



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)

(Stock Code 股份代號: 885)





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CORPORATE INFORMATION

公司資料

DIRECTORS

Mr. David Giles Maund	(Executive Director)
Mr. Louis Wen	(Executive Director)
Mr. Arne Karlsson	(Non-Executive Director)
Mr. Kelvin Edward Flynn	(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

Member of Remuneration Committee

QUALIFIED ACCOUNTANT

Ms Lo Mei Lan

COMPANY SECRETARY

Ms Lo Mei Lan

AUDITORS

Moores Rowland Mazars

PRINCIPAL BANKERS

Standard Chartered Bank
Hua Nan Commercial Bank
The Hongkong and Shanghai Banking Corporation Limited
Taishin International Bank Co. Ltd

HONG KONG LEGAL ADVISERS

Johnson Stokes and Master

CAYMAN ISLANDS LEGAL ADVISERS

Maples and Calder Asia

董事

David Giles Maund	(執行董事)
先生	
溫耒先生	(執行董事)
Arne Karlsson先生	(非執行董事)
Kelvin Edward Flynn	(非執行董事)
先生	
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

薪酬委員會成員

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
香港上海滙豐銀行有限公司
台新國際商業銀行

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 公司資料

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
Level 26, Tesbury Centre
28 Queen's Road East, Wan Chai
Hong Kong

STOCK CODE

885

WEBSITE

www.forefront.com.hk

註冊辦事處

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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
灣仔皇后大道東28號
金鐘匯中心26樓

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 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006:

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**」)截至二零零六年六月三十日止六個月之未經審核綜合中期業績如下:

簡明綜合收益表

截至二零零六年六月三十日止六個月:

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		Six months ended 截至下列日期止六個月	
		30 June 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2005 於二零零五年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)
	Note 附註		
Turnover	營業額	2	48,462
Cost of sales and services	銷售及服務成本		(41,559)
Gross profit	毛利		6,903
Other income	其他收入		1,186
Distribution and selling expenses	分銷及銷售開支		(506)
General and administrative expenses	一般及行政開支		(20,803)
Loss from operations	經營虧損	3	(13,220)
Finance costs	融資成本		(369)
Loss before taxation	除稅前虧損		(13,589)
Taxation	稅項	4	-
Loss for the period	期內虧損		(13,589)
Attributable to:	以下人士應佔:		
Equity holders of the parent	母公司股權持有人		(13,589)
Minority interests	少數股東權益		-
			(13,589)
Dividend	股息		-
Loss per share – basic (HK cents)	每股虧損 – 基本 (港仙)	5	(3.12)



CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

AS AT 30 JUNE 2006
於二零零六年六月三十日

		As at 30 June 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
		Note 附註	
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	7	313
Interests in unconsolidated subsidiaries	於未綜合附屬公司之權益	8	48,174
Investment securities	投資證券	9	-
			<u>48,799</u>
Current assets	流動資產		
Inventories	存貨		34,108
Trade and other receivables	應收貿易帳款及其他應收款項	10	66,266
Pledged deposits	有抵押存款	11	1,474
Bank balances and cash	銀行結存及現金		62,805
			<u>58,678</u>
Current liabilities	流動負債		
Trade and other payables	應付貿易帳款及其他應付款項	12	29,913
Amounts due to unconsolidated subsidiaries	應付未綜合附屬公司款項	8	51,742
Current portion on interest-bearing borrowings	計息借貸之即期部份		9,366
Zero coupon convertible bonds	零息票可換股債券	13	72,710
			<u>71,657</u>
Net current (liabilities) assets	流動(負債)資產淨額		922
Total assets less current liabilities	資產總值減流動負債		<u>49,409</u>
Net assets	資產淨值		<u>49,409</u>
Equity and Reserves	股權及儲備		
Share capital	股本	14	43,577
Reserves	儲備		5,832
Equity attributable to equity holders of the parent	母公司股權持有人應佔股權		<u>35,820</u>
Minority interests	少數股東權益		-
Total equity	股權總值		<u>49,409</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合股東權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2006
截至二零零六年六月三十日止六個月

		Six months ended 30 June 2006 (Unaudited)									
		截至二零零六年六月三十日止六個月(未經審核)									
		Capital	Property	Cumulative				Minority	Total		
		redemption	revaluation	translation	Accumulated		interests	equity			
Issued	Share	reserve	reserve	reserve	deficit	Total	interests	equity			
capital	premium	reserve	reserve	reserve	deficit	Total	interests	equity			
已發行	股份溢價	資本儲備	資本贖回	物業重估	累計	總計	少數股東	股權總值			
股本	股份溢價	資本儲備	儲備	儲備	匯兌儲備	累計虧絀	權益	股權總值			
HK\$'000	HK\$'000	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	千港元	千港元		
Beginning of period	期初	43,577	235,491	10,482	1,173	-	(5,383)	(235,931)	49,409	-	49,409
Translation adjustments	匯兌調整	-	-	-	-	-	-	-	-	-	-
Revaluation	重估	-	-	-	-	-	-	-	-	-	-
Loss for the period	期內虧損	-	-	-	-	-	-	(13,589)	(13,589)	-	(13,589)
End of period	期終	<u>43,577</u>	<u>235,491</u>	<u>10,482</u>	<u>1,173</u>	<u>-</u>	<u>(5,383)</u>	<u>(249,520)</u>	<u>35,820</u>	<u>-</u>	<u>35,820</u>

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		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)									
		Capital	Property	Cumulative				Minority	Total		
		redemption	revaluation	translation	Accumulated		interests	equity			
Issued	Share	reserve	reserve	reserve	deficit	Total	interests	equity			
capital	premium	reserve	reserve	reserve	deficit	Total	interests	equity			
已發行	股份溢價	資本儲備	資本贖回	物業重估	累計	總計	少數股東	股權總值			
股本	股份溢價	資本儲備	儲備	儲備	匯兌儲備	累計虧絀	權益	股權總值			
HK\$'000	HK\$'000	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	千港元	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	重估	-	-	-	-	(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	<u>43,577</u>	<u>235,491</u>	<u>10,482</u>	<u>1,173</u>	<u>-</u>	<u>(5,710)</u>	<u>(141,994)</u>	<u>143,019</u>	<u>-</u>	<u>143,019</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六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 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	30 June 2005 於二零零五年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)
Net cash used in operating activities	經營業務所用現金淨額	(4,786)	(4,747)
Net cash generated from investing activities	投資活動所得現金淨額	1,042	565
Net cash used in financing activities	融資活動所用現金淨額	(43,226)	(448)
Decrease in cash and cash equivalents	現金及現金等價物減少	(46,970)	(4,630)
Cash and cash equivalents at beginning of period	期初之現金及現金等價物	64,279	14,311
Effect on cumulative translation adjustments	累計匯兌調整之影響	-	11
Cash and cash equivalents at end of period	期終之現金及現金等價物	<u>17,309</u>	<u>9,692</u>
Analysis of cash and cash equivalents: Bank balances and cash and pledged deposits	現金及現金等價物分析： 銀行結存及現金及 有抵押存款	<u>17,309</u>	<u>9,692</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

1. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

These interim condensed consolidated 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 interim condensed consolidated financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 December 2005 except for the following:

HKAS 39 amendment Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

In prior years, financial guarantee contracts were accounted for under HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("**HKAS 37**") as contingent liabilities.

1. 遵例聲明及會計政策

此等簡明綜合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二零零五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，惟以下所述者除外：

香港會計準則 財務擔保合約
第39號（修訂本）

財務擔保合約乃指當某一特定債務人未能按照債務工具原訂或經修訂條款償付到期債務，簽發方應支付指定款項以補償持有人因此所涉及損失之合約。

於以往年度，財務擔保合約乃根據香港會計準則第37號「撥備、或然負債及或然資產」（「香港會計準則第37號」）入帳為或然負債。



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

1. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

With effect from 1 January 2006, the Group is required to recognise a financial guarantee contract initially at fair value, which is likely equal to the premium received if the financial guarantee contract was issued to an unrelated party in a stand-alone arm's length transaction. Subsequently, it is measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

The Group has provided a financial guarantee to one of its unconsolidated Taiwan Subsidiaries, Sunshine Credit Limited ("SSC"). The adoption of this amendment has no significant impact on the results of operations and financial position of the Group.

Impact of issued but not yet effective HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are not mandatory for these condensed consolidated financial statements. The Group has not early adopted these HKFRS and expects that the adoption of them will not have any significant impacts on the Group's condensed consolidated financial statements in the periods of the initial adoption.

Taiwan Subsidiaries

Reference is made to the Company's 2005 Annual Report. The Group has been involved in a dispute concerning control of its subsidiaries operating in Taiwan, namely Forefront International Automotive Limited ("FIAL"), SSC and U-Drive Smart Card Company Limited (collectively referred to as "Taiwan Subsidiaries"). On investigating the status of the Taiwan Subsidiaries, it had become apparent that operating assets of the Taiwan Subsidiaries were used illegally and without authorisation by former management. Multiple pieces of litigation, both civil and criminal, were initiated against the former Taiwan Subsidiaries' management to recover the assets of those subsidiaries.

1. 遵例聲明及會計政策 (續)

由二零零六年一月一日起，本集團初步須按公平值確認財務擔保合約，倘財務擔保合約於一項獨立公平交易下向無關連人士發出，則所確認價值很大可能相等於已收溢價。財務擔保合約隨後按(i)根據香港會計準則第37號釐定之金額及(ii)初步確認之金額減(如適用)根據香港會計準則第18號「收入」確認之累計攤銷(以較高者為準)計量。

本集團已向其中一間未合併台灣附屬公司，即勝山財務股份有限公司(「勝山」)提供一項財務擔保合約。採納此修訂準則對本集團之經營業績及財務狀況並無重大影響。

已頒佈但尚未生效之香港財務報告準則之影響

香港會計師公會已頒佈一系列並無強制此等簡明綜合財務報表採用之新訂及經修訂之香港財務報告準則。本集團並無提早採納此等香港財務報告準則，並預期採納此等準則並不會對本集團在初步採納此等準則期間之簡明綜合財務報表構成任何重大影響。

台灣附屬公司

謹此提述本公司二零零五年之年報。本集團涉及一宗有關於台灣經營之附屬公司控制權之紛爭，該等附屬公司即為福方國際汽車股份有限公司(「福方國際」)、勝山及任我行智慧卡有限公司(統稱「台灣附屬公司」)。當調查台灣附屬公司之狀況時，得悉台灣附屬公司之經營資產明顯遭前管理層非法及在未經授權下使用。本集團已向台灣附屬公司前管理層提出多項民事及刑事訴訟，以追討該等附屬公司之資產。



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

1. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES (continued)

Taiwan Subsidiaries (continued)

The Company provided for an impairment loss on investment of HK\$100,880,000 for Taiwan subsidiaries in the 2005 financial statements. No impairment loss has been recognised for the investment in FIAL of HK\$48,174,000 as at 31 December 2005. FIAL has commissioned an independent accounting firm in Taiwan to reconstruct its financial statements, which is expected to confirm it has no outstanding debts due to third parties. Once the independent accounting firm confirms such position, FIAL and the Company intend to enter into a mutual agreement to allow FIAL to waive the inter-company balance of HK\$52,638,000 as at 30 June 2006 (31 December 2005: HK\$51,742,000) owing by the Company to FIAL and also write off the Company's investment in FIAL. The waiver of HK\$52,638,000 and the impairment loss for the FIAL investment of HK\$48,174,000 would result in a net financial gain of HK\$4,464,000 in the financial statements of the Company. The reconstruction of accounts of FIAL for the year ended 31 December 2004 and 31 December 2005 is expected to complete by the end of September 2006. The accounts will then be audited, and the audited accounts for the year ended 31 December 2005 will then be rolled forward for the forthcoming financial year ending 31 December 2006 and audited as part of the Group audit for this financial year. Until then, it has been difficult to form a view with any accuracy or reliability of the financial position of FIAL.

1. 遵例聲明及會計政策 (續)

台灣附屬公司 (續)

本公司於二零零五年之財務報表為台灣附屬公司提撥為數100,880,000港元之投資減值虧損撥備。於二零零五年十二月三十一日並無就於福方國際為數48,174,000港元之投資確認任何減值虧損。福方國際已委託台灣一間獨立會計師行重整其財務報表，並預期確認其並無應付予第三方之未償還債務。獨立會計師行一經確認此狀況後，福方國際與本公司擬訂立一項互惠協議，以容許福方國際豁免本公司於二零零六年六月三十日欠負福方國際之公司間結餘為數52,638,000港元（二零零五年十二月三十一日：51,742,000港元），並撤銷本公司於福方國際之投資。所豁免之52,638,000港元及有關福方國際48,174,000港元投資之減值虧損將令本公司之財務報表產生4,464,000港元之財務收益淨額。福方國際於截至二零零四年十二月三十一日及二零零五年十二月三十一日止年度之帳目重整預期於二零零六年九月底完成。有關帳目將經審核，而截至二零零五年十二月三十一日止年度之經審核帳目將滾存至應屆截至二零零六年十二月三十一日止財政年度，並作為本集團本財政年度審核項目之一部份。現時尚未能就福方國際之財務狀況作出任何準確或可靠之意見。



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簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

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 consolidated financial statements of the Group for the period ended 30 June 2006, for the year ended 31 December 2005 and for the period ended 30 June 2005 since, 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 consider that the exclusion of these subsidiaries is 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" ("HKAS 27") issued by HKICPA and, in this respect, the condensed consolidated financial statements are not in compliance with HKAS 27. For this reason, and the uncertainties around the financial positions of the Taiwan Subsidiaries, the Company's auditors are not able to reach a review conclusion for the period ended 30 June 2006 and disclaimed their opinion on the financial statements of the Group for the year ended 31 December 2005.

The 2006 figures in the condensed consolidated income statement, condensed consolidated balance sheet, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement are comparable with the 2005 figures.

1. 遵例聲明及會計政策 (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二零零六年六月三十日止期間、截至二零零五年十二月三十一日止年度及截至二零零五年六月三十日止期間之綜合財務報表，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。儘管董事認為在上述情況下不計入此等附屬公司之業績為呈列本集團在本年度之財務狀況及業績之最佳方式，惟不計入此等附屬公司之理由並非就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」）之規定所載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。基於此原因及有關台灣附屬公司財務狀況之不明朗因素，本公司核數師未能就截至二零零六年六月三十日止期間達致審閱結論，故就本集團截至二零零五年十二月三十一日止年度之財務報表不發表意見。

簡明綜合收益表、簡明綜合資產負債表、簡明綜合股東權益變動表及簡明綜合現金流量表內二零零六年之數字可與二零零五年之數字直接互相比較。



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006
截至二零零六年六月三十日止個月

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 consolidated financial statements.

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

1. 遵例聲明及會計政策 (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綜合財務報表實屬適當。

未經審核簡明綜合財務報表已由審核委員會審閱，以及由核數師摩斯倫•馬賽會計師事務所根據香港會計師公會發出之核數準則第700號「審閱中期財務報告之委聘」審閱。隨附摩斯倫•馬賽會計師事務所之審閱報告全文。



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簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

2. SEGMENTAL INFORMATION

a. Business segment

The Group is principally engaged in the trading of motor trucks, coaches and vehicle accessories, provision of motor vehicle repairs and maintenance services and provision of other motor vehicle related services. An analysis by business segment is as follow:

2. 分類資料

a. 業務分類

本集團主要從事貨車、旅遊巴士及汽車零配件貿易、提供汽車維修保養服務及提供其他汽車相關服務。按業務分類分析如下：

Six months ended 30 June 2006 (Unaudited)

截至二零零六年六月三十日止六個月(未經審核)

		Trading of trucks, coaches and vehicles accessories	Provision of repairs and maintenance services	Provision of other motor vehicle related services	Unallocated	Eliminations	Total
		貨車、旅遊巴士及汽車零配件之貿易	提供汽車維修保養服務	提供其他汽車相關服務	未經分配	對銷	總計
		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
Turnover	營業額						
Sales to external customers	對外間客戶銷售	34,248	12,419	1,795	-	-	48,462
Inter-segment sales	分類業務間銷售	-	2,520	-	-	(2,520)	-
Total turnover	總營業額	34,248	14,939	1,795	-	(2,520)	48,462
Operating results	經營業績						
Segment results	分類業績	136	(5,384)	1,648	(9,989)		(13,589)
Taxation	稅項						-
Loss attributable to shareholders	股東應佔虧損						(13,589)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006
截至二零零六年六月三十日止個月

2. SEGMENTAL INFORMATION (continued)

2. 分類資料 (續)

a. Business segment (continued)

a. 業務分類 (續)

		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)					
		Trading of trucks, coaches and vehicles accessories	Provision of repairs and maintenance services	Provision of other motor vehicle related services	Unallocated	Eliminations	Total
		貨車、 旅遊巴士及 汽車零配件 之貿易	提供 汽車維修 保養服務	提供 其他汽車 相關服務	未經分配	對銷	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
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)	2,572	(20,155)		(23,167)
Taxation	稅項						-
Loss attributable to shareholders	股東應佔虧損						(23,167)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

2. SEGMENTAL INFORMATION (continued)

b. Geographical Segment

The Group's activities are conducted predominantly in Hong Kong and the People's Republic of China ("Mainland China"). An analysis by geographical segments is as follows:

2. 分類資料 (續)

b. 地區分類

本集團之經營業務主要於香港及中華人民共和國(「中國內地」)進行。按地區分類分析如下:

Six months ended June 30 2006 (Unaudited)
截至二零零六年六月三十日止六個月(未經審核)

		Hong Kong	Mainland	Total
		香港	China	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Turnover	營業額	46,780	1,682	48,462
Segment results	分類業績	(3,359)	(161)	(3,520)
Loss from operations	經營虧損	(12,722)	(498)	(13,220)

Six months ended June 30 2005 (Unaudited)
截至二零零五年六月三十日止六個月(未經審核)

		Hong Kong	Mainland	Total
		香港	China	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Turnover	營業額	61,296	202	61,498
Segment results	分類業績	1,411	(2,230)	(819)
Loss from operations	經營虧損	(18,950)	(2,322)	(21,272)



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截至二零零六年六月三十日止個月

3. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:-

Depreciation	折舊
Staff costs and related expenses	員工成本及相關開支
Provision for success fee (see note 15)	完成酬金撥備(見附註15)
Provision for litigation	訴訟撥備

3. 經營虧損

經營虧損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

2006 二零零六年 HK\$'000 千港元 (Unaudited) (未經審核)	2005 二零零五年 HK\$'000 千港元 (Unaudited) (未經審核)
185	2,965
9,343	8,795
3,500	－
－	7,000

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4. TAXATION

Profits tax has not been provided as the Group incurred a loss for the tax purposes for the period.

4. 稅項

由於本集團於期內錄得稅項虧損，故並無就利得稅作出撥備。

5. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to shareholders for the period of approximately HK\$13,589,000 (six months ended 30 June 2005: HK\$23,167,000) and on 435,772,000 shares (six months ended 30 June 2005: 435,772,000 shares) in issue during the period. No diluted loss 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 the period.

5. 每股虧損

每股基本虧損乃按期內股東應佔綜合虧損約13,589,000港元(截至二零零五年六月三十日止六個月: 23,167,000港元)及期內已發行普通股435,772,000股(截至二零零五年六月三十日止六個月: 435,772,000股)計算。由於期內本公司股份之平均市價比換股價為低，故此並無考慮可換股債券之換股影響，亦並無呈列每股攤薄虧損。

As explained in note 15 to the condensed consolidated financial statements, the Company has agreed to pay A&M Asia a success fee that comprises in part a certain amount of the Company's shares. At the balance sheet date, the necessary conditions for the award of the success fee have not yet been met and therefore no contingently issuable ordinary shares in respect of this success fee have been included in the calculation of diluted loss per share.

如簡明綜合財務報表附註15所述，本公司同意向安邁支付包括於本公司股份若干數額之完成酬金。於結算日，發出該完成酬金之必要條件並未達到，因此並無有關此完成酬金之或然可發行普通股包括於已攤薄每股虧損之計算中。



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

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6. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2006, the Group had the following significant related party transactions:-

6. 關連人士交易

截至二零零六年六月三十日止六個月，本集團曾進行下列重大關連人士交易：-

		Six months ended 30 June	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
Alvarez & Marsal Asia Limited ("A&M Asia") (Note a)	安邁顧問有限公司(「安邁」) (附註a)		
- Professional fee paid/payable	- 已付/應付專業費用	5,750	-
RSM Nelson Wheeler Corporate Advisory Services Limited ("RSMNW") (Note a)	羅申美企業顧問服務有限公司 (「羅申美」)(附註a)		
- Professional fee paid/payable	- 已付/應付專業費用	-	3,000
Scania CV AB (Note b)	Scania CV AB (附註b)		
- Purchases	- 購貨	23,329	7,955
- Warranty claims received/receivable	- 已收/應收保固承擔	1,826	109
- Interest expenses paid/payable	- 已付/應付利息開支	80	-
- Miscellaneous income received/receivable	- 已收/應收雜項收入	178	-
Scania Singapore Pte Ltd (Note b)	Scania Singapore Pte Ltd (附註b)		
- Purchases and services received/receivable	- 已收/應收購貨及服務	25	-
- Sales	- 銷售	311	-
Forefront International Automotive Limited (Note c)	福方國際汽車股份有限公司 (附註c)		
- Purchases	- 購貨	-	6,345

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

6. RELATED PARTY TRANSACTIONS

(continued)

Notes:

- (a) RSMNW 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 to a substantial shareholder and two other shareholders of the Company. In July 2005, RSMNW transferred its business to A&M Asia and A&M Asia is a connected person to the Company for the same reasons as RSMNW.
- (b) Scania CV AB is the principal supplier of the Group and a holding company of Scania Singapore Pte Ltd and Scania Trade Development AB. Scania Trade Development AB is a substantial shareholder of the Company since 12 May 2005.
- (c) Forefront International Automotive Limited is a wholly owned subsidiary of the Company.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2006, the Group invested approximately HK\$497,000 (six months ended 30 June 2005: HK\$17,000) on property, plant and equipment. During the same period, the Group disposed of certain of its property, plant and equipment with an aggregate carrying value of approximately HK\$ Nil (six months ended 30 June 2005: HK\$930,000) with a gain on disposal of approximately HK\$98,000 (six months ended 30 June 2005: loss of HK\$238,000).

6. 關連人士交易 (續)

附註:

- (a) 羅申美乃本公司董事 Kelvin Edward Flynn 先生及 Cosimo Borrelli 先生之關連人士。故羅申美為本公司之關連人士。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個別清盤人。於二零零五年七月，羅申美轉讓其業務予安邁，而安邁因與羅申美相同之理由而為本公司之關連人士。
- (b) Scania CV AB 為本集團之主要供應商，並為 Scania Singapore Pte Ltd 及 Scania Trade Development AB 之控股公司。Scania Trade Development AB 自二零零五年五月十二日起為本公司之主要股東。
- (c) 福方國際汽車股份有限公司為本公司之全資附屬公司。

7. 物業、廠房及設備

截至二零零六年六月三十日止六個月，本集團在物業、廠房及設備上投資約 497,000 港元（截至二零零五年六月三十日止六個月：17,000 港元）。同期，本集團出售其若干物業、廠房及設備，合共賬面值約為零港元（截至二零零五年六月三十日止六個月：930,000 港元），而出售收益約為 98,000 港元（截至二零零五年六月三十日止六個月：虧損 238,000 港元）。



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截至二零零六年六月三十日止個月

8. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES

8. 於未綜合附屬公司之權益

	30 June 2006 二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2005 二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Interest in unconsolidated subsidiaries 於未綜合附屬公司之權益	149,054	149,054
Impairment loss 減值虧損	(100,880)	(100,880)
	48,174	48,174

Reference is made to the 2005 Annual Report and 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 in accordance with the HKAS27 issued by the HKICPA as in the opinion of the Directors, the inclusion of these financial statements may result in an inaccurate picture of the Group's performance for the period and its financial position for the period then ended.

An impairment loss of HK\$100,880,000 was recognised in the 2005 condensed consolidated financial statements for the Taiwan Subsidiaries. No further impairment was recognised for the FIAL investment of HK\$48,174,000 since the Group has an amount of HK\$52,638,000 as at 30 June 2006 (31 December 2005: HK\$51,742,000) inter-company owing to FIAL that more than offsets the investment carrying value. The Group has engaged an independent accounting firm for the reconstruction of the Taiwan Subsidiaries' accounts for the years ended 31 December 2004 and 2005, which is expected to be completed by the end of September 2006.

謹此提述二零零五年年報，及誠如簡明綜合財務報表附註1所闡釋，本集團台灣附屬公司之財務報表並無計入根據由香港會計師公會發出之香港會計準則第27號所規定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期內之表現及於之後完結之期內之財務狀況欠準確。

二零零五年之簡明綜合財務報表已確認為數100,880,000港元之台灣附屬公司減值虧損。由於本集團於二零零六年六月三十日虧欠福方國際為數52,638,000港元（二零零五年十二月三十一日：51,742,000港元）之公司間款項高於抵銷投資之帳面值，故並無就48,174,000港元之福方國際投資確認減值。本集團已委聘獨立會計師行重整台灣附屬公司截至二零零四年及二零零五年十二月三十一日止年度之帳目，並預期於二零零六年九月底前完成。



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FOR THE SIX MONTHS ENDED 30 JUNE 2006

截至二零零六年六月三十日止個月

9. INVESTMENT SECURITIES

9. 投資證券

		As at 30 June 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (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 recognised	已確認之減值虧損	(6,908)	(6,908)
		-	-

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10. TRADE AND OTHER RECEIVABLES

10. 應收貿易帳款及其他應收款項

		As at 30 June 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade receivables	應收貿易帳款	10,223	18,790
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	7,407	47,476
		17,630	66,266

Included in other receivables as at 31 December 2005 was a receivable of approximately 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).

於二零零五年十二月三十一日之其他應收款項包括一筆應收款項約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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10. TRADE AND OTHER RECEIVABLES

(continued)

As at 30 June 2006 there was other receivables from Scania CV AB of approximately HK\$472,000 (31 December 2005: approximately HK\$2,362,000). Scania CV AB is the Group's principal supplier and the holding company of Scania Trade Development AB, a substantial shareholder of the Company.

The Group grants to its customers credit terms ranging from 1 to 3 months. The ageing 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 trade receivables was an amount of approximately HK\$130,000 due from Griffin Automotive Limited, a wholly-owned subsidiary of Scania CV AB, as at 31 December 2005.

10. 應收貿易帳款及其他應收款項 (續)

於二零零六年六月三十日，來自 Scania CV AB 之其他應收款項為約 472,000 港元（二零零五年十二月三十一日：約 2,362,000 港元）。Scania CV AB 為本集團之主要供應商及本公司主要股東 Scania Trade Development AB 之控股公司。

本集團給予客戶之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 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
9,731	16,457
207	2,342
313	129
99	88
7,834	7,939
18,184	26,955
(7,961)	(8,165)
10,223	18,790

於二零零五年十二月三十一日之應收貿易帳款包括一筆來自 Griffin Automotive Limited（一間由 Scania CV AB 全資擁有之附屬公司）約 130,000 港元之款項。



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11. PLEDGED DEPOSIT

As at 30 June 2006, Group bank deposits of HK\$558,000 (31 December 2005: HK\$1,474,000) were pledged as collateral for the Group's bank facilities for performance bond as required for certain sale contracts mainly on warranty consideration.

11. 有抵押存款

於二零零六年六月三十日，本集團558,000港元之銀行存款(二零零五年十二月三十一日：1,474,000港元)已作抵押，以作為若干主要關於保固代價之銷售合約所規定本集團履約保證銀行備用額之抵押品。

12. TRADE AND OTHER PAYABLES

12. 應付貿易帳款及其他應付款項

		As at 30 June 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade payables	應付貿易帳款	6,506	18,223
Other payables	其他應付款項		
Accrued charges and other creditors	應計費用及其他應付款項	12,419	11,690
		18,925	29,913



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12. TRADE AND OTHER PAYABLES

(continued)

The ageing analysis of the trade payables 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

12. 應付貿易帳款及其他應付款項 (續)

應付貿易帳款於結算日之帳齡分析如下:

As at 30 June 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
5,039	15,126
1,190	1,059
-	1,747
-	-
277	291
6,506	18,223

13. ZERO COUPON CONVERTIBLE BONDS

Reference is made to the Company's 2005 Annual Report and certain related circulars and announcements. In February 2004, the Company announced that it had issued certain Zero Coupon Convertible Bonds due 2009 (the "Bonds") for a principal amount of US\$15 million to certain independent third parties.

In April 2004, the Company received a redemption notice that required the Company to redeem Bonds with a face value of US\$6 million. The Company redeemed these Bonds in May 2004. The Company received another redemption notice in January 2006 requiring the Company to redeem Bonds with a face value of US\$4 million. The Company successfully redeemed the US\$4 million Bonds plus redemption premium interest of US\$438,000 (calculated at 109.5% of face value) via the proceeds from the disposal of the Yuen Long Property.

13. 零息票可換股債券

謹此提述本公司二零零五年年報及若干相關通函及公佈。於二零零四年二月，本公司宣佈已向若干獨立第三方發行若干本金額為15,000,000美元於二零零九年到期之零息票可換股債券（「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美元之債券，本公司已於二零零四年五月贖回該等債券。本公司於二零零六年一月接獲另一份贖回通知，要求本公司贖回面值4,000,000美元之債券，本公司以出售元朗物業之所得款項成功贖回該4,000,000美元之債券，另加贖回溢價438,000美元（按面值109.5%計算）。



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13. ZERO COUPON CONVERTIBLE BONDS

(continued)

As previously disclosed by the Company in the 2005 Annual Report and certain related circulars and announcements, the Company did in fact only receive US\$10 million in subscription proceeds from the issuance of the Bonds. 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**”). The Company signed an agreement with Mr. Tsai to repurchase the Relevant Bonds at US\$ Nil (HK\$1) on 7 February 2006. The Company has repurchased and cancelled the Relevant Bonds in accordance with the terms and conditions of the Bonds. The Bonds have therefore been repurchased or redeemed in full during the period.

The Company’s Bonds outstanding as at 30 June 2006 and 31 December 2005 are analysed as follows:

13. 零息票可換股債券 (續)

誠如本公司於二零零五年年報及若干相關通函及公佈披露，本公司所收訖自發行債券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**」）之認購人。本公司於二零零六年二月七日與蔡先生簽訂協議，按零美元（1港元）購回有關債券。本公司已根據債券條款及條件購回及註銷有關債券。因此債券已於期內全數購回或贖回。

於二零零六年六月三十日及二零零五年十二月三十一日本公司之未贖回債券分析如下：

		As at 30 June 2006 於二零零六年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2005 於二零零五年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Principal	本金	–	69,930
Interest	利息	–	2,780
		–	72,710



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14. SHARE CAPITAL

14. 股本

		For the six months ended 30 June 2006 (Unaudited) 截至二零零六年 六月三十日止六個月 (未經審核)		For the year ended 31 December 2005 (Audited) 截至二零零五年 十二月三十一日止年度 (經審核)	
		No. of shares '000 千股	Nominal value HK\$'000 千港元	No. of shares '000 千股	Nominal value HK\$'000 千港元
Authorised:	法定:				
At beginning of period/year and end of the period/year	期初/年初及 期終/年終	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>
Issued and fully paid:	已發行及繳足:				
Ordinary shares of HK\$0.10 each	每股面值0.10港元 之普通股				
At beginning of the period/year	期初/年初	<u>435,772</u>	<u>43,577</u>	<u>435,772</u>	<u>43,577</u>
Shares repurchased and cancelled	已購回及 已註銷股份	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of the period/year	期終/年終	<u>435,772</u>	<u>43,577</u>	<u>435,772</u>	<u>43,577</u>

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15. CONTINGENT LIABILITIES

15. 或然負債

Guarantee in relation to SSC

As at 30 June 2006, the Company had outstanding guarantees to Taiwanese banks in respect of facilities provided by the banks to SSC, which were drawn down to the extent of NTD21,700,000 (approximately HK\$5,276,000) (31 December 2005: NTD73,144,730 (approximately HK\$17,445,000)). Such banking facilities drawn down as at 30 June 2006 were fully secured by post-dated cheques of NTD33,415,161 (approximately HK\$8,124,279) issued by SSC's customers.

有關勝山之擔保

於二零零六年六月三十日，本公司就銀行向勝山提供之融資而向台灣銀行作出未償還擔保，而有關融資已提取款項達21,700,000新台幣（約5,276,000港元）（二零零五年十二月三十一日：73,144,730新台幣（約17,445,000港元））。於二零零六年六月三十日已提取之銀行融資乃以勝山客戶開立為數33,415,161新台幣（約8,124,279港元）之期票作全數抵押。



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15. CONTINGENT LIABILITIES (continued)

Success Fee to A&M Asia

Reference is made to the Company's announcement on 3 May 2006 where it was disclosed that the Company entered into a new engagement with A&M Asia for a period of up to 9 months for implementing cash management, forecasting, monitoring and reporting procedures, liaising with senior management on strengthening and improving the Group's corporate governance, the core business and future business plan as well as facilitating the resumption of trading in the shares of the Company. The Company also agreed to pay to A&M Asia a success fee which comprises (i) HK\$3,500,000 in cash (the "Cash Bonus") and (ii) an amount of shares equivalent to 3.5% of the Company's total issued share capital immediately prior to issuance (assuming there is no change in the Company's current issued share capital of 435,772,000, 3.5% of the Company's total issued share capital would be approximately 15,000,000 Shares) (the "Equity Bonus").

A&M Asia assisted the Company to submit a resumption proposal to the Stock Exchange of Hong Kong Limited on 2 June 2006. A provision of HK\$3,500,000 was therefore made accordingly in respect of the Cash Bonus. No provision was made in relation to the Equity Bonus as it is subject to the necessary approvals as required by the Listing Rules being obtained.

15. 或然負債 (續)

付予安邁之完成酬金

謹此提述本公司於二零零六年五月三日之公佈，該公佈披露本公司與安邁訂立之新委聘，為期最多九個月以實施現金管理、預測、監控及匯報程序，與高級管理層聯絡以加強及改善本集團之企業管治、核心業務及未來業務計劃，以及協助本公司股份恢復買賣。本公司亦同意向安邁支付完成酬金，包括 (i) 現金 3,500,000 港元（「現金酬金」）；及 (ii) 相當於本公司緊接發行前之已發行股本總額 3.5% 之股份數額（假設本公司現有已發行股本 435,772,000 股並無變動，則本公司已發行股本總額 3.5% 將約為 15,000,000 股股份）（「權益酬金」）。

於二零零六年六月二日，安邁協助本公司向香港聯合交易所有限公司提交恢復買賣建議書。據此，已就現金酬金作出 3,500,000 港元之撥備。由於上市規則規定權益酬金須先取得必要批准方可撥備，因此本公司並無就此作出撥備。



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15. CONTINGENT LIABILITIES (continued)

Alleged agreement on investment in a customer

Reference is made to the Company's 2005 Annual Report where it was disclosed that Mr. Lo Chia Yu ("Mr. Lo") had commenced proceedings in respect of an alleged agreement pursuant to which it was alleged that Forefront Automotive Services Company Limited ("FAS"), a wholly-owned subsidiary of the Company, agreed to purchase the issued share capital of Global Travel Holdings Limited ("Global Travel"). Mr. Lo/Global Travel had filed a claim against FAS for HK\$5,800,020 being the balance of the investment sum. FAS has disputed this liability and has lodged a counter claim for return of HK\$2,000,000 paid by Forefront International (Hong Kong) Limited to Global Travel as a purported deposit. The matter has not progressed after a "checklist hearing" schedule for July 2005 was adjourned.

15. 或然負債 (續)

於一名客戶之投資的指稱協議

謹此提述本公司二零零五年年報，當中披露駱家雨先生（「駱先生」）就指稱訂立之協定展開法律訴訟，此項協定指稱本公司全資附屬公司福方汽車服務有限公司（「福方汽車服務」）已同意購入 Global Travel Holdings Limited（「Global Travel」）之已發行股本。駱先生／Global Travel已向福方汽車服務提出索償，追討投資款項之餘額5,800,020港元。福方汽車服務已就此負債提出爭論，並就退回福方（香港）有限公司支付之2,000,000港元予Global Travel作為本意屬按金提出反申索。由於原訂於二零零五年七月之「清單聆訊」已經押後，故事件並沒有任何進展。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

BUSINESS REVIEW

One of the critical success factors in the automobile industry is the provision of high quality services. Scania and the Group have adhered to this core value as its principal in serving their customers. However, due to poor management by the then former management three years ago, the service performance of the Group had been lacking and less than satisfactory. The current management recognises this issue and determines to improve the situation. Numerous recovery and continuous improvement programs have been formulated and implemented in order to re-gain the confidence and support of existing and new customers.

In May 2006, the Group opened a new service station near the China border crossing at Lok Ma Chau. This station has six working bays providing services to the approximately 1,000 Scania trucks and coaches that cross the border daily.

Our head office and main service center in Yuen Long will be relocated to Sheung Shui before the end of this year. Management believes the Sheung Shui location is more strategic and more easily accessible by our customers as it is along the main travel route between Hong Kong and Shenzhen. With the relocation plan, the Group's service network will be substantially improved and improve the Group's performance.

In addition, the Group launched a mobile service van in Hong Kong in particular to provide repairs and maintenance for roadside vehicle breakdown and truck operators who are based primarily at container ports. Another mobile service van will be launched in the Mainland China in 2007.

The Group had successfully set up a new company in Shenzhen in July 2006 under the Closer Economic Partnership Agreement ("CEPA") for the provision of Scania full-fledged auto-related import business in Mainland China. This company is one of only a handful of auto related companies to be granted this status under CEPA. The Group will be able to offer more competitive prices to customers in the Shenzhen and Zhuhai areas.

業務回顧

提供高質素服務是在汽車業中爭取成功的關鍵之一，而Scania及本集團一直堅守此核心價值作為服務彼等客戶之宗旨。然而，由於三年前管理層之不善管理，本集團之服務表現未如理想。現任管理層得悉此事並決心改善有關情況。集團已制訂並推行多項修復及持續改進計劃，務求重獲現有及新客戶之信任及支持。

於二零零六年五月，本集團於中國邊境落馬洲新增設一個服務站。此服務站具六個工作場地，可為約1,000輛每天穿梭邊境之Scania貨車及旅遊巴士提供服務。

我們位於元朗的辦公室總部及主要服務中心將於本年底前遷往上海。管理層相信，基於上海位處香港與深圳兩地主要運輸路線之上，故該地位置更具策略性，且便於我們與客戶接觸。本集團之服務網絡及表現將因此搬遷計劃得以大大改善。

此外，本集團已於香港推出流動小型服務貨車，特別為路邊故障之汽車及主要於貨櫃碼頭工作之貨車司機提供維修及保養。本集團將於二零零七年在中國內地推出另一輛流動小型服務貨車。

本集團於二零零六年七月根據更緊密經貿關係安排在深圳成功成立一家新公司，在中國內地提供全面的Scania汽車相關進口業務。此公司乃於更緊密經貿關係安排下少數獲授此資格之汽車相關公司。本集團將能為於深圳及珠海地區之客戶提供更具競爭力之價格。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層論述及分析

The Group is planning to open a new service station in Nan Shan, Shenzhen before the end of this year. In addition, the Group plans to appoint two experienced mechanics as authorized partners of the Group in early 2007 in Zhuhai. On the other hand, the Group is also considering strategic alliance arrangement with dealers in Guangzhou and Fujian to expand the existing service coverage to cover Guangdong and Fujian provinces.

The Board is delighted to welcome the return of Mr. Cheng Sung Lok, Steve as the Group's vice president in-charge of the Repairs and Services and Parts Department. Mr. Cheng has over 20 years of experience in similar businesses and had previously worked with the Group for 16 years. He left the Group in 2004 to pursue his study of Master of Business Administration. Mr. Cheng will be responsible for the sales and development strategies of repairs and maintenance services. Management is confident Mr. Cheng will be able to improve the repairs and services business as well as to develop new businesses for the Group.

With respect to the vehicles sales business, the Hong Kong tractor market has been shrinking due to a variety of reasons. Two Japanese brands have taken over the lead. Scania brand is still a dominant brand among the port operators. We have strengthened sales controls and implemented incentive schemes for vehicle sales.

In respect of the bus/coach market, we have had a quiet first half with the exception of 16 units sold by tender to Sun Bus Limited, a subsidiary of Kowloon Motor Bus Company (1993) Limited. However, due to the change of environmental regulations, we contracted to sell 66 units of Euro 3 models in July 2006 that will be delivered in 2007. This is a very promising performance by the team.

本集團正計劃於本年底前在深圳南山開設新服務站。此外，本集團計劃於二零零七年初委任兩名富經驗之機械技師作為本集團在珠海之授權合夥人。與此同時，本集團亦考慮與廣州及福建之交易商建立策略聯盟安排，將現有服務網絡拓展至覆蓋廣東及福建省。

董事會欣然迎接鄭崇樂先生回歸本集團，擔任負責維修及服務與零件部之副總裁。鄭先生擁有超過二十年同類業務之經驗，並曾於本集團任職十六年。彼於二零零四年離開本集團修讀工商管理碩士課程。鄭先生將負責維修及保養服務之銷售及發展策略。管理層深信鄭先生將能改善維修及服務業務，並為本集團開展新業務。

至於汽車銷售業務方面，由於種種原因，香港貨車市場已逐漸萎縮。市場一直由兩個日本品牌主導，而Scania品牌仍然是港口營運商追捧之主要品牌。我們已加強銷售監控，以及為汽車銷售實行獎勵計劃。

關於巴士／旅遊巴士市場，除了以投標方式向九龍巴士（一九九三）有限公司之附屬公司陽光巴士有限公司售出十六輛巴士外，我們上半年之業務頗為淡靜。然而，由於環境法規之轉變，我們於二零零六年七月訂約出售六十六輛歐盟第三代型號巴士，將於二零零七年交付。此項交易為我們團隊創下非常突出之表現。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Material acquisitions and disposals

Zero Coupon Convertible Bonds

As disclosed in note 13, the Company has repurchased and cancelled the Relevant Bonds (as defined in note 13) at HK\$1 in accordance with the terms and conditions of the Bonds during the period.

Litigation

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

FINANCIAL REVIEW OF HONG KONG AND MAINLAND CHINA

Due to the issues impacting the Group's operations in Taiwan, no comment is provided on the financial performance of the Group's Taiwanese operations. The comments below focus on the Group's operations in Hong Kong, Macau and Mainland China only. For ease of comparison, 2005 figures quoted in this section refer only to Hong Kong, Macau and Mainland China.

Results for the period

For the six months ended 30 June 2006, the Group recorded a loss from operations of HK\$13.2 million (2005: loss of HK\$21.3 million) on turnover of HK\$48.5 million (2005: HK\$61.5 million). The net loss attributable to shareholders for the period was HK\$13.6 million (2005: HK\$23.2 million).

重大收購及出售

零息票可換股債券

誠如附註13所披露，本公司已於期內按債券條款及條件以1港元購回及註銷有關債券（定義見附註13）。

訴訟

涉及本集團之主要訴訟之詳情於附註15中披露。

香港及中國大陸之財務回顧

由於影響本集團台灣業務之事項，並無提供對本集團台灣業務之意見。下述意見只集中於本集團於香港、澳門及中國內地之業務。為方便比較，於此節引述二零零五年之數字只相關於香港、澳門及中國內地。

期內業績

截至二零零六年六月三十日止六個月，本集團就營業額48,500,000港元（二零零五年：61,500,000港元）錄得經營虧損13,200,000港元（二零零五年：虧損21,300,000港元）。期內股東應佔虧損淨額為13,600,000港元（二零零五年：23,200,000港元）。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層論述及分析

The decrease in the Group's turnover was mainly attributable to the decline in the chassis and coach sales that has been impacted by uncertainty over the Government's new regulations to phase out the Euro 3 engine in favour of Euro 4 as most customers are taking a "Wait and See" attitude. In July 2006, the Environmental Protection Department ("EPD") announced that new purchases of Euro 3 engines are permitted in Hong Kong for a maximum period of 18 months provided they are ordered before 31 July 2006. In view of this relaxation by the EPD, the Group received substantial number of chassis and coach orders to be delivered in 2007 from long-established customers. As a result, the bus and coach sales performance is expected to delay to early 2007 due to the delivery time.

The gross margin rate improved from 13.8% to 14.2% during the first half of 2006, this was as a result of increased in repairs and maintenance services income.

Administrative expenses were approximately at HK\$20.8 million (six month ended 30 June 2005: HK\$30.3 million), the decrease of 31.4% primarily attributable to cost reduction and better utilisation of Group resources.

Liquidity, financial resources, borrowing and gearing ratio

During the period under review, the Group financed its operations largely through internal generated cash flows from its operating activities. During the period, the Company settled the outstanding bank and other borrowings totaling HK\$43.2 million, which comprised a loan of US\$1.2 million (HK\$9.4 million) and a zero coupon convertible bond of US\$4.4 million including interest (HK\$33.8 million). As at the balance sheet date, the Group had no outstanding bank or other borrowings. The Group's gearing ratio, calculated as total borrowings divided by total net assets, reduced to 0% from 166.1% or 87.4% excluding the US\$5 million unpaid convertible bond. Further details of the convertible bond are contained in note 13.

本集團營業額減少主要由於政府淘汰歐盟第三代引擎而選用歐盟第四代引擎之新措施存在不明朗因素，大多數客戶採取觀望態度，因而導致車身底盤及旅遊巴士銷售下降所致。於二零零六年七月，環境保護署（「環保署」）公佈准許於二零零六年七月三十一日前訂購之歐盟第三代引擎，在香港使用最多十八個月。基於環保署放寬此項規管，本集團接獲長期客戶訂購大量車身底盤及旅遊巴士之訂單，並將於二零零七年付運。故此，由於運送需時，巴士及旅遊巴士銷售表現預期延期至二零零七年初。

毛利率於二零零六年上半年由13.8%改善至14.2%，此乃由於維修保養服務收入增加所致。

行政開支為約20,800,000港元（截至二零零五年六月三十日止六個月：30,300,000港元），減少31.4%主要由於成本下降及本集團更有效地運用資源。

流動資金、財務資源、借貸及資產負債比率

於回顧期內，本集團透過經營業務內部賺取之現金流為其大部份業務撥支。期內，本公司已償還總數43,200,000港元之未償還銀行及其他借貸，當中包括1,200,000美元（9,400,000港元）貸款及4,400,000美元（33,800,000港元）零息票可換股債券，當中包括利息。於結算日，本集團並無未償還之銀行或其他借貸。本集團之資產負債比率（以借貸總額除以總資產淨值計算）由166.1%或不包括5,000,000美元未償付可換股債券之87.4%減少至0%。可換股債券之詳情載列於附註13。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

As at the balance sheet date, the Group maintained cash and bank balances of approximately HK\$17.3 million (31 December 2005: HK\$64.3 million). The existing cash and bank balances are considered sufficient to meet the Group's normal business requirements.

As at 30 June 2006, the Group's net asset value amounted to approximately HK\$35.8 million (as at 31 December 2005: HK\$49.4 million) with total assets approximately HK\$107.5 million (as at 31 December 2005: HK\$213.1 million). Net current liabilities were approximately HK\$13.0 million (as at 31 December 2005: Net current assets of HK\$0.9 million) and the current ratio was 0.82 time (as at 31 December 2005: 1.01).

Charge on Group assets

As at 30 June 2006, Group bank deposits of HK\$558,000 (as at 31 December 2005: HK\$1,474,000) were pledged as collateral for certain of the Group's bank facilities.

Exchange rate exposure

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

於結算日，本集團之現金及銀行結餘維持於約17,300,000港元（二零零五年十二月三十一日：64,300,000港元）。現存現金及銀行結餘被視作足夠應付本集團日常業務所需。

於二零零六年六月三十日，本集團之資產淨值約為35,800,000港元（於二零零五年十二月三十一日：49,400,000港元），總資產值約為107,500,000港元（於二零零五年十二月三十一日：213,100,000港元）。流動負債淨額約為13,000,000港元（於二零零五年十二月三十一日：流動資產淨值900,000港元），而流動比率為0.82倍（於二零零五年十二月三十一日：1.01）。

本集團之資產抵押

於二零零六年六月三十日，本集團銀行存款558,000港元（於二零零五年十二月三十一日：1,474,000港元）已作為若干銀行信貸額度之抵押。

匯率風險

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



MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

OUTLOOK

Our expectation for the second half is positive. After the inauguration of our new service center at Sheung Shui, service stations in Shenzhen and Zhuhai and the return of experienced service personnel, we are confident of recovering some of our lost services business, which due to the good margin on services and repairs, will have a positive impact on profitability.

In respect of vehicle sales, the Group's sale channels have been active among the Hong Kong, Macau, Shenzhen and Zhuhai regions. Scania, on the other hand, has shown their support by setting up a regional office for North East Asia in Hong Kong.

The introduction of the new Scania Euro 4 PR Series will be officially launched in December 2006. Management expects the launch will enable the Group to increase its vehicle sale by about 5-10%. Management is confident it can remain competitive in the truck and tractor markets in particularly among the European brands.

Having stabilised operations and put in place governance processes and internal controls, management is focusing on the core business of the Group in Hong Kong and the Mainland China markets. Management believes the Group is able to regain market share in trucks and buses along with improvement in the service and parts business, which will help to improve the performance of the Group. Management expects to return to profitability in 2007 as its restructuring programs are successful and its capital investments in service centers and Mainland China businesses would begin to generate positive cash.

前景

我們對下半年抱積極期望。我們深信，位於上水之新服務中心，以及位於深圳及珠海之服務站相繼落成啟用後，加上經驗豐富之服務人員回流，定可為之前流失客戶之服務業務收復部份失地。同時，基於服務及維修業務利潤豐厚，將可對盈利能力產生積極影響。

至於汽車銷售方面，本集團之銷售渠道已活躍於香港、澳門、深圳及珠海地區。另一方面，Scania已於香港設立東北亞地區辦事處，以表示對本集團之支持。

全新Scania 歐盟第四代PR系列將於二零零六年十二月正式推出。管理層預期推出新系列汽車將可令本集團之汽車銷售額提高約5至10%。管理層有信心能夠於貨車及卡車市場保持其競爭力，特別是在歐洲品牌市場中之競爭力。

於穩定業務及實行管治程序與內部監控後，管理層現正集中發展本集團在香港及中國內地之核心業務。管理層相信本集團能夠重新爭佔貨車及巴士市場之佔有率，同時改善服務及零件業務，藉以提升本集團之整體表現。由於重組計劃成功完成，加上於服務中心之資本投資及中國內地業務將開始產生積極現金回報，故管理層預期集團於二零零七年將會轉虧為盈。



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 2006 (six months ended 30 June 2005: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2006, the interests and short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) 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 are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

中期股息

董事會不建議就截至二零零六年六月三十日止六個月派發中期股息(截至二零零五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

於二零零六年六月三十日,本公司董事及主要行政人員於本公司或任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)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(包括根據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條而存置之登記冊所記錄或根據上市公司董事進行證券交易的標準守則知會本公司及聯交所之權益及淡倉如下:

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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 (Note 1)	31,331,464	7.19%
Kelvin Edward Flynn及 Cosimo Borrelli	公司(附註1)		
Liu Chen Wei, Jerry 劉振偉	Corporate (Note 2)	30,700,000	7.04%
	公司(附註2)		



DISCLOSURE OF OTHER INFORMATION 其他資料披露

Notes:

1. Mr. Kelvin Edward Flynn and Mr. Cosimo Borrelli act in the following capacity with respect to certain Shareholders:
 - (a) 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 2006, FIL held 30,700,000 shares of the Company, or 7.04% of total issued share capital.
 - (b) 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 30 June 2006, 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).
 - (c) 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 30 June 2006, Todaytech held 81,464 shares of the Company, or 0.02% of total issued share capital. Todaytech is a wholly-owned subsidiary of EWL.

With effect from 22 September 2006, Mr. Flynn has been re-designated from Executive Director to Non-executive Director of the Company and Mr. Borrelli has resigned as Non-executive Director of the Company.

2. Mr. Liu Chen Wei, Jerry, the Chief Executive Officer of the Group, is a shareholder of FIL. Mr. Liu holds 7.92% of the issued share capital of FIL.

附註:

1. 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:
 - (a) 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。於二零零六年六月三十日,福方股份持有本公司30,700,000股股份,或已發行股本總額之7.04%。
 - (b) 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。於二零零六年六月三十日, 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%)。
 - (c) 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。於二零零六年六月三十日, 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。

由二零零六年九月二十二日起, Flynn先生已由本公司執行董事調任為非執行董事,而 Borrelli先生已辭任本公司非執行董事之職。

2. 本集團行政總裁劉振偉先生為福方股份之股東。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 2006, none of the Directors or the chief executive, had, under Divisions 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

EMPLOYEES

As at 30 June 2006, the Group had approximately 83 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.

No information is provided regarding the Taiwan Subsidiaries for the period ended 30 June 2006 as explained in note 1 to the condensed consolidated financial statements.

SHARE OPTIONS

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

除上文披露外，於二零零六年六月三十日，概無董事及主要行政人員於本公司或任何相聯法團（定義見證券及期貨條例）之股份、相關股份或債權證中擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所之權益及淡倉（包括根據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條而存置之登記冊所記錄或根據上市公司董事進行證券交易的標準守則知會本公司及聯交所之權益及淡倉。

僱員

於二零零六年六月三十日，本集團於香港及中國內地約有83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。

如簡明綜合財務報表附註1所闡釋，並無呈列有關台灣附屬公司截至二零零六年六月三十日止期間之資料。

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 set forth information regarding ownership of, and short positions in, the outstanding shares as at 30 June 2006 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

下表載列於二零零六年六月三十日，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 謝聰文	44,869,734	10.30%	-	-
Aeneas Portfolio Company, L.P.	36,426,000	8.36%	-	-
Forefront International Limited (In Liquidation) (Note 1 & 3)				
福方股份有限公司(清盤中)(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 ("CNDCEDEP") and as to 50.1% by CDC Holdings 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 339,366,517 shares.

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

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（「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339,366,517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

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.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2006.

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.

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 interim financial report of the Group for the six months ended 30 June 2006 have been reviewed by the Audit Committee of the Company. At the request of the Directors, the Company's external auditors, Messrs. Moores Rowland Mazars, have carried out a review of the unaudited interim financial report in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial report", issued by the HKICPA.

購買、出售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。

企業管治常規守則

董事認為，本公司於截至二零零六年六月三十日止六個月一直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」）。

證券交易標準守則

本公司已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。

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行政總裁組成。

審核委員會

本集團截至二零零六年六月三十日止六個月之未經審核中期財務報告已由本公司審核委員會審閱。本公司外聘核數師摩斯倫•馬賽會計師事務所於董事要求下已按照由香港會計師公會發出之核數準則第700號「審閱中期財務報告之委聘」審閱未經審核中期財務報告。



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, the continuing support of our business partners, customers and the Company's shareholders.

BY ORDER OF THE BOARD

KELVIN EDWARD FLYNN
DIRECTOR

Hong Kong, 22nd September 2006

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

董事
KELVIN EDWARD FLYNN

香港，二零零六年九月二十二日



INDEPENDENT REVIEW REPORT 獨立審閱報告

Moores Rowland Mazars 摩斯倫·馬賽會計師事務所

34th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong
香港銅鑼灣
希慎道33號
利園廣場34樓

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 27.

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.

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27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。



INDEPENDENT REVIEW REPORT

獨立審閱報告

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 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 the Group's 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.

LIMITATION OF SCOPE RELATING TO TAIWAN SUBSIDIARIES

Our audit report on the consolidated financial statements of the Group for the year ended 31 December 2005 was qualified because of a limitation of scope with regard to the Taiwan Subsidiaries. As explained in note 1 to the condensed consolidated financial statements, due to the absence of accounting information about the Taiwan Subsidiaries for the period ended 30 June 2006 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 2006 of the Taiwan Subsidiaries, 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 after recognising an impairment loss of HK\$100,880,000 in 2005, has been included in the condensed consolidated balance sheet as interests in unconsolidated subsidiaries in the amount of HK\$48,174,000. We are unable to determine whether the impairment loss on these subsidiaries has been correctly made and the interests in unconsolidated subsidiaries are fairly stated.

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貴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。

有關台灣附屬公司之範圍限制

由於台灣附屬公司之事項導致審核範圍之限制，故此吾等就貴集團於截至二零零五年十二月三十一日止年度綜合財務報表之審核報告發表保留意見。誠如簡明綜合財務報表附註1所闡釋，由於欠缺董事認為可靠有關台灣附屬公司之截至二零零六年六月三十日止期間之會計資料，故此簡明綜合財務報表並無計入台灣附屬公司（組成貴集團重要部份）於二零零六年六月三十日之期內業績及財務狀況。貴集團基於二零零三年十二月三十一日之經審核財務資料及於二零零五年確認100,880,000港元之減值虧損後於此等實體所佔之資產淨值，已作為未綜合附屬公司之權益為數48,174,000港元計入簡明綜合資產負債表。吾等未能釐定此等附屬公司之減值虧損是否正確計算及於未綜合附屬公司之權益是否公正呈列。



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.

FUNDAMENTAL UNCERTAINTY RELATING TO THE GROUP'S OPERATIONS

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\$12,979,000 as at 30 June 2006. 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. We consider that the fundamental uncertainty has been adequately disclosed in the condensed consolidated financial statements and our conclusion is not modified in this respect.

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。

有關 貴集團業務之基本不明朗因素

貴集團台灣附屬公司以外之業務在連續期間錄得虧損，及於二零零六年六月三十日之流動負債淨額約為12,979,000港元。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。吾等認為該基本不明朗因素已於簡明綜合財務報表中充份披露，吾等之結論並無就此作出修訂。



INDEPENDENT REVIEW REPORT 獨立審閱報告

INABILITY TO REACH A REVIEW CONCLUSION

Because of the significance of the possible effect of the limitation in evidence 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 2006.

Moores Rowland Mazars
Chartered Accountants
Certified Public Accountants

Hong Kong, 22 September 2006

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，故吾等未能有關截至二零零六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，二零零六年九月二十二日