investment in a customer

(continued)

In its defence FAS, an indirect wholly owned subsidiary of the Company, claims that Mr. Lo proposed that FAS consider acquiring 15% of Global Express Holdings Limited (“**Global Express**”) and not Global Travel. FAS claims that the acquisition of any interest was subject to it first conducting satisfactory due diligence on Global Express. The results of the Company’s due diligence enquiries indicated that the affairs of Global Express were far from satisfactory, and the acquisition did not take place. The Company demanded the return of the HK\$2 million from Mr. Lo/Global Travel. A contingent liability of HK\$ 5.8 million (plus costs and interest) exists being the balance of the investment sum claimed to be unpaid by Mr. Lo/Global Travel. This liability is being disputed by the Group.

FAS and Mr. Lo/Global Travel are currently involved in interlocutory proceedings. The witness statement checklist hearing has been adjourned for three months from July to a date to be fixed in October.

15 或然負債 *(續)*

於一名客戶之投資的指稱協議 *(續)*

本公司間接全資附屬公司福方汽車服務在其答辯中聲稱，駱先生曾建議福方汽車服務考慮購入 Global Express Holdings Limited (「**Global Express**」) (而非 Global Travel) 之 15%。福方汽車服務聲稱，購入任何權益須先對 Global Express 進行令人滿意之盡職審查。本集團進行之盡職審查結果指出 Global Express 之業務狀況強差人意，故並無購入權益。本公司要求駱先生／Global Travel 歸還 2,000,000 港元。目前尚存 5,800,000 港元 (另加堂費及利息) (即駱先生／Global Travel 聲稱尚未支付之投資金額餘款) 之或然負債。本集團正就此項負債提出爭議。

福方汽車服務及駱先生／Global Travel 目前正涉及非正審法律程序。證人陳述書清單聆訊已由原定七月押後三個月至十月，正確日期有待釐定。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

During the six months under review, and up to the date of this report, the Board has begun implementing a comprehensive turnaround plan designed to restore the Group to financial and operational stability. A number of important elements of this plan are now in place, including a stable shareholder base supportive of the Board and a new executive management team.

The Board is delighted to welcome back Mr. Liu Chen Wei, Jerry as the Group's Chief Executive Officer. Mr. Liu has a long history with the Group, having been instrumental in establishing its operations in Taiwan in 1982. As a result, Mr. Liu also has a close working relationship with Scania spanning over 20 years. Mr. Liu has made a number of changes to strengthen the management team in Hong Kong, and is now working closely with Scania to restore the Group's Taiwan operations.

The Company's shareholder base has stabilised significantly, largely due to Scania's decision to increase its shareholding from 4.76% to its present level of 22.53%. As a result, the Company's Annual General Meeting on 23 June 2005 proceeded extremely smoothly, providing the Board with a strong mandate to implement its strategy for the Group.

Having unsuccessfully attempted a consensual resolution to restore control over the existing operations in Taiwan on a number of occasions, the Group is now establishing new arrangements for vehicle assembly, distribution, service and parts supply in Taiwan. These arrangements are already being implemented, and are expected to result in the Group's Taiwan operations being close to normal by the end of the 2005 calendar year. An important element needed to support the new operations is funding, and the Board will advise shareholders of its plans in this regard in due course.

業務回顧

於回顧期之六個月內至本報告日期止，董事會已開始推行全面之轉虧為盈計劃，旨在令本集團在財務及營運上能重新穩定下來。此計劃中多項重要之環節已生效，包括可支持董事會之股東穩固基礎，及一支全新之執行管理團隊。

董事會熱烈歡迎劉振偉先生回歸擔任本集團之行政總裁。劉先生與本集團之淵源甚久，自台灣業務於一九八二年設立以來一直發揮其作用。因此，劉先生在過去廿多年來一直與Scania合作無間。劉先生亦制定多項改革以鞏固香港之管理團隊，而目前正與Scania緊密合作，務求使本集團之台灣業務得以重新運作。

因著Scania決定將其股權由4.76%增持至目前22.53%之水平，本公司之股東基礎現時已大大穩定下來。因此，本公司於二零零五年六月二十三日舉行之股東週年大會得以圓滿結束，遂令董事會可獲授出更大權力，為本集團推行其策略。

縱使本集團多次嘗試對重新獲得台灣現有業務之控制權作出共同解決方案，但未能成功。本集團現已就台灣汽車組裝、分銷、服務及零件供應達成新安排。此等新安排正在落實中，並預期本集團之台灣業務於二零零五年年底可接近正常運作情況。對於承托新業務正需要資金此不可或缺一環，而董事會將在適當時候向股東交待此方面之計劃。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Despite the dispute over control of the Taiwanese operations, the market remains robust, with record vehicle sales of close to 1,000 units expected for the full 2005 calendar year and a strong customer order book. Hong Kong's new management team is now settling in, and a return to profitability is forecast for 2006, helped by plans for the Group's operations across the border in Shenzhen and Zhuhai.

The Board remains committed to restoring full value to the Group's operations in all markets.

Material acquisitions and disposals

Zero Coupon Convertible Bonds

As disclosed in Note 13, the Company has reached an in-principle agreement to repurchase the Relevant Bonds (as defined in Note 13) from Mr. Michael Tsai for nominal consideration and to then have the Relevant Bonds cancelled in accordance with their terms. Draft documents to give effect to the agreement have been negotiated and are pending for signing. The remaining Bondholders (holding US\$4 million) have the option to require the Company to redeem all or part of the convertible bonds on 2 February 2006 at 109.5% or on 2 February 2007 at 116.9% of the principal amount.

Cyber Centre Limited property

As disclosed in Note 15, negotiations are in progress for a consensual disposal of the Property (as defined in Note 15), and simultaneous settlement of Wise Dynasty's claims against Cyber Centre and the Company.

Litigation

Full details of major litigation involving the Group are disclosed in Note 15.

雖然對台灣業務之控制權上出現爭議，然而市場仍然蓬勃，預期二零零五年整年中可望售出1,000部汽車之記錄，並有優厚的訂單。香港全新之管理團隊目前正準備就緒，配合本集團為於鄰近深圳及珠海兩地業務制定之計劃，預測於二零零六年可轉虧為盈。

董事會勢必重新掌握本集團在一切市場之業務。

重大收購及出售

零息票可換股債券

誠如附註13所披露，本公司已達成協議，以象徵式代價向蔡政敏先生購回有關債券（定義見附註13），並於當時按照條款註銷有關債券。令該協議生效之草擬文件已進行磋商，有待簽署。其餘債券持有人（持有4,000,000美元）有選擇權，可要求本公司於二零零六年二月二日按本金額之109.5%或於二零零七年二月二日按本金額之116.9%贖回全部或部份可換股債券。

數碼中心有限公司物業

誠如附註15所披露，就共同出售該物業（定義見附註15）之磋商，以及同步解決Wise Dynasty對數碼中心及本公司提出之索償均已取得進展。

訴訟

涉及本集團之主要訴訟之詳情於附註15中披露。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

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 PRC only. For ease of comparison, 2004 figures quoted in this section also refer only to Hong Kong, Macau and PRC.

Results for the period

For the six months ended 30 June 2005, the Group recorded a loss from operations of HK\$21.3 million (2004: loss of HK\$20.5 million) on turnover of HK\$61.5 million (2004: HK\$102.9 million). The net loss attributable to shareholders for the period was HK\$23.2 million. A number of factors underpinning these results merit closer inspection:

- Sales volume was significantly lower in the first six months of 2005 than in the corresponding period in 2004. This is largely due to the following reasons:
 - Previous management's focus on sales volume, rather than on price and profitability (leading to a gross profit of 10% for the six months to 30 June 2004 compared to a gross profit of 14% for the same period in 2005);
 - Previous management's decision to reduce the number of service centres in Hong Kong from three to one;
 - Lack of strong leadership under the former management;
 - Lack of working capital facilities leading to difficulty in filling customer orders.

香港及中國大陸之財務回顧

基於上文所述正影響本集團台灣經營業務之事宜，故並無就本集團之台灣經營業務之財務表現發表任何意見。以下意見僅集中於本集團在香港、澳門及中國大陸之經營業務。為方便比較，本節所列二零零四年數字只關乎香港、澳門及中國之業務。

本期業績

截至二零零五年六月三十日止六個月，本集團就營業額61,500,000港元（二零零四年：102,900,000港元）錄得經營虧損約21,300,000港元（二零零四年：虧損約20,500,000港元）。期內之股東應佔虧損淨額約23,200,000港元。經細心研究，以下各項因素導致上述業績：

- 二零零五年首六個月之銷售額較二零零四年同期大幅下跌，此乃由於以下原因：
 - 過往之管理層集中於銷售額，而非集中價格及溢利能力（此舉導致二零零四年六月三十日止六個月之毛利為10%，而二零零五年同期之毛利則為14%）；
 - 過往之管理層決定將香港之服務中心由三間減至一間；
 - 過往之管理層缺乏有效之領導能力；
 - 缺乏營運資金融資，難於達到客戶訂單。

MANAGEMENT DISCUSSION AND ANALYSIS

- Profitability has recovered significantly as inventory overhangs have been reduced. Management has also worked hard to restore Scania's premium brand image, allowing margins to gradually recover.
- Cash 'leakages' have been eradicated, credit policies tightened and discretionary expenditure slashed.

These factors are expected to contribute to a stronger second-half sales performance, the trend toward improved profitability is expected to continue.

Liquidity, financial resources, borrowing and gearing ratio

During the period under review, the Group financed its operations largely through internally generated cash flows. This has partially contributed to the reduced sales activity noted above. Since 30 June 2005, credit arrangements have been agreed with Scania for supply of both vehicles and spare parts, allowing increased flexibility and improved management of inventory and customer orders. Arrangements for external trade financing facilities (principally Letter of Credit and Trust Receipt) are also being explored, though none are as yet in place.

As at the balance sheet date, bank and other borrowings totaled HK\$86.9 million, which comprised a loan of US\$2 million (HK\$15.6 million) and a zero coupon convertible bond of US\$9.1 million (HK\$71.3 million). Further details of the convertible bond are contained in Note 13. The Group's gearing ratio, calculated as total borrowings divided by total net assets, increased from 50.1% to 60.8%. The US\$2 million loan is being repaid in four quarterly instalments, the first of which (US\$400,000) was paid on 3 August 2005. The remaining instalments of US\$400,000 on 3 November 2005, US\$600,000 on 3 February 2006 and US\$600,000 on 3 May 2006 will be met from operating cash flows. The convertible bond is redeemable at 109.5% of face value on 2 February 2006, and at 116.9% of face value on 2 February 2007.

管理層討論及分析

- 由於滯納存貨已有所削減，令溢利能力得以大大回升。同時管理層亦已盡心竭力回復Scania之頂級品牌形象，令利潤逐步提高。
- 現金「漏洞」經已修補，信貸政策有所收緊，以及節省酌情開支。

此等因素預期可為下半年帶來較佳之銷售表現，並預期溢利能力繼續有所改善。

流動資金、財務資源、借貸及資產負債比率

於回顧期內，本集團透過內部賺取之現金流為其大部份業務撥支。此舉成為上述銷售活動有所減少之部份原因。自二零零五年六月三十日，已就供應汽車及零件與Scania協定作出信貸安排，使靈活程度得以提高，及改善存貨及客戶訂單之管理工作。目前正物色外界貿易融資（主要為信用狀及信託收據）所需之安排，惟概未獲採納。

於結算日，銀行及其他借貸合共86,900,000港元，包括貸款2,000,000美元（即15,600,000港元）及零息票可換股債券9,100,000美元（即71,300,000港元）。可換股債券之其他詳情載於附註13。本集團之資產負債比率（按總資產淨值除總借貸計算）由50.1%增加至60.8%。該筆2,000,000美元貸款目前正分四個季度攤還，首次還款（400,000美元）已於二零零五年八月三日償還，其餘還款400,000美元、600,000美元及600,000美元將透過經營現金流分別於二零零五年十一月三日、二零零六年二月三日及二零零六年五月三日償還。可換股債券於二零零六年二月二日及二零零七年二月二日分別按面值之109.5%及116.9%贖回。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 30 June 2005, the Group's net asset value amounted to approximately HK\$143.0 million (as at 31 December 2004: HK\$170.7 million) with total assets approximately HK\$319.5 million (as at 31 December 2004: HK\$170.7 million). Net current liabilities were approximately HK\$54.9 million (as at 31 December 2004: Net current assets of HK\$44.0 million) and the current ratio was 0.69 times (as at December 2004:1.59).

Charge on Group assets

As at 30 June 2005, the Group's borrowings and banking facilities (excluding Taiwan) are not secured.

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 sales 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.

OUTLOOK

The second half of 2005 represents an important point in the Group's efforts to restore its Taiwanese operations. A comprehensive program to restart operations in Taiwan is now underway, and full operations (including local assembly, vehicle sales, service and parts supply) are expected to be in place by the end of the 2005 calendar year. Funding is vital to ensure the success of the new operations, and the Board will be providing more information to all shareholders on this important aspect in due course. In the short-term, the sale and leaseback of the Group's head office premises in Hong Kong is expected to generate sufficient funding to support operations.

於二零零五年六月三十日，本集團之資產淨值約為143,000,000港元（於二零零四年十二月三十一日：170,700,000港元），總資產值約為319,500,000港元（於二零零四年十二月三十一日：325,400,000港元）。流動負債淨額約為54,900,000港元（於二零零四年十二月三十一日：流動資產淨額44,000,000港元），而流動比率為0.69倍（於二零零四年十二月：1.59）。

本集團之資產抵押

於二零零五年六月三十日，本集團之借貸及銀行融資（不包括台灣）並無予以抵押。

匯率風險

由於本集團之採購活動主要以美元、新台幣及歐元計算，而來自銷售汽車及提供售後服務之收入主要以新台幣、港元及美元計算，故本集團須承擔外匯風險。本集團密切留意其外匯風險，並不時透過採用外匯遠期合約對該等風險進行對沖。

前景

二零零五年下半年標誌著本集團致力重新啟動台灣業務之關鍵時刻。使台灣業務重新啟航之全面性作業現正展開，預期有關業務（當地裝嵌、汽車銷售、服務及零件供應）可於二零零五年年底全面投入運作。資金為確保新業務得以成功推行之重要條件，而董事會將於適當時候就此重要一環向全體股東提供更多資料。短期內，本集團在香港之總辦事處物業之銷售及租賃預期可賺取充裕資金，支持業務運作。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Looking into next year, the prospects for the Group are good. With a strong management team now in place, Hong Kong is projected to at least break even for 2006, and Taiwan should resume a full contribution to the Group's performance. Plans are in place to expand the Group's service network in Hong Kong and Shenzhen, which will contribute to improved profitability and revenues. The recent opening of Disneyland in Hong Kong, and the increasing flow of visitors from across the border, are expected to provide further opportunities for growth in the coming years.

The Board will continue to work hard to ensure a stable platform for the Group's future growth and profitability.

展望來年，本集團欣欣向榮。因現時已具備雄厚之管理團隊，預測最低限度香港業務可於二零零六年取得收支平衡，而台灣業務將重新為本集團之表現作出全面貢獻。本集團現正推行計劃以擴充本集團在香港及深圳之服務網絡，將使溢利能力及收益得以提高。剛剛開幕之香港迪士尼樂園，加上從國內不斷湧入之遊客，估計可於來年為本集團帶來增長之商機。

董事會將繼續努力不懈，確保可建立使本集團日後可增長及提高溢利能力之穩固平台。

DISCLOSURE OF OTHER INFORMATION

其他資料披露

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2005 (six months ended 30 June 2004 :Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 30 June 2005, 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 ("SFO")) of the directors and the Chief Executive of the Company which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("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 Issuers, were as follows:

中期股息

董事會不建議就截至二零零五年六月三十日止六個月派發中期股息(截至二零零四年六月三十日止六個月：無)。

董事及主要行政人員之權益及淡倉

於二零零五年六月三十日，本公司董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」))之股份、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8分部知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括證券及期貨條例有關條文彼等被當作或視作擁有之權益及淡倉)或須根據證券及期貨條例第352條之有關條文而存置之登記冊所記錄或根據上市發行人董事進行證券交易之標準守則知會本公司及聯交所之權益及淡倉如下：

Name 名稱	Nature of interests 權益性質	Number of shares 股份數目	% of voting right 投票權百分比
Kelvin Edward Flynn and Cosimo Borrelli	Corporate (Notes 1, 2 & 3)	71,220,269	16.34%
Kelvin Edward Flynn 及 Cosimo Borrelli	公司(附註1、2及3)		
Liu Chen Wei, Jerry 劉振偉	Corporate (Note 4) 公司(附註4)	70,588,805	16.20%

DISCLOSURE OF OTHER INFORMATION

其他資料披露

Note:

Mr. Kelvin Edward Flynn and Mr. Cosimo Borrelli act in the following capacity with respect to certain shareholders of the Company :

- (1) Forefront International Limited (In Liquidation) ("FIL"): Mr. Flynn was appointed Joint and Several Provisional Liquidator of FIL with effect from 7 June 2004. Subsequently, Mr. Flynn and Mr. Borrelli were appointed Joint and Several Liquidators of FIL with effect from 7 February 2005. As at 30 June 2005, FIL held 30,700,000 shares of the Company, or 7.04% of total issued share capital. FIL had a further interest (within the meaning of Part XV of the SFO) in 39,888,805 shares, giving a total interest of 16.20% of total issued share capital.
- (2) Ever Wealth Management Limited (In Liquidation) ("EWL") : Mr Flynn was appointed Joint and Several Provisional Liquidator of EWL with effect from 7 June 2004. Subsequently, Mr Flynn and Mr Borrelli were appointed Joint and Several Liquidators of EWL with effect from 1 February 2005.

As at 31 December 2004, EWL held 550,000 shares of the Company, or 0.13% of total issued share capital. EWL indirectly held a further 81,464 shares (0.02%) through its wholly-owned subsidiary Todaytech Asia Limited (In Liquidation).

- (3) Todaytech Asia Limited (In Liquidation) ("Todaytech"): Mr. Flynn and Mr. Borrelli were appointed Joint and Several Liquidators of Todaytech with effect from 1 December 2004.

As at 31 December 2004, Todaytech held 81,464 shares of the Company, or 0.02% of total issued share capital. Todaytech is a wholly-owned subsidiary of EWL.

- (4) Mr. Liu Chen Wei, Jerry, the Chief Executive Officer of the Group, is a director and shareholder of FIL. Mr. Liu holds 7.92% of the issued share capital of FIL.

附註：

Kelvin Edward Flynn先生及Cosimo Borrelli先生在本公司若干股東中擁有以下身份：

- (1) 福方股份有限公司(清盤中)(「福方股份」)：Flynn先生獲委任為福方股份之共同及個別臨時清盤人，由二零零四年六月七日生效。其後，Flynn先生及Borrelli先生獲委任為福方股份之共同及個別清盤人，由二零零五年二月七日生效。於二零零五年六月三十日後，此項權益已減至30,700,000股股份，或已發行股本總額之7.04%。福方股份額外持有39,888,805股股份，(根據證券及期貨條例第XV部之定義)，即佔已發行股本總額之權益總額16.2%。
- (2) Ever Wealth Management Limited(清盤中)(「EWL」)：Flynn先生獲委任為EWL之共同及個別臨時清盤人，由二零零四年六月七日生效。其後，Flynn先生及Borrelli先生獲委任為EWL之共同及個別清盤人，由二零零五年二月一日生效。

於二零零四年十二月三十一日，EWL持有本公司550,000股股份，或已發行股本總額之0.13%。EWL透過其全資附屬公司Todaytech Asia Limited(清盤中)間接持有額外81,464股股份(0.02%)。

- (3) Todaytech Asia Limited(清盤中)(「Todaytech」)：Flynn先生及Borrelli先生獲委任為Todaytech之共同及個別清盤人，由二零零四年十二月一日生效。

於二零零四年十二月三十一日，Todaytech持有本公司81,464股股份，或已發行股本總額之0.02%。Todaytech為EWL全資附屬公司。

- (4) 本集團行政總裁劉振偉先生為福方股份之董事及股東。劉先生持有福方股份之已發行股本7.92%。

DISCLOSURE OF OTHER INFORMATION

其他資料披露

Save as disclosed above, as at 30 June 2005, 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.

除上文披露，於二零零五年六月三十日，概無本公司董事及主要行政人員於本公司及其相聯法團（定義見證券及期貨條例）之股份、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8分部知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉（包括證券及期貨條例有關條文彼等被當作或視作擁有之權益及淡倉）或須根據證券及期貨條例第352條之有關條文而存置之登記冊所記錄或根據上市發行人董事進行證券交易之標準守則知會本公司及聯交所之權益及淡倉。

EMPLOYEES

As at 30 June 2005, the Group had approximately 86 employees in Hong Kong and Mainland China. Remuneration packages including basic salary, bonus and benefits in kind are structured by reference to market terms and individual merit and are reviewed on annual basis based on performance. No options had been granted or were outstanding under the share option scheme operated by the Company up to the date of this report.

僱員

於二零零五年六月三十日，本集團於香港及中國大陸約有86名僱員。薪酬方案，包括基本薪金、花紅及實物利益乃經參考市場條件及個人優點而釐定，並根據表現每年進行檢討。截至本報告日期，概無根據本公司設立之購股權計劃授出或尚未行使之購股權。

No information is provided regarding the Taiwan Subsidiaries for the period ended 30 June 2005 as explained in note 1 to the condensed consolidated financial statements.

如簡明綜合財務報表附註1所解釋，並無呈列有關台灣附屬公司截至二零零五年六月三十日止期間之資料。

SHARE OPTIONS

During the period and at the balance date, the Company has not granted any options to subscribe for the Company shares in the share option scheme adopted by the Company.

購股權

於期內及於結算日，本公司概無授出任何購股權以認購本公司所採納購股權計劃之本公司股份。

DISCLOSURE OF OTHER INFORMATION

其他資料披露

SUBSTANTIAL SHAREHOLDERS

The following table sets forth information regarding ownership of, and short positions in, the outstanding shares of the Company as at 30 June 2005 by those persons who beneficially own more than 5% of the issued shares, as recorded in the register maintained by the Company pursuant to Part XV of the Securities and Futures Ordinance.

主要股東

下表載列於二零零五年六月三十日，本公司根據證券及期貨條例第XV部存置之名冊所記錄，實益擁有已發行股份5%以上的人士於本公司已發行股份之擁有權及淡倉。

Name	Number of shares (long position)	% of voting right (long position)	Number of shares (short position)	% of voting right (short position)
名稱	股份 (好倉) 數目	投票權 (好倉) 百分比	股份 (淡倉) 數目	投票權 (淡倉) 百分比
Scania Trade Development AB	98,204,000	22.54%	-	-
The International Commercial Bank of China Co. Ltd	65,388,805	15.01%	-	-
Caisse Des Depots Et Consignation (Note 2) (附註2)	48,480,931	11.13%	-	-
CDC Holding Finance (Note 2) (附註2)	48,480,931	11.13%	-	-
Caisse Nationale Des Caisse Depargne Et De Prevoyance (Note 2) (附註2)	48,480,931	11.13%	-	-
CIE Financiere Eulia (Note 2) (附註2)	48,480,931	11.13%	-	-
CDC Ixis (Note 2) (附註2)	48,480,931	11.13%	-	-
Nexgen Financial Holdings Limited (Note 2) (附註2)	48,480,931	11.13%	-	-
Nexgen Re Limited (Note 2) (附註2)	48,480,931	11.13%	-	-
Nexgen Capital Limited (Note 2) (附註2)	48,480,931	11.13%	-	-
Hsieh, Tsung-Wen	44,869,734	10.30%	-	-
Aeneas Portfolio Company, L.P.	36,426,000	8.36%	-	-
Forefront International Limited (In Liquidation) (清盤中) ("FIL") (Note 1 & 3) (附註1及3)	30,700,000	7.04%	-	-
Jetwide Limited (Note 1) (附註1)	30,700,000	7.04%	-	-

DISCLOSURE OF OTHER INFORMATION

其他資料披露

Notes:

- (1) Jetwide Limited owns 45% of the issued share capital of FIL. Therefore these interests are duplicated to the extent of 30,700,000 shares.
- (2) 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 (“**CNDCDEDP**”) and as to 50.1% by CDC Holdings Finance.

The issued share capital of CNDCDEDP 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 339,366,517 shares.

- (3) Mr. Liu Chen Wei, Jerry, the Chief Executive Officer of the Group, is a director and shareholder of FIL. Mr. Liu holds 7.92% of the issued share capital of FIL.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

附註：

- (1) Jetwide Limited擁有福方股份已發行股本之45%，故此該等權益涉及30,700,000股重疊的股份。
- (2) 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（「**CNDCDEDP**」）與CDC Holding Finance分別擁有49.9%及50.1%。

CNDCDEDP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339,366,517股重疊的股份。

- (3) 本集團行政總裁劉振偉先生為福方股份之董事及股東。劉先生持有福方股份之已發行股本7.92%。

買賣或贖回本公司上市證券

於回顧期內，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

DISCLOSURE OF OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not throughout the period under review, in compliance with the Code on Corporate Governance Practices (“CG Code”), as set out in Appendix 14 to the Listing Rules except code A4.1 which specifies that non-executive directors should be appointed for a specific term, subject to re-election. The Board is committed to ensuring full compliance and will implement appropriate arrangements in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code of the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the directors. Following specific enquiry by the Company, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period with the exception of Mr. Paul Davies. Mr. Davies has not yet responded to the Company’s enquiry due to commitments overseas.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements of the CG Code. The Remuneration Committee comprises all three Independent Non-executive Directors and the chief executive officer.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Group have been reviewed by the Audit Committee. In addition, Moores Rowland Mazars have reviewed the interim financial report, in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial report”, issued by the HKICPA. The full version of the review report from Moores Rowland Mazars is attached hereto.

其他資料披露

企業管治常規守則

本公司董事並不知悉有任何資料可合理顯示本公司於整個回顧期內未有或未曾遵守上市規則附錄十四所載之企業管治常規守則（「企業管治守則」），惟並無遵守守則第A4.1條非執行董事應以特定年期而委任及輪席告退之規定則除外。董事會矢志全面遵守企業管治常規守則及將在適當時候推行適當之安排。

證券交易標準守則

本公司一直採納上市規則之標準守則作為董事進行本公司證券買賣之守則。全部董事於本公司之特定查詢後確認，彼等於整個期間內一直遵守標準守則所載之規定標準，惟 Paul Davies 先生則除外。Davies 先生由於在海外執行職務，故尚未就本公司之查詢作出回應。

薪酬委員會

本公司已根據企業管治守則成立薪酬委員會。薪酬委員會由三名獨立非執行董事及一名行政總裁組成。

審核委員會

本集團之未經審核簡明綜合財務報表已由審核委員會審閱。此外，此中期財務報告亦已由摩斯倫•馬賽會計師事務所按照由香港會計師公會發出之標準核數準則第700號「審閱中期財務報告之委聘」審閱。隨附摩斯倫•馬賽會計師事務所發出之審閱報告全文。

DISCLOSURE OF OTHER INFORMATION

其他資料披露

APPRECIATION

On behalf of the directors, I would like to extend our gratitude and sincere appreciation to all management and staff members for their diligence and dedication, and to our business partners, customers and the Company's shareholders for their continuing support.

BY ORDER OF THE BOARD

KELVIN EDWARD FLYNN
EXECUTIVE DIRECTOR

Hong Kong, 23 September 2005

致謝

本人謹代表各董事對全體盡責忠誠之管理層人員及員工、本集團業務夥伴及本公司股東之不斷支持，致以衷心謝意。

承董事會命

執行董事
KELVIN EDWARD FLYNN

香港，二零零五年九月二十三日

INDEPENDENT REVIEW REPORT

獨立審閱報告

Moores Rowland Mazars

摩斯倫·馬賽會計師事務所

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 set out on pages 4 to 35.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 Hong Kong Accounting Standard (“HKAS”) 34 “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.

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第4至35頁之中期財務報告。

董事及核數師各自之責任

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香港會計準則（「香港會計準則」）第34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

獨立審閱報告

Our audit report on the condensed consolidated financial statements of the Group for the year ended 31 December 2004 was qualified because of a limitation of scope with regard to the subscription money receivable for convertible bonds amounting to US\$5 million (equivalent to HK\$38,850,000), details of which are as explained in note 13. Information available was not sufficient for us to assess the recoverability of the receivable and to assess the implications of the matter on the convertible bonds issued. In addition, we are unable to determine whether the absence of the accrual of applicable convertible bond interest is appropriate. The Company and the subscriber are in negotiation for a cancellation of the convertible bonds but information available was not sufficient for us to assess whether the outcome of the negotiation will be successful. Any adjustment to the amount may have a consequential effect on the loss for the period and the net liabilities as at 30 June 2005.

Fundamental uncertainty relating to the lawsuits against the Group

In forming our opinion, we have considered the adequacy of the disclosures made in note 15 to the condensed consolidated financial statements which detail the lawsuits against the Group for an aggregate claim of approximately HK\$7.8 million. The future settlement of these litigations may have an adverse effect on the net assets of the Group as at 30 June 2005 and the result for the period then ended. However, the outcome of these litigations is uncertain. We consider that appropriate disclosures have been made in the condensed consolidated financial statements in this respect.

Fundamental uncertainty relating to the Group's operations

Following the same reasons as set out in note 1 to the condensed consolidated financial statements, the operations of the Group's Taiwan Subsidiaries as defined in note 1 to the condensed consolidated financial statements, which represent a substantial part of the Group's business, have been disrupted. The directors are currently undertaking a number of measures to resolve the disputes and restore full control of the Taiwan Subsidiaries' operations.

吾等就 貴集團截至二零零四年十二月三十一日止年度之簡明綜合財務報表編製之審核報告表示保留意見，原因為有關為數 5,000,000 美元（相當於 38,850,000 港元）之可換股債券之應收股款（有關詳情於附註 13 作出解釋）之範圍受限制。吾等可取得之資料不足以使吾等評估有關該筆應收款項是否可收回，及評估有關所發行之可換股債券一事之含意。此外，吾等未能決定並無累計適用之可換股債券利息是否恰當。 貴公司及認購人正就註銷可換股債券，惟吾等可取得之資料不足以使吾等評估有關磋商之結果是否將會成功。任何對該金額作出之調整可能對期內之虧損及於二零零五年六月三十日之負債淨額構成影響。

有關針對 貴集團展開法律訴訟基本不明朗因素

在達致吾等之意見時，吾等已考慮在簡明綜合財務報表中附註 15（其詳述針對 貴集團展開之法律訴訟之索償總額約 7,800,000 港元）所作出之披露事宜是否充分。在日後了結此等訴訟可能對 貴集團於二零零五年六月三十日之資產淨值及截至該日止期間之業績構成不利影響。然而，此等訴訟之結果仍尚未明朗。吾等認為，簡明綜合財務報表在此方面所作出恰當之披露事宜。

有關 貴集團業務之基本不明朗因素

由於簡明綜合財務報表附註 1 所載之相同原因， 貴集團之台灣附屬公司（定義見簡明綜合財務報表附註 1）之業務（並佔 貴集團業務中絕大部分）經已中斷。董事目前正進行多項措施以解決有關爭議及重新全面掌握台灣附屬公司之業務之控制權。

INDEPENDENT REVIEW REPORT

In addition, the Group's operations other than those of the Taiwan Subsidiaries' operations have recorded losses in consecutive periods and had net current liabilities of approximately HK\$54,869,000 as at 30 June 2005. The directors are devising plans to obtain sufficient finance to satisfy the Group's liabilities when due.

The condensed consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the satisfactory resolution of these matters referred to above and the successful attainment of profitable and positive cash flow operations. The condensed consolidated financial statements do not include any adjustments that would result from a failure to attain the favourable results in respect of the above matters. If the outcome in respect of any of the above matters turns out to be unfavourable, the going concern basis might not be appropriate and, in such event, adjustments would have to be made to the condensed consolidated financial statements to reduce the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Exclusion of Taiwan Subsidiaries from consolidation

As explained in note 1 to the condensed consolidated financial statements, due to the absence of accounting information about the relevant subsidiaries and an associate for the period ended 30 June 2005 that the Directors consider as reliable, the condensed consolidated financial statements have excluded the results for the period and financial positions as at 30 June 2005 of certain subsidiaries and an associate in Taiwan, which form a significant part of the Group. The Group's share of the net assets of these entities, based on audited financial information as at 31 December 2003 and totalling HK\$149,054,000 has been included in the condensed consolidated balance sheet as interests in unconsolidated subsidiaries. We are unable to determine whether the interests in unconsolidated subsidiaries are fairly stated.

獨立審閱報告

此外，貴集團之業務(不包括台灣附屬公司之業務)在連續期間錄得虧損，及於二零零五年六月三十日之流動負債淨額約為54,869,000港元。董事正制定計劃以取得足夠之資金以應付貴集團到期之負債。

簡明綜合財務報表乃以持續經營基準編製，而其有效性乃視乎上文所指之事宜是否得以合理解決，及成功取得有利可圖及正額現金流量之業務。簡明綜合財務報表並無包括任何將導致未能取得上述事宜之有利結果作出之調整。倘上述任何事宜最終帶來不利後果，則持續經營基準可能並不恰當，而在該情況下，將須對簡明綜合財務報表分別作出調整，以減低貴集團資產之帳面值至其可收回金額、為可能產生之任何其他負債提撥準備，以及將非流動資產及負債重新分類為流動資產及負債。

綜合賬目時並不計入台灣附屬公司

誠如簡明綜合財務報表附註1所解釋，由於並無關於有關附屬公司及聯營公司截至二零零五年六月三十日止年度董事認為可靠之會計資料，故簡明綜合財務報表並無計入佔貴集團絕大部分之若干台灣附屬公司及聯營公司於期內之業績及於二零零五年六月三十日之財務狀況。貴集團應佔該等實體之資產淨值，根據於二零零三年十二月三十一日之經審核財務資料計算合共為149,054,000港元已計入簡明綜合資產負債表作為未予綜合計算之附屬公司之權益。吾等未能決定於未予綜合計算之附屬公司之權益是否已公平列帳。

INDEPENDENT REVIEW REPORT

獨立審閱報告

Whilst the directors consider that the exclusion of these subsidiaries is the best way of presenting the Group's financial position and the results for the period in the circumstances, the reason for the exclusion is not one of the reasons for exclusion provided for in HKAS 27 "Consolidated and separate financial statements" issued by the Hong Kong Institute of Certified Public Accountants and, in this respect, the condensed consolidated financial statements are not in compliance with HKAS 27.

Inability to reach a review conclusion

Because of the significance of the possible effect of the limitation in evidence and the fundamental uncertainties referred to above, we are unable to reach a review conclusion as to whether material modifications should be made to the interim financial report for the six months ended 30 June 2005.

Moores Rowland Mazars

Chartered Accountants

Certified Public Accountants

Hong Kong, 23 September 2005

雖然董事認為在上述情況下並不計入此等附屬公司之業績為呈列 貴集團於期內之財務狀況及業績之最佳方式，惟並不計入該等公司之業績之理由並非就由香港會計師公會發出之香港會計準則第27號「綜合及獨立財務報表」之規定並不計入該等公司之業績之其中一項理由。就此而言，簡明綜合財務報表並無遵守香港會計準則第27號。

未能達成審閱結論

因證據受到限制及有關上文所述之不明朗因素，其可能產生重大影響，故吾等就有關截至二零零五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，二零零五年九月二十三日