

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

1. CORPORATION INFORMATION

The activities and particulars of the Company and its subsidiaries (hereinafter, collectively referred to as the "Group") are set out in the Corporation Information and Report of the Directors.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance except for the exclusion of consolidation of Taiwan Subsidiaries as set out below. The measurement basis used in the preparation of these financial statements is historical cost.

Taiwan Subsidiaries

As detailed in the Company's previous Interim Reports, Annual Reports and certain announcements, the Group was involved in a dispute concerning control over its subsidiaries operation in Taiwan in early 2005, namely Forefront International Automotive Limited ("FIAL"), Sunshine Credit Limited ("SSC") and U-Drive Smart Card Company Limited (collectively referred to as "Taiwan Subsidiaries"). Certain former members of the Board actively obstructed the Group's legitimate exercise of control over the Taiwan Subsidiaries resulting in the Group losing control over the Taiwan Subsidiaries until June 2005. After regaining control of the Taiwan Subsidiaries in June 2005, it became apparent that the operating assets of the Taiwan Subsidiaries had been used illegally by the former management of the Taiwan Subsidiaries without proper authorisation. Multiple civil and criminal litigation proceedings were initiated against the former management of the Taiwan Subsidiaries to recover the assets. The books and records of the Taiwan Subsidiaries were found to be insufficient for the preparation of financial statements and consolidation into the consolidated accounts of the Group for the financial years ended 2004, 2005 and 2006. Accordingly, it is not possible for the Group to ascertain the exact amount of assets and liabilities of the Taiwan Subsidiaries at the balance sheet date of these financial statements.

1. 公司資料

本公司及其附屬公司(統稱「本集團」)之業務及其摘要載於公司資料及董事會報告內。

2. 主要會計政策

編制基準

財務報表乃按香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)及香港會計準則(「香港會計準則」)、香港公認會計原則及香港公司條例之披露規定編製,惟以下所載未經綜合台灣附屬公司除外。財務報表乃採用歷史成本計算基準編製。

台灣附屬公司

誠如本公司上一份中期報告、年度報告及若干公佈所詳述,本集團於二零零五年初涉及一宗有關其於台灣經營之附屬公司控制權之紛爭,該等附屬公司分別為福方國際汽車股份有限公司(「福方國際」)、勝山財務股份有限公司(「勝山財務」)及任我行智慧卡有限公司(統稱「台灣附屬公司」),而若干前董事會成員多番阻撓本集團對其於台灣附屬公司行使合法控制權,致使本集團於二零零五年六月以前無法控制台灣附屬公司。董事會於二零零五年六月重掌對台灣附屬公司之控制權後,台灣附屬公司之經營資產明顯遭台灣附屬公司前管理層非法及在未獲授權下使用。董事會經已針對台灣附屬公司之前管理層提出多宗民事及刑事法律程序,以收回有關資產。由於發現有關台灣附屬公司之帳冊及記錄資料不足以編製本集團截至二零零四年、二零零五年及二零零六年十二月三十一日止財政年度之財務報表及綜合計入本集團該等綜合帳目。因此,本集團不能確定於該等財務報表結算日台灣附屬公司資產與負債之實際金額。

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2. PRINCIPAL 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 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 year. 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 Hong Kong Accounting Standard 27 "Consolidated and separate financial statements" issued by the Hong Kong Institute of Certified Public Accountants ("HKAS 27") and, in this respect, the financial statements are not in compliance with HKAS 27. For this reason, the Company's auditors have disclaimed their opinion on the financial statements.

On 30 December 2006, the Company entered into a sales and purchase agreement with Smeatons Development Limited, being an independent third party purchaser, in respect of the disposal of the Taiwan Subsidiaries ("**Disposal Agreement**"). The Disposal Agreement was approved by independent shareholders on 30 March 2007 and completed on the same day. More information of the disposal is set out in Note 32.

2. 主要會計政策 (續)

台灣附屬公司 (續)

因此，該等台灣附屬公司之財務報表並無計入本集團之綜合財務報表，皆因董事認為，計入該等財務報表或會導致本集團本年度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（「**香港會計準則第27號**」）「綜合及獨立財務報表」所定之原因之一，而就此而言，財務報表並不符合香港會計準則第27號。基於此原因，本公司的核數師已對財務報表不發表意見。

於二零零六年十二月三十日，本公司與一獨立第三方買方 Smeatons Development Limited 簽署一份買賣協議，以出售台灣附屬公司（「**出售協議**」）。出售協議已於二零零七年三月三十日獲獨立股東批准並於同日完成。有關出售事項更詳盡之資料詳情載於附註32。

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impact of new HKFRSs and HKASs

At the date of authorisation of these financial statements, the HKICPA has issued a number of accounting standards and interpretations that are not yet effective for the current year. The directors anticipate that the adoption of these new HKFRSs in the future would have no material impact on the results of the Group.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December each year. All inter-company transactions and balances have been eliminated on consolidation.

Subsidiaries

A subsidiary is an entity, in which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's balance sheet, investment in subsidiaries is stated at cost less accumulated impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Financial instruments

Financial assets and liabilities are recognised on the trade date basis, when the Group becomes a party to the contractual provisions of the instruments. The derecognition of a financial asset takes place when the Group's contractual rights to future cash flows from the financial asset expire or the Group transfers the contractual rights to future cash flows to a third party. The Group derecognises financial liability when, and only when the liability is extinguished.

2. 主要會計政策 (續)

新香港財務報告準則及香港會計準則之影響

於該等財務報表獲授權當日，香港會計師公會已頒佈多項於本年度尚未生效之會計準則及詮釋。董事預期於日後採納該等新香港財務報告準則不會對本集團之業績造成重大影響。

綜合基準

綜合財務報表包括本公司及其附屬公司截至每年十二月三十一日為止之財務報表。本集團內公司間之所有交易及結餘已於綜合帳目時對銷。

附屬公司

附屬公司指本公司有權直接或間接監管其財務及營運政策以自其業務中獲取利益之實體。

於本公司之資產負債表中，附屬公司之投資乃按成本減累計減值虧損入帳。投資之帳面金額按個別基準扣減至其可收回金額。本公司按已收及應收股息基準將附屬公司之業績入帳。

財務工具

財務資產及負債乃按貿易日期基準於本集團成為該等工具之合約條文之一方時確認。當本集團於財務資產未來現金流入之合約權利屆滿，或本集團將未來現金流入之合約權利轉移予第三方，則終止確認財務資產。本集團僅於負債消除時終止確認財務負債。

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Bank borrowings

Bank borrowings are initially recognised at cost, being the fair value of the consideration received, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Trade receivables and payables

Trade receivables and payables are recognised at cost which approximates their fair value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flow, discounted at the effective interest rate. The amount of provision is recognised in the income statement.

2. 主要會計政策 (續)

持作出售之非流動資產

倘非流動資產及出售組別之帳面值將可通過銷售交易(而非通過持續使用)收回,則該等非流動資產及出售組別將劃分為持作出售項目。僅於出售機會相當高及資產(或出售組別)可於現況下即時出售時,此項條件方被視為達成。管理層必須致力促成銷售事項,預期自分類日期起計一年內合資格確認為已完成之銷售。

分類為持作出售項目之非流動資產(及出售組別),乃按資產過往帳面值及公平值兩者中之較低者減去銷售成本計量。

銀行借貸

銀行借款首次按成本確認,成本指已收代價之公允值扣除所產生之交易成本,並於期後按實際利率法按攤銷成本計量。

應收及應付貿易帳款

應收及應付貿易帳款乃按其概約公允值減去減值撥備的成本確認。應收貿易帳款之減值撥備於有客觀證據顯示本集團將不能按應收帳之原來條款收回所有金額時提備。撥備金額指資產帳面值與按實際利率折價之估計未來現金流現值間之差額。撥備金額於損益表確認。

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the income statement during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold improvement	50%
Furniture and fixture	20%-50%
Motor vehicles	20%-33%

2. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備按成本值減累計折舊及累計減值虧損列帳。

物業、廠房及設備項目之成本包括其購買價及令資產達致其現時營運狀況及運送至其運作地點作擬定用途之任何直接應佔費用。期後成本僅於該項目相關之未來經濟利益可能流入本集團，而該項目之成本能可靠地計量時，方計入資產帳面值或確認為獨立資產。所有其他維修及保養開支於其所產生年度於損益表扣除。

折舊乃自物業、廠房及設備可使用日期起，並計入彼等之估計尚餘價值後，就彼等之估計可用年期攤銷成本減累計減值虧損，以直線法按下列折舊年率計算折舊：

租賃物業裝修	50%
傢具及辦公室設備	20%-50%
汽車	20%-33%

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. For motor vehicles, cost is determined on the specific identification basis, while for other inventories, cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment loss

At each balance sheet date, the Group reviews internal and external sources of information to determine whether the carrying amounts of its property, plant and equipment and investment in subsidiaries have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense and charged to the income statement immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income immediately.

2. 主要會計政策 (續)

存貨

存貨以成本值與可變現淨值兩者中之較低者列帳。成本包括所有採購成本及(如適用)轉換成本及將存貨運至現時地點及處於現況所需之其他成本。汽車成本按特定辨識基準釐定,而其他存貨之成本則按加權平均法計算。可變現淨值指於一般業務過程中之估計售價減估計完成成本及進行銷售必需之估計成本。

減值虧損

於各結算日,本集團評估內部及外部所得資料,以決定其物業、廠房、設備及附屬公司之投資之帳面值有否任何減值虧損或倘先前已確認之減值虧損是否不再存在或有所減少。倘有任何該等顯示存在,該資產之可收回數額須根據其公允價值減銷售成本及可使用價值兩者之較高者作估計。倘無法估計個別資產之可收回數額,本集團則估計可獨立產生現金流量之最小資產組別(即現金產生單位)之可收回數額。

倘資產或現金產生單位之可收回數額估計低於其面值,則資產或現金產生單位之面值將減至其可收回數額。減值虧損隨即確認為開支及於損益表扣除。

撥回之減值虧損以假設過往年度並無確認減值虧損情況下而釐定的資產或現金產生單位之帳面值為限。撥回之減值虧損隨即確認為收入。

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditure for which a provision has been recognised are charged against the related provision in the year in which the expenditure is incurred. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is stated at the present value of the expenditure expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably.

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with when goods are delivered to customers and title has passed.

Service fee income is recognised when the services are rendered.

2. 主要會計政策 (續)

撥備

倘本集團因過往事件而產生目前之法定或推定責任，而有可能耗用包含經濟利益之資源以履行責任，以及能可靠地估計責任涉及之款額，則須就此確認撥備。已確認撥備之支出乃於支出產生之年度於相關撥備扣除。撥備乃於各結算日審閱及調整以反映目前之最佳估計款額。倘貨幣之時間值會產生重大影響，則作出撥備之款額乃預期需要履行責任之支出之現值。倘本集團預期該撥備可補償，則此款額於幾乎肯定將補償之情況下確認為獨立資產。

收益

收益乃於經濟利益將會流入本集團且收益能夠可靠衡量時予以確認。

貨品銷售是在風險及回報擁有權轉移（一般與有關貨品付運及所有權移交客戶之時間相同）時予以確認。

服務費收入是在提供有關服務後予以確認。

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currencies

Items included in the financial statements of each of the Groups entities are measured using currency of the primary economic environment in which the entity operates (“**the functional currency**”). The consolidated financial statements are presented in Hong Kong dollars, which is the Company’s functional and presentation currency.

Transactions involving foreign currencies are translated into functional currency at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates prevailing on the balance sheet date. Translation differences are included in the income statement.

On consolidation, the balance sheets of foreign operations denominated in currencies other than Hong Kong dollars are translated at the rates of exchange ruling at the balance sheet date while the income statement is translated at average rates for the year. All exchange differences arising on consolidation are dealt with in through the translation reserve.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the timing difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

2. 主要會計政策 (續)

外幣

本集團各實體之財務報表項目依各自實體營運所在的主要經濟環境通行之貨幣(「**記帳貨幣**」)計量。本綜合財務報表以港元為本集團之功能及呈列貨幣呈列。

外幣交易均按交易日之匯率換算為記帳貨幣。於結算日以外幣列值之貨幣資產及負債均按當日之匯率重新換算。換算差額計入損益帳。

於綜合帳目時，境外業務按港元以外之貨幣列值之資產負債表，乃按結算日之匯率換算，而損益表則按全年平均匯率換算。因綜合帳目而產生之所有匯兌差額均在匯兌儲備內處理。

稅項

現行所得稅支出乃按年內經非應課稅或非准予抵扣項目調整之業績計算，並使用於結算日已實行或大致上已實行之稅率計算。

遞延稅項乃使用負債法，就資產與負債之稅基以及該等資產與負債於財務報表內所列之帳面值間之暫時差額作出全數撥備。然而，倘特效差異因首次確認業務合併以外之交易之資產或負債產生，而進行交易時對會計溢利或應課稅溢利或虧損均無影響，則不予入帳。

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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Cash equivalents

Cash equivalents in the consolidated cash flow statement represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts.

Operating leasing

Rentals payable and receivable under operating leases are recognised as an expense and revenue on the straight-line basis over the lease terms. Lease incentives received are recognised in the income statement as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

2. 主要會計政策 (續)

稅項 (續)

遞延稅項負債或資產乃按照於結算日已實行或大致上實行之稅率及稅務法律，按照預期將於變現資產或償還負債之期間適用之稅率計算。遞延稅項資產乃在未來應課稅溢利可抵扣暫時差額、稅項虧損及稅項抵免時予以確認。

現金等價物

就綜合現金流量表而言，現金等價物指扣除銀行透支後可隨時轉換為可知數額現金，而所承受之價值變動風險並不重大之短期高流動性投資項目。

經營租賃

經營租賃的應付及應收租金按直線法於租期內確認為開支及收益。已收租賃優惠於損益帳中確認為協定使用租賃資產代價淨額之一部份。或然租金於產生的會計期間內確認為開支。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Related parties

A party is related to the Group if (a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group; (b) the party is an associate of the Group; (c) the party is a joint venture in which the Group is a venturer; (d) the party is a member of the key management personnel of the Group or its parent; (e) the party is a close member of the family of any individual referred to in (a) or (d); (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Critical accounting estimates and judgements

Estimates and judgements are currently evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarise estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for inventories

The Group reviews an ageing analysis of inventories at each balance sheet date, and make allowance for obsolete and slow-moving inventory items identified that are no longer recoverable or suitable for use. The management estimates the net realisable value for inventory based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowances for obsolete items.

2. 主要會計政策 (續)

關連人士

在以下情況下，一方將被視為本集團之關連人士：(a)其透過一名或多名中間人直接或間接控制、受控於、或共同授控於本集團；或於本集團擁有權益使其對集團有重大影響；或對本集團有共同控制權；(b)該方為本集團之聯繫人士；(c)該方為本集團合營夥伴之合營公司；(d)該方為本集團或其母公司之主要管理層成員；(e)該方與(a)或(d)所述任何人士之親密家族成員；(f)該方為受(d)或(e)所述任何人士控制、共同控制或受重大影響之實體，或(d)或(e)所述任何人士於該實體擁有重大投票權；或(g)該方為一職後福利計劃而受益人為本集團僱員或任何為本集團關連人士之實體。

關鍵會計估計及判斷

估計及判斷按現況並根據歷史經驗及其他因素進行評估，包括按當時情況相信為合理而對未來事件之期望。除了於本財務報表其他地方披露之資料外，以下為有重大風險於下一財政年度導致資產及負債之帳面值出現重大調整之估計及假設概要。

存貨撥備

本集團於各結算日檢討存貨之帳齡分析，並就已辨識且無法收回或適合使用之過時及滯銷存貨項目作出撥備。管理層主要根據最新發票價及現時市場狀況估計存貨之可變現價值。本集團於各結算日按個別產品基準進行存貨檢討，並就過時項目撥備。

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財務報表附註

For the year ended 31 December 2006
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2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgements

(Continued)

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgement. At the balance sheet date, the accounts receivables were stated net of provision. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, an additional allowance will be required.

Employee benefits

Defined contribution plans

The obligations for contributions to defined contribution retirement schemes are recognised as expenses in the income statement as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund.

Long service payment

The Company's net obligation in respect of long service payment under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets, including retirement scheme benefit, is deducted.

2. 主要會計政策 (續)

關鍵會計估計及判斷 (續)

呆壞帳撥備

本集團之呆壞帳撥備政策乃根據應收帳之可收回性評估及帳齡分析以及管理層之判斷釐定。於結算日，應收帳扣除撥備入帳。於評估該等應收帳之最終變現能力時，須從多方判斷，包括各名客戶之現時信譽及過往收帳記錄。倘該等客戶之財務狀況惡化，導致其還款能力出現減值，將須作出額外撥備。

僱員福利

界定供款計劃

界定供款退休計劃之責任及貢獻於產生時於損益表確認為費用。計劃資產與本集團之資產分開，於獨立管理之基金持有。

長期服務金

本公司根據香港僱傭條例之長期服務金責任淨額，乃指僱員於本期間及過往期間提供服務所賺取之未來福利金額。有關責任乃以估計單位基數法計算，並折現至其現值，而扣除任何相關資產（包括退休金計劃的利益）之公平值。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories, receivables, operating cash and investments in securities. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the destination of shipment of merchandise and total assets and capital expenditure are where the assets are located.

2. 主要會計政策 (續)

分部呈報

根據本集團之內部財務申報，本集團決定將業務分類按主要呈報方式呈列，並以地域分佈作為次要呈報方式。

未分類成本指公司開支。分類資產主要包括物業、廠房及設備、存貨、應收帳、經營現金、證券投資。分類負債包括經營負債，並不包括稅項及若干公司借貸等項目。資本開支包括物業、廠房及設備之添加，包括因透過購入附屬公司進行收購之添加。

就地區分類呈報而言，銷售乃按貨物付運目的地、資產總值及資本開支劃分。

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財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

3. TURNOVER AND REVENUE

Turnover and revenue recognised by category are analysed as follows:

3. 營業額及收益

按分類確認之營業額及收益分析如下:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
(a) Turnover	(a) 營業額		
Sale of motor trucks, coaches and vehicle accessories	銷售貨車、旅遊巴士及汽車配件	65,762	105,985
Provision of motor vehicle repairs and maintenance services	提供汽車維修及保養服務	25,439	27,010
Fuel commission income	燃料佣金收入	3,786	4,754
Provision of other motor vehicle related services	提供其他汽車相關服務	-	230
		94,987	137,979
(b) Other income	(b) 其他收入		
Interest income	利息收入	594	167
Gain on disposal of interests in a subsidiary	出售附屬公司權益之收益	-	7,953
Gain on disposal of property, plant and equipment and land lease prepayment	出售物業、廠房及設備及預付土地租賃款項之收益	50	6,985
Others	其他	1,127	1,561
		1,771	16,666

4. LOSS BEFORE TAXATION

This is stated after charging (crediting):

(i) Finance costs

4. 除稅前虧損

此乃經扣除(計入)下列各項:

(i) 融資成本

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interest on bank borrowings wholly repayable within five years	須於五年內全數償還之銀行借貸之利息	117	698
Zero coupon convertible bonds	零息票可換股債券	173	2,780
Interest paid to supplier	已付供應商之利息	142	713
		432	4,191

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財務報表附註

For the year ended 31 December 2006
截至二零零六年十二月三十一日止年度

4. LOSS BEFORE TAXATION (Continued)

(ii) Other items

4. 除稅前虧損 (續)

(ii) 其他項目

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Auditors' remuneration	核數師酬金	1,000	940
Depreciation of property, plant and equipment	物業、廠房及設備折舊	603	4,335
Amortisation on land lease prepayment	預付土地租賃款項攤銷	-	46
Allowance on inventories	存貨撥備	1,559	1,193
Operating lease charges on premises	物業經營租賃支出	7,475	987
Settlement of legal claim	法律訴訟和解	-	7,000
Impairment loss on interests in unconsolidated subsidiaries	於未綜合附屬公司之權益減值	-	100,800
Provision on amounts due from unconsolidated subsidiaries	應收未綜合附屬公司款項撥備	-	1,133
Provision for success fee (note 26)	完成酬金撥備 (附註26)	3,500	-
Allowance on trade and other receivables written back	應收貿易帳款及其他應收款項撥備撥回	(1,962)	(4,398)
Staff costs, including directors' emoluments:	員工成本, 包括董事酬金:		
- Salaries and other allowances	- 薪金及其他津貼	18,558	19,161
- Contributions to pension schemes	- 退休計劃供款	659	647
Gain on exchange	滙兌收益	(26)	(170)

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財務報表附註

For the year ended 31 December 2006
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5. DIRECTORS' REMUNERATION

The remuneration of the Company's directors is as follows:

5. 董事酬金

本公司董事酬金載列如下：

Name of Director 董事姓名	Year ended 31 December 2006 截至二零零六年十二月三十一日止年度			2005 二零零五年	
	Fees 袍金 HK\$'000 千港元	Basic salaries, allowances and other benefits 基本薪金、 津貼及 其他福利 HK\$'000 千港元	Pension scheme contribution 退休 計劃供款 HK\$'000 千港元	Total 總計 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Mr. Alistair Macleod	Alistair Macleod先生	300	-	300	300
Mr. Arne Karlsson	Arne Karlsson先生	300	-	300	175
Mr. Cosimo Borrelli (Note i)	Cosimo Borrelli先生 (附註i)	-	-	-	-
Mr. David Giles Maund (Note ii)	David Giles Maund先生(附註ii)	-	-	-	-
Mr. Cheong Ying Chew, Henry	張英潮先生	300	-	300	300
Mr. Kelvin Edward Flynn (Note iii)	Kelvin Edward Flynn先生(附註iii)	75	-	75	-
Mr. Lau Siu Ki, Kevin	劉紹基先生	300	-	300	300
Mr. Louis Wen (Note iv)	溫耒先生(附註iv)	-	834	834	-
Mr. Paul Gerard Davies (Note v)	Paul Gerard Davies先生 (附註v)	-	-	-	200
		1,275	834	2,109	1,275

Note : (i) Mr. Borrelli resigned on 22 September 2006

(ii) Mr. Maund was appointed as executive Director on 22 September 2006

(iii) Mr. Flynn was re-designated from executive Director to non-executive Director on 22 September 2006

(iv) Mr. Wen was appointed as executive Director on 1 September 2006

(v) Mr. Davies retired on 26 May 2006

附註：(i) Borrelli先生於二零零六年九月二十二日辭任

(ii) Maund先生於二零零六年九月二十二日獲委任執行董事

(iii) Flynn先生於二零零六年九月二十二日由執行董事轉任非執行董事

(iv) 溫先生於二零零六年九月一日獲委任執行董事

(v) Davies先生於二零零六年五月二十六日退休

No director waived any emoluments during the year. No incentive payment nor compensation for loss of office was paid or payable to any director for the year ended 31 December 2006 (2005: Nil).

年內並無董事放棄任何酬金。於截至二零零六年十二月三十一日止年度，本集團概無向任何董事支付或應付任何款項作為獎金或離職補償（2005年：無）。

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6. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Among the five individuals with the highest emoluments, one (2005: Nil) was an executive director whose emoluments are disclosed in Note 5.

The emoluments paid to the other four highest (2005: five) individuals during the year were as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	2,954	3,342
Pension scheme contributions	退休計劃供款	36	38
		2,990	3,380

The emoluments fell within the following bands:

		Number of individuals 人數	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
HK\$Nil – HK\$1,000,000	零港元至1,000,000港元	3	4
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至 1,500,000港元	1	1

During the year, no payments were paid to the four highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation for loss of office.

6. 最高酬金人士

五位最高薪人士中，一位為執行董事（二零零五年：無），執行董事酬金已於上文附註5披露。

本年度其他四位最高薪人士（二零零五年：五位）的酬金如下：

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Basic salaries and allowances	2,954	3,342
Pension scheme contributions	36	38
	2,990	3,380

酬金介乎以下範圍：

	Number of individuals 人數	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
HK\$Nil – HK\$1,000,000	3	4
HK\$1,000,001 – HK\$1,500,000	1	1

年內，本集團並無向四位最高薪人士（包括董事及其他僱員）支付款項，作為鼓勵加盟或加盟本集團時的獎金或離職補償。

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財務報表附註

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7. TAXATION

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands. Hong Kong Profits Tax has not been provided in the financial statements as the Company and its subsidiaries either have no assessable profits or have unutilised tax losses to set off against current year's assessable profits for both of the years of 2006 and 2005.

7. 稅項

本公司於開曼群島註冊成立，並獲豁免繳納開曼群島稅項。由於本公司及其附屬公司於二零零六年及二零零五年並無應課稅溢利或未動用稅項虧損以抵銷本年度之應課稅溢利，故本公司並無於財務報表中計提香港利得稅撥備。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Income tax credit for the year	年內所得稅抵免		
– Over provision in prior year	– 上年度超額撥備	–	(1,261)
		–	(1,261)

Reconciliation of tax expenses

稅項開支對帳

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Loss before taxation	除稅前虧損	(24,752)	(118,365)
Income tax at Hong Kong Profits Tax rate of 17.5%	按香港利得稅稅率17.5% 計算之利得稅	(4,332)	(20,714)
Net effect of non-deductible expenses/tax-exempted revenue	不可扣稅開支／免稅 收入之影響淨額	2,889	20,980
Over provision of income tax in prior year	上年度所得稅之超額撥備	–	(1,261)
Utilisation of previously unrecognised tax losses	動用之前未確認稅項虧損	(702)	–
Unrecognised deferred tax assets in respect of tax losses	就稅項虧損之 尚未確認遞延稅項資產	2,145	(266)
Taxation as per consolidated income statement	綜合損益表呈列之稅項	–	(1,261)

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8. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders includes a loss of approximately HK\$31,137,000 (2005: HK\$123,354,000) which has been dealt with in the financial statements of the Company.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to shareholders for the year of approximately HK\$24,752,000 (2005: HK\$117,104,000) and on the weighted average of 435,772,000 shares (2005: 435,772,000 shares) in issue during the year. No dilutive 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 year 2005.

As explained in Note 26 and Note 32, the Company has agreed to pay Alvarez & Marsal Asia Limited ("A&M") 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.

8. 股東應佔虧損

股東應佔虧損包括虧損約31,137,000港元(二零零五年:123,354,000港元)已於本公司財務報表中處理。

9. 每股虧損

每股基本虧損乃按年內股東應佔綜合虧損約24,752,000港元(二零零五年:117,104,000港元)及年內已發行普通股加權平均數435,772,000股(二零零五年:435,772,000股)計算。由於二零零五年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兌換為普通股之換股影響,亦並無呈列每股攤薄虧損。

誠如附註26及附註32所闡釋,本公司已同意向安邁顧問有限公司(「安邁」)支付由本公司若干數額股份組成之完成酬金。於結算日,獲取完成酬金之必要條件尚未達到,因此在計算每股攤薄虧損時並無計入有關此項完成酬金之或然可發行普通股。

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財務報表附註

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10. PROPERTY, PLANT AND EQUIPMENT

10. 物業、廠房及設備

		Land and buildings	Leasehold improvements	Furniture and equipment	Motor vehicles	Total
		土地及樓宇	租賃物業裝修	傢具及設備	汽車	總計
		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
At beginning of year 2005	二零零五年初	49,150	992	2,699	923	53,764
Additions	添置	-	-	270	-	270
Disposal upon disposal of interests in a subsidiary	出售附屬公司權益	-	-	(205)	-	(205)
Disposals	出售	(43,332)	(155)	(887)	(404)	(44,778)
Depreciation charged for the year	年內折舊支出	(1,402)	(837)	(1,603)	(493)	(4,335)
Deficit debited to reserve	減值於儲備扣除	(4,505)	-	-	-	(4,505)
Translation adjustments	滙兌調整	89	-	15	(2)	102
		-	-	289	24	313
At 31 December 2005	二零零五年 十二月三十一日					
Cost	成本	-	-	8,308	1,959	10,267
Accumulated depreciation	累計折舊	-	-	(8,019)	(1,935)	(9,954)
		-	-	289	24	313
At beginning of year 2006	二零零六年初	-	-	289	24	313
Additions	添置	-	2,867	561	439	3,867
Disposals	出售	-	-	(52)	-	(52)
Depreciation charged for the year	年內折舊支出	-	(312)	(218)	(73)	(603)
Translation adjustments	滙兌調整	-	-	(1)	-	(1)
		-	2,555	579	390	3,524
At 31 December 2006	二零零六年 十二月三十一日					
Cost	成本	-	2,867	5,855	1,762	10,484
Accumulated depreciation	累計折舊	-	(312)	(5,276)	(1,372)	(6,960)
		-	2,555	579	390	3,524

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11. INTERESTS IN UNCONSOLIDATED SUBSIDIARIES (HELD FOR SALE)

11. (持作出售) 於未綜合附屬公司 之權益

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Interests in unconsolidated subsidiaries 於未綜合附屬公司之權益	149,054	149,054
Less: Impairment loss 減: 減值虧損	(100,880)	(100,880)
	48,174	48,174
Reclassification to interests 重新分類至持作出售 in unconsolidated subsidiaries 於未綜合附屬公司 held for sale 之權益	(48,174)	-
	-	48,174

As explained in Note 2 to the financial statements, the financial statements of the Group's Taiwan Subsidiaries have not been included in the consolidated financial statements of the Group in accordance with the Hong Kong Accounting Standard 27 "Consolidated and Separate Financial Statements" issued by the 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 year. 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 has been included in the 2005 and 2006 consolidated balance sheet as interests in unconsolidated subsidiaries and interests in unconsolidated subsidiaries held for sale respectively in the amount of HK\$48,174,000.

On 30 December 2006, a disposal agreement was entered between the Company and an independent purchaser to dispose interests in the Taiwan Subsidiaries at a disposal consideration of HK\$54,979,000. The disposal agreement was approved by the Company's independent shareholders and completed on 30 March 2007. As a result, the interests in unconsolidated subsidiaries and amounts due to unconsolidated subsidiaries to be disposed of have been reclassified as interests in unconsolidated subsidiaries held for sale and amounts due to unconsolidated subsidiaries held for sale respectively as at 31 December 2006. More information of the disposal is set out in Note 32 to the financial statements.

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

誠如財務報表附註2所說明，根據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」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。根據本集團截至二零零三年十二月三十一日之經審核財務資料，本集團分佔此等實體之資產淨值於確認一筆為數100,880,000港元之減值虧損後合共為48,174,000港元，該筆款項已於二零零五及二零零六年度之綜合資產負債表中分別計入列作於未綜合附屬公司及持作出售於未綜合附屬公司之權益。

於二零零六年十二月三十日，本公司與一獨立買方簽署一份出售協議，以54,979,000港元之出售代價出售台灣附屬公司權益。該出售協議已於二零零七年三月三十日獲本公司獨立股東批准並於同日完成。因此，於二零零六年十二月三十一日，於未綜合附屬公司之權益及應付將予出售於未綜合附屬公司之款項已分別重新分類列為持作出售於未綜合附屬公司之權益及應付持作出售於未綜合附屬公司之款項。有關出售事項更詳盡之資料詳情載於附註32。

應付(持作出售)於未綜合附屬公司款項為無抵押、免息及無既定之償還條款。

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財務報表附註

For the year ended 31 December 2006
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12. INVESTMENT SECURITIES

12. 投資證券

	The Group 本集團		The Company 本公司	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
At cost less impairment loss 按成本減減值虧損：				
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	6,908	6,908
Less: Impairment loss 減：減值虧損	(6,908)	(6,908)	(6,908)	(6,908)
	-	-	-	-

13. INTERESTS IN SUBSIDIARIES

13. 於附屬公司之權益

		The Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
(a) Unlisted shares, at cost (a) 非上市股份·按成本		22,568	74,934
Amounts due from subsidiaries 應收附屬公司款項		248,505	313,279
		271,073	388,213
Less: Provision 減：撥備		(218,700)	(215,600)
		52,373	172,613
(b) Unlisted shares held for sale, at cost (b) 持作出售之非上市股份·按成本		52,366	-
Less: Impairment loss 減：減值虧損		(11,977)	-
		40,389	-

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For the year ended 31 December 2006
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13. INTERESTS IN SUBSIDIARIES (Continued)

- (c) The amounts due from/to subsidiaries are unsecured, non-interest bearing and have no fixed repayment term.
- (d) The amounts due to subsidiaries held for sale are unsecured, non-interest bearing and have no fixed repayment term.
- (e) Details of the subsidiaries at 31 December 2006 were as follows:

13. 於附屬公司之權益 (續)

- (c) 應收／應付附屬公司之款項為無抵押、免息及無既定之償還條款。
- (d) 應付持作出售於附屬公司之款項為無抵押、免息及無既定之償還條款。
- (e) 於二零零六年十二月三十一日之附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊 成立／經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本／註冊資本	Percentage of equity interests held by the Company		Principal activities 主要業務
			Directly 本公司所持股本 權益百分比 直接	Indirectly 間接	
Allen Motor Co, Limited 亞倫車行有限公司	Hong Kong 香港	HK\$2 2港元	-	93.7%	Provision of agency services for insurance and financing of motor vehicles 提供汽車保險及融資代理服務
Cybergear Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	-	Investment holdings 投資控股
Cyber Centre Limited 數碼中心有限公司	Hong Kong 香港	HK\$2 2港元	-	100%	Inactive 暫無營業
Digital Cyber Technologies Group Ltd	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Inactive 暫無營業
Forefront Automotive Services Company Limited 福方汽車服務有限公司	Hong Kong 香港	HK\$20 20港元	-	100%	Trading of motor vehicle accessories and provision of motor vehicle repairs and maintenance services 汽車零配件貿易及提供 汽車維修保養服務
Forefront (China) Company Limited 福方(中國)有限公司	Hong Kong 香港	HK\$20 20港元	-	100%	Investment holdings 投資控股
Forefront Finance Co Limited 福方財務有限公司	Hong Kong 香港	HK\$2,000,000 2,000,000港元	-	93.7%	Provision of hire purchase financing 提供租購融資

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For the year ended 31 December 2006
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13. INTERESTS IN SUBSIDIARIES (Continued)

13. 於附屬公司之權益 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊 成立/經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of equity interests held by the Company		Principal activities 主要業務
			Directly 本公司所持股本 權益百分比 直接	Indirectly 間接	
Forefront International Automotive Limited (Note 11) 福方國際汽車股份有限公司 (附註11)	British Virgin Islands/ Taiwan 英屬處女群島/台灣	US\$3,254,681 3,254,681美元	100%	–	Trading of motor trucks, coaches and vehicle accessories and provision of motor vehicle repairs and maintenance services 貨車、旅遊巴士及汽車零配件貿易及提供汽車維修保養服務
Forefront International (Hong Kong) Limited 福方(香港)有限公司	Hong Kong 香港	HK\$100,000 Ordinary share HK\$6,000,000 Non-voting deferred shares (i) 100,000 港元普通股 6,000,000 港元無投票 權遞延股份 (i)	–	100%	Trading of motor trucks and coaches 貨車及旅遊巴士貿易
Forefront International Trading (Shanghai) Co Ltd. (ii) 福方國際貿易(上海)有限公司 (ii)	Mainland China 中國內地	US\$200,000 200,000美元	–	100%	Trading of motor trucks and vehicle Accessories 貨車及汽車零配件貿易
Forefront Investment Holdings Limited	British Virgin Islands 英屬處女群島	US\$47,752 47,752美元	100%	–	Investment holdings 投資控股
Forefront (Macau) Automotive Limited 福方(澳門)汽車有限公司	Macau 澳門	MOP25,000 澳門幣25,000元	–	100%	Trading of coaches and vehicle accessories and provision of motor vehicle repairs and maintenance services 旅遊巴士與汽車零配件貿易及提供汽車維修保養服務
福方汽車服務(深圳)有限公司 (iii)	Mainland China 中國內地	HK\$625,000(iii) 625,000港元(iii)	–	100%	Trading of motor trucks, coaches and vehicle accessories 貨車、旅遊巴士及汽車零配件貿易
Forerunner (China) Development Co Ltd 福倫(中國)發展有限公司	Hong Kong 香港	HK\$10,000 10,000港元	–	63.75%	Investment holdings 投資控股

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13. INTERESTS IN SUBSIDIARIES (Continued)

13. 於附屬公司之權益 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊 成立/經營地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of equity interests held by the Company		Principal activities 主要業務
			Directly 本公司所持股本 權益百分比 直接	Indirectly 間接	
Griffin Holdings Limited	Hong Kong 香港	HK\$1 1港元	-	100%	Investment holdings 投資控股
Merryork International Ltd	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	-	Investment holdings 投資控股
Pureland Development Corporation	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holdings 投資控股
Prime Wish Development Limited 志大發展有限公司	Hong Kong 香港	HK\$2 2港元	-	93.7%	Investment holdings 投資控股
Scantle Management Limited	British Virgin Islands 英屬處女群島	US\$2 2美元	100%	-	Investment holdings 投資控股
Stareast International Limited	British Virgin Islands 英屬處女群島	US\$2 2美元	-	100%	Investment holdings 投資控股
Sunshine Credit Limited (Note 11) 勝山財務股份有限公司(附註11)	Taiwan 台灣	NT\$201,000,000 新台幣201,000,000元	-	93.7%	Provision of hire purchase financing 提供租購融資
U-Drive Company Limited 任我行有限公司	Hong Kong 香港	HK\$1,000 1,000港元	-	93.7%	Provision of chain services to vehicle customers 向汽車客戶提供連鎖服務
U-Drive Smart Card Company Limited (Note 11) 任我行智慧卡有限公司(附註11)	Taiwan 台灣	NT\$360,000,000 新台幣360,000,000元	-	93.7%	Development and operation of multi- application smart card system 研發及經營多用途智慧卡系統
V-Guard Technology Limited	Hong Kong 香港	HK\$100 100 港元	-	93.7%	Provision of telematics services 提供遙距傳訊服務

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For the year ended 31 December 2006
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13. INTERESTS IN SUBSIDIARIES (Continued)

Notes:

- (i) Holders of deferred shares have no rights to vote at general meetings or receive any dividend. Upon winding up, they are entitled to one half of the balance of the company's assets after HK\$100,000,000,000 has been distributed to holders of ordinary shares.
- (ii) Forefront International Trading (Shanghai) Co., Ltd. is a wholly foreign owned enterprise established in People's Republic of China ("Mainland China") to be operated for a period of 50 years up to May 2050. The Company is in the process of voluntary winding up.
- (iii) 福方汽車服務(深圳)有限公司 is a wholly foreign owned enterprise established in Mainland China to be operated for a period of 30 years up to June 2036. The authorised share capital of the company is HK\$3,500,000.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2006.

14. INVENTORIES

Motor trucks and coaches	貨車及旅遊巴士
Vehicle accessories	車輛零配件

Less: Provision for obsolete and slow-moving inventories	減:陳舊及滯銷存貨撥備
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At 31 December 2006, the amount of inventories included in above carried at net realisable value totalled approximately HK\$2,497,000 (2005: HK\$5,750,000) and the balance of approximately HK\$27,858,000 (2005: HK\$28,358,000) was at cost.

13. 於附屬公司之權益 (續)

附註:

- (i) 遞延股份的持有人無權在股東大會上投票或收取任何股息。在清盤時，首筆剩餘資產 100,000,000,000 港元將首先用於分派予普通股的持有人，然後該筆資產餘額的一半才分派予遞延股份的持有人。
- (ii) 福方國際貿易(上海)有限公司為在中華人民共和國(「中國內地」)成立的全外資企業，經營期限將直至二零五零年五月，為期五十年。此公司正在自願性清盤程序。
- (iii) 福方汽車服務(深圳)有限公司為在中國內地成立的全外資企業，經營期限將直至二零三六年六月，為期三十年。此公司之法定股本為 3,500,000 港元。

各附屬公司於截至二零零六年十二月三十一日止年度內的任何時間並無任何已發行借貸資本。

14. 存貨

		The Group 本集團	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元
Motor trucks and coaches	貨車及旅遊巴士	24,843	24,772
Vehicle accessories	車輛零配件	8,029	15,354
		32,872	40,126
Less: Provision for obsolete and slow-moving inventories	減:陳舊及滯銷存貨撥備	(2,517)	(6,018)
		30,355	34,108

於二零零六年十二月三十一日，計入上文以可變現淨值之存貨金額合共約為 2,497,000 港元(二零零五年: 5,750,000 港元)，而餘額 27,858,000 港元(二零零五年: 28,358,000 港元)則以成本列帳。

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15. TRADE AND OTHER RECEIVABLES

15. 應收貿易帳款及其他應收款項

		The Group 本集團		The Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Trade receivables	應收貿易帳款	10,265	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	8,149	47,476	1,514	39,195
		18,414	66,266	1,514	39,195

Included in deposits, prepayments and other debtors at 31 December 2005 was a receivable of approximately HK\$38,850,000 being US\$5 million of unpaid proceeds from the US\$15 million zero coupon convertible bonds issued by the Company in 2004 (Note 20).

At 31 December 2006 other receivables included an amount of approximately HK\$307,000 (2005: HK\$2,362,000) due from Scania CV AB (publ) ("Scania"), the Group's principal supplier and the holding company of Scania Trade Development AB, a substantial shareholder of the Company.

於二零零五年十二月三十一日之按金、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，乃本公司於二零零四年發行15,000,000美元之零息票可換股債券之未付所得款項5,000,000美元（附註20）。

於二零零六年十二月三十一日，其他應收款項包括應收Scania CV AB (publ)（「Scania」）之款項為數約307,000港元（二零零五年：2,362,000港元）。Scania乃本集團主要供應商及Scania Trade Development AB（本公司一名主要股東）之控股公司。

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15. TRADE AND OTHER RECEIVABLES (Continued)

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
<i>Less: Allowance on bad and doubtful debts</i>	減：呆壞帳準備

15. 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：

The Group		本集團	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
		10,257	16,457
		61	2,342
		-	129
		56	88
		5,623	7,939
		15,997	26,955
		(5,732)	(8,165)
		10,265	18,790

16. PLEDGED DEPOSITS

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

16. 已抵押存款

於二零零六年十二月三十一日，本集團抵押約558,000港元存款（二零零五年：1,474,000港元），以作為滿足有關若干銷售合約之或然保固及交付責任之抵押品。

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17. TRADE AND OTHER PAYABLES

17. 應付貿易帳款及其他應付款項

		The Group 本集團		The Company 本公司	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Trade payables	應付貿易帳款	14,991	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	15,098	11,690	7,528	3,039
		30,089	29,913	7,528	3,039

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

應付貿易帳款於結算日之帳齡分析如下：

		The Group 本集團	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元
0 to under 3 months	零至不超過三個月	13,686	15,126
3 to under 6 months	三至不超過六個月	1,027	1,059
6 to under 9 months	六至不超過九個月	-	1,747
9 to under 12 months	九至不超過十二個月	-	-
Over 12 months	超過十二個月	278	291
		14,991	18,223

Included in trade payables at 31 December 2006 was approximately HK\$10,119,000 (2005: HK\$9,333,000) due to Scania.

於二零零六年十二月三十一日之應付貿易帳款包括應付Scania之約10,119,000港元(二零零五年:9,333,000港元)。

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18. DEFINED CONTRIBUTION PLANS

The group companies in Hong Kong participate in the Mandatory Provident Fund (the “MPF Scheme”) which is a defined contribution scheme managed by independent trustees. The assets of the fund are held separately from those of the group companies and are managed by independent professional fund managers. Under the MPF Scheme, each of the Group (the employer) and its employees make monthly contributions to the MPF Scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employees are subject to a cap of HK\$1,000 and thereafter contributions are voluntary.

Contributions of approximately HK\$106,000 (2005: HK\$106,000) were payable to the fund at 31 December 2006.

18. 界定供款計劃

集團旗下在香港的公司參加了強制性公積金計劃(「強積金計劃」)，該計劃是一個由獨立受託人管理的界定供款計劃。該基金的資產與本集團各公司的資產分開持有，並由獨立專業基金經理管理。根據強積金計劃，本集團(僱主)及其僱員須根據強積金法例之規定，各自每月向強積金計劃作出相等於僱員收入5%之供款。每名僱員之每月供款上限為1,000港元，超出的供款純屬自願性質。

於二零零六年十二月三十一日，本集團應付該基金之供款約為106,000港元(二零零五年：106,000港元)。

19. INTEREST-BEARING BORROWINGS

19. 計息借貸

		The Group 本集團		The Company 本公司	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Unsecured bank loans	無抵押銀行貸款				
– Current portions	– 即期部份	–	9,366	–	9,366
– Non-current portions	– 非即期部份	–	–	–	–
		<u>–</u>	<u>9,366</u>	<u>–</u>	<u>9,366</u>

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19. INTEREST-BEARING BORROWINGS (Continued)

19. 計息借貸 (續)

	The Group 本集團		The Company 本公司	
	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
The borrowings are repayable: 須於下列年期償還的借貸:				
Within one year 一年內	-	9,366	-	9,366
After one year but within two years 一年後但在兩年內	-	-	-	-
	-	9,366	-	9,366
Less: Amounts repayable within one year included under current liabilities 減: 須於一年內償還並計入流動負債的金額	-	(9,366)	-	(9,366)
Amounts repayable after one year 一年後償還的金額	-	-	-	-

Bank borrowings of approximately HK\$ 9.4 million were settled in full in May 2006 and no further borrowings has been obtained since then.

於二零零六年五月本公司已悉數償還約9,400,000港元之銀行借貸，此後未曾取得額外借貸。

20. ZERO COUPON CONVERTIBLE BONDS

The zero coupon convertible bonds were fully redeemed, repurchased and cancelled in 2006. In February 2006, the Company redeemed approximately US\$4 million of the convertible bonds together with redemption premium interest and signed an agreement with Mr. Michael Tsai to repurchase the remaining approximately US\$5 million of the convertible bonds that were subscribed by him but proceeds were unpaid for HK\$1. The repurchased approximately US\$5 million of convertible bonds was then cancelled pursuant to the terms of the bonds issue upon the repurchase by the Company being completed in May 2006.

20. 零息票可換股債券

零息票可換股債券已於二零零六年全數贖回、購回和註銷。本公司於二零零六年二月贖回約4,000,000美元之可換股債券，另加贖回溢價利息，並與蔡政敏先生簽訂一份協議，以1港元向蔡先生購回彼已認購但未付所得款項之其餘約5,000,000美元之可換股債券。本公司在二零零六年五月完成購回後，所購回約5,000,000美元之可換股債券其後已根據債券發行條款予以註銷。

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21. DEFERRED TAXATION

Deferred taxation is calculated on temporary differences under liability method using applicable tax rate of 17.5% (2005: 17.5%) for group companies incorporated in Hong Kong.

The Group has not recognised deferred tax asset in respect of unused tax losses of HK\$123,100,000 (2005: HK\$110,841,000) relating to certain Hong Kong incorporated subsidiaries. The tax losses have no expiry date under current tax legislation. The deferred tax asset has not been recognised due to uncertainty of its recoverability.

22. SHARE CAPITAL

21. 遞延稅項

遞延稅項乃就暫時差異以負債法按適用稅率17.5%(二零零五年:17.5%)為香港註冊成立之集團公司計提撥備。

本集團並無就有關若干香港註冊成立之公司之未動用稅項虧損約123,100,000港元(二零零五年:110,841,000港元)確認遞延稅項資產。根據現行稅法,稅項虧損並無屆滿日期。遞延稅項資產因未能估計可收回性而未予確認。

22. 股本

	2006 二零零六年		2005 二零零五年		
	No. of shares '000 股份數目 千股	HK\$'000 千港元	No. of shares '000 股份數目 千股	HK\$'000 千港元	
Authorised:					
At beginning of year and at balance sheet date at HK\$0.10 (2005: HK\$0.10) each	法定: 年初及結算日,每股 面值0.10港元 (二零零五年: 0.10港元)	1,000,000	100,000	1,000,000	100,000
Issued and fully paid:					
Ordinary shares of HK\$0.10 each at beginning of year	已發行及繳足: 年初,每股面值 0.10港元之普通股	435,772	43,577	435,772	43,577
At balance sheet date	於結算日	435,772	43,577	435,772	43,577

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23. SHARE OPTIONS

The Company has a share option scheme, under which it may grant options to employees of the Group (including executive directors of the Company) to subscribe for shares in the Company, subject to a maximum of 30% of the nominal value of the issued share capital of the Company from time to time, excluding for this purpose any shares issued on the exercise of options granted under the scheme. The exercise price will be determined by the Company's board of directors, and will not be less than the higher of:

- (i) the closing price of the shares as stated in the Stock Exchange daily quotations sheet on the date of offer;
- (ii) the average closing price of the shares as stated in the Stock Exchange daily quotations sheets for the five business days immediately preceding the date of offer; or
- (iii) the nominal value of the shares.

At the balance sheet date, no option has been granted under the share option scheme.

24. RESERVES

The Company

		Share Premium	Capital Contributed Surplus	Capital Reserve	Capital Redemption Reserve	Capital Accumulated Deficit	Total
		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
At 1 January 2005	於二零零五年一月一日	235,491	16,692	4,492	1,173	(130,750)	127,098
Loss for the year	年度虧損	-	-	-	-	(123,354)	(123,354)
At 31 December 2005	於二零零五年十二月三十一日	235,491	16,692	4,492	1,173	(254,104)	3,744
At 1 January 2006	於二零零六年一月一日	235,491	16,692	4,492	1,173	(254,104)	3,744
Loss for the year	年度虧損	-	-	-	-	(31,137)	(31,137)
At 31 December 2006	於二零零六年十二月三十一日	235,491	16,692	4,492	1,173	(285,241)	(27,393)

23. 購股權

本公司設有一項購股權計劃，據此可向本集團僱員（包括本公司執行董事）授出購股權，認購最多達本公司不時已發行股本30% 面值（就此而言，並不包括行使根據該計劃所授出之購股權而發行之任何股份）之股份。行使價將由本公司董事會釐定，而且不會低於下列三者之最高價格：

- (i) 股份在購股權提呈授出之日聯交所日報表所報之收市價；
- (ii) 股份在緊接購股權提呈授出之日前五個交易日，於聯交所日報表所報之平均收市價；或
- (iii) 股份面值。

於結算日，本公司並無根據購股權計劃授出任何購股權。

24. 儲備

本公司

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25. CASH USED IN OPERATIONS

25. 經營業務所用現金

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Loss before taxation	除稅前虧損	(24,752)	(118,365)
Finance costs	融資成本	432	4,191
Interest income	利息收入	(594)	(167)
Depreciation of property, plant and equipment and amortisation of land lease prepayment	物業、廠房及設備折舊及租賃預付款項攤銷	603	4,381
Gain on disposal of property, plant and equipment and land lease prepayment	出售物業、廠房及設備及預付土地租賃款項之收益	(50)	(6,985)
Gain on disposal of interests in a subsidiary	出售於附屬公司權益收益	-	(7,953)
Impairment loss on interests in unconsolidated subsidiaries	於未綜合附屬公司權益之減值虧損	-	100,880
Provision on amounts due from unconsolidated subsidiaries	應收於未綜合附屬公司之款項撥備	-	1,133
Changes in working capital:	營運資金之變動：		
Inventories	存貨	3,753	(1,779)
Trade and other receivables	應收貿易帳款及其他應收款項	9,002	(433)
Trade and other payables	應付貿易帳款及其他應付款項	176	10,552
Amounts due to unconsolidated subsidiaries	應付未綜合附屬公司之款項	-	6,346
Cash used in operations	經營業務所用現金	(11,430)	(8,199)

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26. CONTINGENT LIABILITIES

Guarantee in relation to SSC

As at 31 December 2006, the Company had no outstanding guarantees (2005: HK\$17,445,000) to Taiwanese banks in respect of facilities provided by the banks to SSC.

Alleged agreement on investment in a customer

A Mr. Lo Chia Yu ("Mr. Lo") has allegedly claimed a verbal agreement was entered into on 12 March 2002 by his wholly owned company, Global Travel Holdings Limited ("Global Travel") and Forefront Automotive Services Company Limited ("FAS"), a wholly owned subsidiary of the Company, relating to an equity investment by FAS in Global Travel amounting to HK\$7,800,000. FAS's position is that the agreement was subject to it conducting due diligence on Global Travel to its satisfaction. As requested, FAS paid a deposit of HK\$2,000,000 to Mr. Lo. Subsequently, the accounting firm employed by FAS reported unsatisfactory due diligence, therefore FAS did not elect to proceed with the alleged agreement. Mr. Lo has filed proceedings claiming HK\$7,800,000 together with alternative damage and FAS has lodged a counter claim to Mr. Lo for the return of the HK\$2,000,000 paid as deposit. A contingent liability netting off the counter claims as set out above amounting to HK\$5,800,000 are alleged to be due from FAS to Global Travel. The matter has not progressed after an initial hearing and was adjourned to a further date to be determined by the court subject to its receipt of sufficient documents from the two parties. The Company has not received any notice in relation to any specific dates for any further hearing.

26. 或然負債

有關勝山之擔保

於二零零六年十二月三十一日，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為零港元（二零零五年：17,445,000港元）。

於一名客戶之投資的指稱協議

駱家雨先生（「駱先生」）指稱其全資附屬公司Global Travel Holdings Limited（「Global Travel」）與本公司之全資附屬公司福方汽車服務有限公司（「福方汽車服務」）於二零零二年三月十二日訂立一份口頭協議，其內容有關福方汽車服務向Global Travel注資7,800,000港元。福方汽車服務之立場為該協議僅於其信納對Global Travel進行之盡職審查後方可作實。福方汽車服務已應要求向駱先生支付一筆按金2,000,000港元。其後，鑑於福方汽車服務委聘之會計師行報告並不信納該盡職審查結果，因此福方汽車服務選擇不繼續進行該指稱協議。駱先生已將有關訴訟送交存檔索償7,800,000港元連同替代賠償，而福方汽車服務已向駱先生提出反索償，要求退回已付按金2,000,000港元，因此產生一筆為數5,800,000港元之或然負債，以抵銷上述所載指稱福方汽車服務欠負Global Travel之反索償款項。上述事宜於初步聆訊後並無任何進展，並已押後至由法院決定之其他日子，惟須待法院接獲雙方足夠文件後方可作實。本公司並無接獲有關於任何指定日期進行任何進一步聆訊之通知。

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26. CONTINGENT LIABILITIES (Continued)

Alleged claim for investment lost in the Company's shares

On October 2006, Gains Investment Corporation and 景裕國際股份有限公司 (“**Plaintiffs**”) claimed that Yang Kwn San's family (“**Yang Family**”) had defrauded them into acquiring the Company's shares while also dissipating FIAL's assets. The Plaintiffs sued the Company, Taiwan Subsidiaries and the Yang Family for damages of NT\$1,520,000 (approximately HK\$366,000) in the Taiwanese court. The Company's Taiwan legal advisors advised that the case is pending and no hearing date has been set.

Success Fee to A&M

On 27 April 2006, the Company entered into a new engagement with A&M for a period of up to 9 months from 8 January 2006 until 7 October 2006. The A&M engagement was extended on 8 October 2006 on the same terms and conditions to 7 April 2007. Pursuant to the A&M engagement, the Company agreed to pay A&M a monthly fee capped at HK\$375,000 and a success fee which includes a cash payment of HK\$3.5 million and the A&M Allotment. The remuneration package of the monthly fee and success fee payable by the Company to A&M was arrived at after arm's length negotiation between the Company and A&M. A&M assisted the Company to submit a resumption proposal to the Stock Exchange on 2 June 2006. A provision of HK\$3,500,000 in cash was therefore made accordingly in respect of the success fee.

No provision was made in relation to the A&M Allotment as it is subject to the necessary approvals being obtained as required by the Listing Rules.

26. 或然負債 (續)

於本公司股份投資損失的指稱索償

二零零六年十月，中盈投資開發股份有限公司及景裕國際股份有限公司(「原告人」)聲稱楊崑山家族(「楊氏家族」)欺詐該兩家公司以收購本公司股份，另亦耗散了福方國際的資產。原告人向台灣法院提出起訴，向本公司、台灣附屬公司及楊氏家族追討賠償新台幣1,520,000元(約366,000港元)。本公司之台灣法律顧問表示有關案件尚未了結，目前亦未落實有關聆訊日期。

付予安邁之完成酬金

於二零零六年四月二十七日，本公司與安邁訂立一份新委聘合約，由二零零六年一月八日至二零零六年十月七日止為期最多九個月。安邁的委聘已於二零零六年十月八日按相同條款及條件延長至二零零七年四月七日。根據與安邁的委聘，本公司同意向安邁支付每月費用最多375,000港元，以及包括一筆為數3,500,000港元現金之完成酬金及安邁配發事項。本公司應付安邁之每月酬金組合及完成酬金乃經本公司與安邁按公平原則磋商後釐定。於二零零六年六月二日，安邁協助本公司向聯交所提交恢復買賣建議書。因此，本公司已就完成酬金作出3,500,000港元現金撥備。

由於安邁配發事項須按上市規則規定取得必要之批准，因此本公司並無就此作出撥備。

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27. COMMITMENTS

(i) Capital expenditure commitments

At the balance sheet date of 2006 and 2005, the Group had no capital expenditure committed for either year.

(ii) Operating lease commitments payable

At the balance sheet date, the Group had total outstanding commitments in respect of land and buildings under non-cancelable operating leases, which are payable as follows:

	2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Within one year 一年內	4,210	5,736
In the second to fifth years inclusive 第二年至第五年 (包括首尾兩年)	2,698	130
	6,908	5,866

28. BANKING FACILITIES

At balance sheet date, the Group had no available banking facility (2005: HK\$9,366,000).

27. 承擔

(i) 資本開支承擔

於二零零六年及二零零五年之結算日，本集團並無資本開支承擔。

(ii) 應付經營租賃承擔

於結算日，本集團就不可註銷經營租賃就土地及樓宇擁有尚未支付之承擔，應付的承擔總額如下：

28. 銀行備用額

於結算日，本集團並無銀行備用額（二零零五年：9,366,000港元）。

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29. RELATED PARTY TRANSACTIONS

29. 關連人士交易

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Scania (Note i):	Scania (附註i) :		
– Purchases and services provided	– 購貨及獲提供服務	56,776	38,322
– Warranty claim	– 保固承擔	3,376	1,499
– Interest paid	– 已付利息	142	565
– Miscellaneous income	– 雜項收入	406	–
– Disposal of subsidiary	– 出售附屬公司	–	7,798
Griffin Automotive Limited (Note i)	Griffin Automotive Limited (附註i)		
– Sales	– 銷售	–	130
– Purchases	– 購貨	15	–
Scania Singapore Pte Ltd (Note i)	Scania Singapore Pte Ltd (附註i)		
– Sales	– 銷售	311	–
– Purchases and services provided	– 購貨及獲提供服務	25	–
FIAL (Note ii)	福方國際(附註ii)		
– Purchases	– 購貨	–	6,345
A & M (Note iii)	安邁(附註iii)		
– Professional fee paid	– 已付專業費用	6,775	2,887
RSM Nelson Wheeler Corporate Advisory Services Limited (Note iii)	羅申美企業顧問服務有限公司(附註iii)		
– Professional fee paid	– 已付專業費用	–	3,113
Forefront Automobile Industry Limited (Note ii)	福方汽車工業股份有限公司(附註ii)		
– Purchases	– 購貨	–	3

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For the year ended 31 December 2006
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29. RELATED PARTY TRANSACTIONS (Continued)

Notes

- (i) Scania is the principal supplier of the Group and a holding company of Scania Trade Development AB, a substantial shareholder since May 2005. Both Griffin Automotive Limited and Scania Singapore Pte Ltd are wholly owned subsidiaries of Scania.
- (ii) Forefront International Automotive Limited is a wholly owned subsidiary of the Company and of which Forefront Automobile Industry Limited is an associated company.
- (iii) The Company had engaged A&M (which acquired the business of RSM Nelson Wheeler Corporate Advisory Services Limited with effect from July 2005) since December 2004 to provide financial and operational monitoring support, initiate improved controls and to assist with regards to prudential and corporate governance issues for the Group. It was disclosed in the Announcements that A&M was a connected person by virtue of being an associate of Mr. Cosimo Borrelli and Mr. Kelvin Edward Flynn who together control more than 30% of the voting shares of A&M, who were then Directors of the Company, therefore, the entering in the engagements with A&M constituted connected transactions.

A&M subsequently ceased to be a connected person to the Company due to the fact that:

Mr. Borrelli and Mr. Flynn both resigned from A&M in September 2006 and ceased to have any shareholding interests in A&M. Mr. Borrelli resigned from the Company on 22 September 2006 and A&M ceased to be an associate of Mr. Borrelli and Mr. Flynn. As such, A&M is no longer an associate of any Director of the Company, therefore, the extended A&M engagement with the Company in October 2006 was no longer constitutes a connected transaction.

- (iv) Sales and purchases were charged at market prices.
- (v) Professional fee and interest expenses were charged at the pre-agreed rates.

29. 關連人士交易 (續)

附註

- (i) Scania為本集團之主要供應商及Scania Trade Development AB之控股公司。Scania Trade Development AB自二零零五年五月起為本公司之主要股東。Griffin Automotive Limited及Scania Singapore Pte Ltd均為Scania之全資附屬公司。
- (ii) 福方國際汽車股份有限公司為本公司之全資附屬公司，福方汽車工業股份有限公司則為其聯營公司。
- (iii) 自二零零四年十二月本公司已委聘安邁(收購羅申美企業顧問服務有限公司，於二零零五年七月生效)提供融資及監察運作之支援、開始實施改善監控及協助有關本集團之誠信及企業管治事宜。安邁乃Cosimo Borrelli先生及Kelvin Edward Flynn先生之關連人士，彼等共同控制安邁30%以上之具投票權股本因而成為該公司之董事，因此，與安邁簽訂委聘構成關連交易。

安邁因下述事實其後終止成為本公司之關連人士：

Borrelli先生及Flynn先生均於二零零六年九月從安邁辭任，並終止持有任何安邁之控股權益。Borrelli先生於二零零六年九月二十二日從本公司辭任，安邁終止成為Borrelli先生及Flynn先生之關連人士。如此，安邁不再為本公司任何董事之關連人士，本公司於二零零六年十月延長委聘安邁亦不再構成關連交易。

- (iv) 銷售與購貨均按市價計算。
- (v) 專業費用及利息開支均按預先協定的價格計算。

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30. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments are cash and short-term deposits. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

30. 財務風險管理

本集團之主要財務工具為現金及短期存款。此等財務工具之主要用途乃為本集團之業務籌集融資。本集團有若干其他財務工具，如直接自其業務產生之應收貿易帳款及應付貿易帳款。

本集團財務工具所產生之主要風險為信貸風險、外匯風險及流動資金風險。本集團並無明文之風險管理政策及指引。然而，董事會就其風險管理一般採納保守策略，並限制本集團承擔之風險減至最低。董事會更新及同意政策以管理以上各種風險，各風險之概要如下。本集團亦監督所有金融工具所產生之市場價格風險。

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30. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The credit policy on extending credit terms to customers includes assessing and valuing of customer's creditworthiness and financial standing. Management also closely monitors all outstanding debts and reviews the collectability of trade debtors periodically. At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Foreign exchange risk

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States Dollars. The Group has not historically incurred substantial foreign currency gains or losses as the relevant exchange rates have remained relatively stable.

Liquidity risk

Liquidity risk refers to the risk whereby the Group is unable to meet its short-term obligations. Liquidity risk is managed by matching the payments and receipts cycles. The Group's operations are financed mainly through its business activities.

30. 財務風險管理 (續)

信貸風險

信貸風險指債務人未能履行償還結欠本集團款項的責任而出現的風險，導致本集團出現虧損。本集團已就延長客戶之信貸期及監控信貸風險作出相應行動。客戶延長信貸措施包括評估客戶信用及財務狀況，管理層亦會密切監察所有未付應收款及定時檢閱應收貿易帳之情況。於結算日，信貸風險並無出現任何重大事件。本集團所承受的信貸風險上限為資產負債表內各金融資產的帳面金額。

外匯風險

本集團之外匯風險大多來自美元匯率波動。由於有關匯率保持相對穩定，故本集團在歷史上從無重大之外匯收益或損失。

流動資金風險

流動資金風險指本集團倘不能達成其短期責任之風險。流動資金風險以配合還款及收款循環來管理。本集團之營運主要透過商業活動來融資。

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31. SEGMENT INFORMATION

a. By business segments

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:

Year 2006

		Trading of motor trucks, coaches and vehicles accessories 貨車、旅遊巴士及汽車零配件之貿易 HK\$'000 千港元	Provision of motor vehicle repairs and maintenance services 提供汽車維修保養服務 HK\$'000 千港元	Provision of other motor vehicle related services 提供其他汽車相關服務 HK\$'000 千港元	Investment holdings 投資控股 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Turnover	營業額							
Sales to external customers	對外間客戶銷售	65,762	25,439	3,786	-	-	-	94,987
Inter-segment sales	分類業務間銷售	-	5,481	-	-	-	(5,481)	-
Total turnover	總營業額	<u>65,762</u>	<u>30,920</u>	<u>3,786</u>	<u>-</u>	<u>-</u>	<u>(5,481)</u>	<u>94,987</u>
Operating results	經營業績							
Segment results	分類業績	<u>(1,140)</u>	<u>(11,319)</u>	<u>3,870</u>	<u>-</u>	<u>(16,163)</u>		<u>(24,752)</u>
Taxation	稅項							-
Loss attributable to shareholders	股東應佔虧損							<u>(24,752)</u>
Other information	其他資料							
Assets	資產	<u>30,816</u>	<u>14,663</u>	<u>11,328</u>	<u>48,174</u>	<u>2,306</u>		<u>107,287</u>
Liabilities	負債	<u>13,124</u>	<u>6,670</u>	<u>2,678</u>	<u>-</u>	<u>60,156</u>		<u>82,628</u>
Capital expenditure	資本開支	<u>1,125</u>	<u>2,738</u>	<u>4</u>	<u>-</u>	<u>-</u>		<u>3,867</u>
Depreciation and other non-cash expenditure	折舊及其他非現金開支	<u>(553)</u>	<u>1,169</u>	<u>(476)</u>	<u>-</u>	<u>(36)</u>		<u>104</u>

31. 分類資料

a. 按業務分類

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：

二零零六年

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31. SEGMENT INFORMATION (Continued)

a. By business segments (Continued)

Year 2005

		Trading of motor trucks, coaches and vehicles accessories 貨車、旅遊 巴士及 汽車零配件 之貿易 HK\$'000 千港元	Provision of motor vehicle repairs and maintenance services 提供 汽車維修 保養服務 HK\$'000 千港元	Provision of other motor vehicle related services 提供 其他汽車 相關服務 HK\$'000 千港元	Investment holdings 投資控股 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Turnover	營業額							
Sales to external customers	對外間客戶銷售	105,985	27,010	4,984	-	-	-	137,979
Inter-segment sales	分類業務間銷售	-	8,063	-	-	-	(8,063)	-
Total turnover	總營業額	<u>105,985</u>	<u>35,073</u>	<u>4,984</u>	-	-	<u>(8,063)</u>	<u>137,979</u>
Operating results	經營業績							
Segment results	分類業績	<u>(4,826)</u>	<u>(1,836)</u>	<u>4,502</u>	<u>(95,899)</u>	<u>(20,306)</u>		<u>(118,365)</u>
Taxation	稅項							<u>1,261</u>
Loss attributable to shareholders	股東應佔虧損							<u>(117,104)</u>
Other information	其他資料							
Assets	資產	<u>75,944</u>	<u>17,544</u>	<u>13,953</u>	<u>48,174</u>	<u>57,525</u>		<u>213,140</u>
Liabilities	負債	<u>17,206</u>	<u>6,506</u>	<u>2,545</u>	-	<u>137,474</u>		<u>163,731</u>
Capital expenditure	資本開支	<u>21</u>	<u>249</u>	-	-	-		<u>270</u>
Depreciation and other non-cash expenditure	折舊及其他 非現金開支	<u>(1,261)</u>	<u>(2,055)</u>	<u>(163)</u>	<u>101,501</u>	<u>3,129</u>		<u>101,151</u>

31. 分類資料 (續)

a. 按業務分類 (續)

二零零五年

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31. SEGMENT INFORMATION (Continued)

b. By geographical segments

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

Year 2006

		Taiwan 台灣	Hong Kong 香港	Mainland China 中國內地	Unallocated 未分配	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額	–	92,183	2,804	–	94,987
Segment results	分類業績	–	(7,740)	(707)	–	(8,447)
Loss from operations	經營虧損	–	(23,147)	(1,173)	–	(24,320)
Assets	資產	48,174	54,615	2,192	2,306	107,287
Capital expenditure	資本開支	–	3,658	209	–	3,867

Year 2005

		Taiwan 台灣	Hong Kong 香港	Mainland China 中國內地	Unallocated 未分配	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Turnover	營業額	544	125,534	11,901	–	137,979
Segment results	分類業績	(95,516)	367	(2,353)	–	(97,502)
Loss from operations	經營虧損	(95,582)	(14,802)	(3,790)	–	(114,174)
Assets	資產	48,174	98,825	9,022	57,119	213,140
Capital expenditure	資本開支	213	55	2	–	270

31. 分類資料 (續)

b. 按地區分類

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，過往則主要在台灣進行。按地區分類分析如下：

二零零六年

二零零五年

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32. SUBSEQUENT EVENTS

On 16 February 2007 and 8 March 2007, the Group announced that a Subscription Agreement was entered with Wealth Style Limited on 7 December 2006. Pursuant to the Subscription Agreement, the Subscriber will subscribe for not less than 453,558,612 and not more than 535,854,571 new shares, being not less than 51% and not more than 53.22% of the enlarged issued share capital of the Company at a total consideration of not less than HK\$100 million and not more than approximately HK\$104 million (the “**Subscription**”). It is a condition to the Subscription that a sale and purchase agreement in respect of the disposal of the Taiwan Subsidiaries be entered into prior to 31 December 2006. The Disposal Agreement was entered into between the Company and an independent third party on 30 December 2006 which constitutes a major transaction under the Listing Rules.

The Subscription is conditional upon, inter alia, The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting a conditional approval for the resumption of trading of the Company’s shares on the Stock Exchange and the Subscriber applying and the Executive granting the Whitewash Waiver. The Subscription shares will be issued after taking into account the issues of new shares pursuant to the A&M Allotment, and the Jerry Liu Option, for granting a share option of 10,894,300 shares representing 2.5% of the Company’s existing issued share capital to Mr. Liu Chen Wei, Jerry (“**Mr. Liu**”) at an exercise price of HK\$0.213.

On 14 March 2007, the Company despatched an extraordinary general meeting notice together with a circular setting out the details of (i) the Disposal Agreement, the Subscription Agreement and the Whitewash Waiver, the A&M Allotment, the Jerry Liu Option, appointment of director and the increase in authorised share capital; (ii) a letter from the Subscriber; (iii) a letter from the Independent Board Committee; (iv) a letter of advice from CIMB-GK Securities (HK) Limited as the independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the Whitewash Waiver and the Jerry Liu Option.

32. 結算日後事項

於二零零七年二月十六日及二零零七年三月八日，本集團宣佈與Wealth Style Limited於二零零六年十二月七日訂立一份認購協議。根據認購協議，認購人將會認購不少於453,558,612股及不多於535,854,571股新股，即本公司經擴大已發行股本不少於51%及不多於53.22%，總代價為不少於100,000,000港元及不多於約104,000,000港元（「**認購事項**」）。認購事項其中一項條件，為於二零零六年十二月三十一日前就出售台灣附屬公司訂立一份買賣協議。於二零零六年十二月三十日，本公司已與一獨立第三方訂立出售協議。根據上市規則，此乃構成一項主要交易。

認購事項須待（其中包括）香港聯合交易所有限公司（「**聯交所**」）有條件批准恢復本公司股份在聯交所買賣，且認購人申請並獲執行理事授出清洗豁免後方可作實。經計入根據安邁配發事項發行新股及根據劉振偉購股權授出一項涉及10,894,300股股份（佔本公司現有已發行股本之2.5%）之購股權後，本公司將按行使價0.213港元向劉振偉先生（「**劉先生**」）發行認購股份。

於二零零七年三月十四日，本公司寄發股東特別大會通告並連同一份通函，當中載有以下詳情：(i)出售協議、認購協議、清洗豁免、安邁配發事項、劉振偉購股權、委任董事及增加法定股本；(ii)認購人發出的函件；(iii)獨立董事委員會發出之函件；及(iv)獨立財務顧問聯昌國際證券（香港）有限公司就有關認購協議、清洗豁免及劉振偉購股權致獨立董事委員會及獨立股東之意見函。

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32. SUBSEQUENT EVENTS (Continued)

Subscription of new shares

The Subscription was approved by independent shareholders on 30 March 2007 and the completion of the Subscription is pending the Stock Exchange granting a conditional approval for the resumption of trading of the Company's shares on the Stock Exchange.

Disposal of Taiwan Subsidiaries

On 30 December 2006, the Company, entered into a sales and purchase agreement with Smeatons Development Limited, being an independent third party purchaser, in respect of the disposal of the Taiwan Subsidiaries at a disposal consideration of HK\$54,979,000. The consideration to be received will be the aggregation of the estimated total cash proceeds of HK\$2,440,000 and the novation of debts due to Taiwan Subsidiaries of approximately HK\$52,539,000.

The Disposal Agreement was approved by independent shareholders on 30 March 2007 and completed on the same day. Upon completion of the disposal, the Company will record a net gain of approximately HK\$1,422,000, which is arrived at by deducting the carrying net book value of the Taiwan Subsidiaries of approximately HK\$48,174,000 and translation reserve of approximately HK\$5,383,000 relating to the disposal from the disposal consideration of HK\$54,979,000.

32. 結算日後事項 (續)

認購新股

認購事項已於二零零七年三月三十日獲獨立股東批准，惟認購事項須待聯交所所有條件批准恢復本公司股份在聯交所買賣後，方為完成。

出售台灣附屬公司

於二零零六年十二月三十日，本公司與一獨立第三方買方 Smeatons Development Limited 訂立一份買賣協議，其內容有關以出售代價 54,979,000 港元出售台灣附屬公司。將予收取之代價，將為估計現金所得款項總額 2,440,000 港元及應付台灣附屬公司之債項更替款項約 52,539,000 港元兩者之總和。

出售協議於二零零七年三月三十日獲獨立股東批准及於同日完成。於出售事項完成後，本公司將錄得一筆收益淨額約 1,422,000 港元，有關金額乃於扣除台灣附屬公司之帳面淨值約 48,174,000 港元及有關出售事項之匯兌儲備約 5,383,000 港元及出售代價 54,979,000 港元後計算所得。

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32. SUBSEQUENT EVENTS (Continued)

Jerry Liu option

On 30 March 2007, the independent shareholders approved to grant a share option of 10,894,300 shares representing 2.5% of the Company's issued share capital prior to the Subscription and A&M Allotment to Mr. Liu at an exercise price of HK\$0.213.

A&M Allotment

On 30 March 2007, the independent shareholders approved the A&M Allotment of 33,520,923 new shares representing 3.5% of the Company's enlarged issued share capital to be issued to A&M. The allotment is subject to and conditional upon the Stock Exchange granting or agreeing to grant listing of and permission to deal in the new shares.

Increase in authorised share capital

On 30 March 2007, the authorised share capital of the Company has been approved by shareholders to be increased from HK\$100,000,000 to HK\$130,000,000, divided into 1,300,000,000 shares of HK\$0.10 each.

32. 結算日後事項 (續)

劉振偉購股權

於二零零七年三月三十日，獨立股東批准按行使價0.213港元向劉先生授出一項涉及10,894,300股股份（佔本公司於進行認購事項及安邁配發事項前之已發行股本2.5%）之購股權。

安邁配發事項

於二零零七年三月三十日，獨立股東批准向安邁發行涉及33,520,923股新股之安邁配發事項（佔本公司經擴大已發行股本之3.5%）。配發事項須待聯交所批准或同意批准新股份上市及買賣並在其規限下，方可作實。

增加法定股本

於二零零七年三月三十日，本公司之法定股本已獲股東批准由100,000,000港元增加至130,000,000港元，分為1,300,000,000股每股面值0.10港元之股份。