



FOREFRONT GROUP LIMITED
福方集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號: 885

ANNUAL REPORT
年報 2009

Contents 目錄

Corporate Information	公司資料	2
Chairman's Statement & Management Discussion and Analysis	主席報告以及管理層論述及分析	4
Profile of the Management	管理層履歷	11
Report of the Directors	董事會報告	14
Corporate Governance Report	企業管治報告	25
Independent Auditor's Report	獨立核數師報告	32
Consolidated Statement of Comprehensive Income	綜合全面收入報表	34
Consolidated Statement of Financial Position	綜合財務狀況表	36
Statement of Financial Position	財務狀況表	38
Consolidated Statement of Changes in Equity	綜合股東權益變動表	39
Consolidated Statement of Cash Flow	綜合現金流量表	40
Notes to the Financial Statements	財務報表附註	42
Financial Summary	財務概要	115

Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors:

Mr. Yeung Ming Kwong#
Ms. Lo Oi Kwok, Sheree
Mr. Ting Wing Cheung, Sherman
Mr. Wen Louis
Mr. Zhuang You Dao

Independent Non-Executive Directors:

Mr. Chung Yuk Lun*#
Ms. Lam Yan Fong, Flora*#
Mr. Pak William Eui Won*#

* Member of Audit Committee

Member of Remuneration Committee

COMPANY SECRETARY

Mr. Chui Kark Ming

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Room 1103, 11/F., China United Centre,
28 Marble Road, North Point,
Hong Kong.

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza,
18 Harbour Road,
Wan Chai,
Hong Kong.

董事會

執行董事：

楊明光先生#
羅愛過女士
丁永章先生
溫耒先生
莊友道先生

獨立非執行董事：

鍾育麟先生*#
林欣芳女士*#
Pak William Eui Won先生*#

* 審核委員會成員

薪酬委員會成員

公司秘書

崔格鳴先生

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

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華匯中心11樓1103室

核數師

瑪澤會計師事務所有限公司
執業會計師
香港
灣仔
港灣道18號
中環廣場42樓

Corporate Information 公司資料

CAYMAN ISLAND LEGAL ADVISERS

Maples and Calder Asia
1504, One International Finance Centre,
1 Harbour View Street,
Hong Kong.

PRINCIPAL BANKER

Standard Chartered Bank

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre,
28 Queen's Road East, Wan Chai
Hong Kong

STOCK CODE

885

COMPANY WEBSITE

www.forefront.com.hk

開曼群島法律顧問

Maples and Calder Asia
香港
港景街1號
國際金融中心一期1504室

主要往來銀行

渣打銀行

香港股份過戶登記分處

卓佳登捷時有限公司
香港
灣仔皇后大道東28號
金鐘匯中心26樓

股份代號

885

公司網址

www.forefront.com.hk

Chairman's Statement & Management Discussion and Analysis

主席報告以及管理層論述及分析

On behalf of the Board of Directors, I would like to present the annual report of the Group for the year ended 31 December 2009.

BUSINESS REVIEW AND PROSPECTS

FINANCIAL RESULTS

The Group's audited consolidated net loss for the year was HK\$61.61 million (2008: net loss of HK\$274.30 million). The net asset value of the Group increased from HK\$225.28 million as at 31 December 2008 to HK\$408.40 million as at 31 December 2009. The net loss is mainly attributed to the profits from securities trading transactions, recovery of doubtful debts and set off by cost of shares base payments in relation to the issuance of share options and the impairment on the investment in an associate.

FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year.

BUSINESS REVIEW

Tianjin Motor Business

The Group acquired 50% equity interest in Tianjin Kai Sheng Automobile Service Co., Ltd ("Kai Sheng") on 11 October 2007. Kai Sheng and its subsidiaries operated automobile sales and repair centers in Tianjin city, the PRC. Since Kai Sheng and its subsidiaries obtained permission to conduct the sales and repair services of Zhengzhou Nissan under the authorisation of Zhengzhou Nissan Automobiles Sales Company Limited, the sales volume increased, cost of the operation trimmed-down and overall performance improved. During the year under review, Kai Sheng and its subsidiaries still incurred loss in the operation and had no contribution to the Group. After the year end, various news regarding factory defects and safety problem on Japan's brand motor vehicles reveals on the global motor vehicle market. These news affected the market demand and the sales of Kai Sheng. It is expected that the performance of Kai Sheng will face a great challenge in the coming year.

本人謹代表董事會提呈本集團截至二零零九年十二月三十一日止年度之年報。

業務回顧及前景

財務業績

本集團之年內經審核綜合虧損淨額為61,610,000港元(二零零八年:虧損淨額274,300,000港元)。本集團之資產淨值由二零零八年十二月三十一日之225,280,000港元增至二零零九年十二月三十一日之408,400,000港元。虧損淨額主要源自證券買賣交易溢利、收回呆帳、抵銷就發行購股權以股份支付之款項之成本及於一間聯營公司之投資之減值。

末期股息

董事會不建議派付本年度之末期股息。

業務回顧

天津汽車業務

於二零零七年十月十一日,本集團收購天津市凱聲汽車維修有限公司(「凱聲」)50%股權。凱聲及其附屬公司於中國天津市經營汽車銷售及維修中心。自凱聲及其附屬公司在Zhengzhou Nissan Automobiles Sales Company Limited之授權下獲准為Zhengzhou Nissan提供銷售及維修服務後,其銷量增加、經營成本得以削減、整體表現有所改善。於回顧年度,凱聲及其附屬公司仍然錄得經營虧損,並未為本集團帶來貢獻。於年結後,全球汽車市場傳出多宗有關日本品牌汽車生產及安全問題之消息,影響市場之需求及凱聲之銷售。預期凱聲於來年之表現將面臨嚴峻挑戰。

Chairman's Statement & Management Discussion and Analysis

主席報告以及管理層論述及分析

Logistic Services

The Group invests 40% issued share capital of Golden Fame International Investments Group Limited ("GFIIGL") since 13 September 2007. GFIIGL provides various logistic services in Hong Kong and the PRC including third party logistics, freight forwarding, supply chain management, river trade shipping and terminal stevedoring. During the year under review, the overall profits of GFIIGL increased despite the global economic recession and downturn on cargo volume, GFIIGL has made approximately HK\$3.69 million contribution to the Group results. It is expected that GFIIGL will have slight increase in her performance amid a global economic recovery.

Trading of Securities

The Group invested its surplus cash in Hong Kong listed securities. The Hong Kong stock market has undergone a recovery from the global financial tsunami. During the year, the Group received gross proceeds of HK\$202.04 million from disposal of trading securities with carrying value of HK\$159.71 million at the time of disposal, and recorded a realised profit of approximately HK\$42.33 million. In addition, the Group recorded an unrealised profit of HK\$26.84 million from change in fair value of the trading securities held at the end of the reporting period.

Money Lending Business

The Group has used its surplus cash to fund a money lending business through its indirect wholly-owned subsidiary, Forefront Finance Co., Limited. During the year, Forefront Finance Co., Limited had recovered all outstanding principal amount of HK\$27.5 million together with all outstanding interest which was defaulted by Tack Fat Group International Limited (Stock code 928) in year 2008 as well as recovered certain outstanding loans of total amount of HK\$30.84 million which were fully provided as doubtful debts for the year ended 31 December 2008. For the year ended 31 December 2009, Forefront Finance Co., Ltd contributed HK\$4.19 million interest income to the Group.

物流服務

本集團自二零零七年九月十三日起投資於金信環球投資集團有限公司(「金信」)已發行股本之40%。金信在香港及中國提供各類物流服務，包括第三方物流、貨運、供應鏈管理、內河貨運及碼頭裝卸。於回顧年度，儘管全球經濟衰退，貨運量下跌，金信之整體溢利仍有所上升，為本集團業績帶來約3,690,000港元之貢獻。預期金信於全球經濟復甦下，表現將輕微提升。

證券買賣

本集團將現金盈餘投資於香港上市證券。香港股市已從全球金融海嘯中復甦。年內，本集團已收取出售於出售時帳面值為159,710,000港元之買賣證券之所得款項總額202,040,000港元，並錄得已變現溢利約42,330,000港元。此外，本集團因於報告期結束日持有之買賣證券公平值變動而錄得未變現溢利26,840,000港元。

貸款業務

本集團亦透過其間接全資附屬公司福方財務有限公司利用現金盈餘進行貸款業務。年內，福方財務有限公司已收回德發集團國際有限公司(股份代號：928)於二零零八年度拖欠之未償還本金全數27,500,000港元連同全部未償還利息，並已收回若干未償還貸款合共30,840,000港元，該等款項於截至二零零八年十二月三十一日止年度已作出全數撥備，列作呆帳。於截至二零零九年十二月三十一日止年度，福方財務有限公司為本集團貢獻利息收入4,190,000港元。

Chairman's Statement & Management Discussion and Analysis

主席報告以及管理層論述及分析

Carbon Fiber Business

During the year under review, the Group through its indirect wholly owned subsidiaries invested 42.86% in the registered share capital of 天華溢威特種纖維(新泰)有限公司 (Tinhua Excel Way Special Fiber (Xintai) Co.,Ltd (“**Tinhua**”). The business scope of Tinhua includes the sale and production of polyacrylonitrile based carbon fiber precursor, carbon fiber, carbon fiber prepreg and other special fiber. The production was originally expected to commence in the first quarter of year 2010. The Group considers the operation of the carbon fiber project should require substantial amount of bank borrowing, however, Tinhua's application for the loan facility of RMB300 million need to undergo lengthy administrative procedures, and Tinhua has not received any banking facilities for financing the carbon fiber project. Given the uncertainties in the investment in Tinhua, the Group has explored the possibility of reducing the capital contribution in Tinhua and has discussed with the JV partner, however, no agreement between the Group and the JV partner has been reached in this connection. Since then the Group has not received any notification from the JV partner in relation to any further capital contribution requirement that should be made by the Group or agreement for the reduction of capital contribution. On 14 April 2010, the directors of Excel Way Investments Ltd. (“**Excel Way**”), an indirect wholly-owned subsidiary of the Group and holds an aggregate of 42.86% in Tinhua resolved to place Excel Way into voluntary liquidation pursuant to Section 228A of the Companies Ordinance of Hong Kong. Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, were appointed provisional liquidators of Excel Way on the same day to preserve and ascertain the residual value of the Company's investment in the associate company. Taken into accounts the possibility of recovering the residual value is low, impairment loss of HK\$158.50 million had been made on the Group's interest in Tinhua.

碳纖維業務

於回顧年度，本集團透過其間接全資附屬公司投資於天華溢威特種纖維(新泰)有限公司(「**天華**」)註冊股本之42.86%。天華之業務範圍包括銷售及生產聚丙烯基碳纖維原絲、碳纖維、碳纖維預浸布及其他特種纖維。原預期於二零一零年首季投產。本集團認為碳纖維項目之營運應需要大額銀行借貸，然而，由於天華為數人民幣300,000,000元之貸款融資申請仍需經過冗長之行政程序，故此天華仍未收到任何銀行融資為碳纖維項目提供資金。鑑於有關於天華之投資之不明朗因素，本集團曾研究削減對天華之出資額之可能性，並與合營夥伴商討，然而，本集團與合營夥伴並未就此達成任何協議。此後，本集團並無接獲合營夥伴通知，要求本集團進一步作出任何出資或協定削減出資。於二零一零年四月十四日，本集團之間接全資附屬公司溢威投資有限公司(「**溢威**」，持有天華合共42.86%權益)之董事議決根據香港公司條例第228A條對溢威進行自動清盤。富理誠有限公司之霍義禹先生及沈仁諾先生已於同日獲委任為溢威之臨時清盤人，以保障及確定本公司於該聯營公司之投資之剩餘價值。經考慮收回剩餘價值之可能性不大，因而已就本集團於天華之權益計提減值虧損158,500,000港元。

Chairman's Statement & Management Discussion and Analysis

主席報告以及管理層論述及分析

FINANCIAL REVIEW

Liquidity, financial resources, borrowing and gearing ratio

The Group financed its operation largely through internal cash resources and fund raising activities. As at the balance sheet date, the cash balance was approximately HK\$134.61 million (2008: HK\$64.15 million). The increase in cash balance was primarily from issuance of option shares, placing exercises and issuance of convertible bonds during the year. The Group had HK\$84.46 million liability portion of convertible bonds outstanding as at 31 December 2009 (as at 31 December 2008: interest bearing borrowings of HK\$27.27 million). The Group's gearing ratio, calculated as total borrowings divided by net assets, is stated at 20.68% (2008: 12.11%). As at 31 December 2009, the Group's net assets value amounted to approximately HK\$408.40 million (as at 31 December 2008: HK\$225.28 million) with total assets approximately HK\$521.46 million (as at 31 December 2008: HK\$270.36 million). Net current assets were approximately HK\$454.56 million (as at 31 December 2008: HK\$185.74 million) and the current ratio was 16.89 times (as at 31 December 2008: 5.12 times).

Capital Structure

On 15 May 2009, the Company issued a HK\$100 million convertible notes to the vendors as a consideration for the purchase of Shinning Global Worldwide Limited. Shinning Global Worldwide Limited holds 49% interest in Excel Way Investments Limited, which in turn holds 42.86% interest in 天華溢威特種纖維(新泰)有限公司 (Tinhua Excel Way Special Fiber (Xintai) Co., Ltd. The business scope of Tinhua includes the sale and production of polyacrylonitrile based carbon fiber precursor, carbon fiber, carbon fiber prepreg and other special fiber. Up to 1 June 2009, the HK\$100 million convertible notes were fully converted at conversion price of HK\$0.19 and the Company issued 526,315,789 shares regarding the conversion.

On 18 June 2009, the Company through a placing agent to place 227,270,000 shares to independent investors at the placing price of HK\$0.25 per share. The placing was completed on 25 June 2009. The Company received a net proceed of approximately HK\$55.34 million from the subscription which was used for general working capital of the Group.

財務回顧

流動資金、財務資源、借貸及負債資產比率

本集團主要透過內部現金資源及集資活動為其業務提供資金。於結算日，現金結存約為134,610,000港元(二零零八年：64,150,000港元)。現金結存增加主要是由於年內發行購股權股份、進行配售活動及發行可換股債券所致。本集團於二零零九年十二月三十一日有未轉換可換股債券負債部分84,460,000港元(於二零零八年十二月三十一日：計息借貸27,270,000港元)。本集團之負債資產比率(以借貸總額除以資產淨值計算)為20.68%(二零零八年：12.11%)。於二零零九年十二月三十一日，本集團之資產淨值約為408,400,000港元(於二零零八年十二月三十一日：225,280,000港元)，資產總值約為521,460,000港元(於二零零八年十二月三十一日：270,360,000港元)。流動資產淨值約為454,560,000港元(於二零零八年十二月三十一日：185,740,000港元)，而流動比率為16.89倍(於二零零八年十二月三十一日：5.12倍)。

資本架構

於二零零九年五月十五日，本公司向賣方發行100,000,000港元之可換股票據，作為購買Shinning Global Worldwide Limited之代價。Shinning Global Worldwide Limited持有溢威投資有限公司之49%權益，而溢威投資有限公司則持有天華溢威特種纖維(新泰)有限公司之42.86%權益。天華之業務範圍包括銷售及生產聚丙烯基碳纖維原絲、碳纖維、碳纖維預浸布及其他特種纖維。截至二零零九年六月一日，該等為數100,000,000港元之可換股票據已按轉換價0.19港元悉數轉換，而本公司就是次轉換發行526,315,789股股份。

於二零零九年六月十八日，本公司透過配售代理配售227,270,000股股份予獨立投資者，配售價為每股0.25港元。是項配售已於二零零九年六月二十五日完成。本公司從是次認購收取所得款項淨額約55,340,000港元，有關款項已用作本集團之一般營運資金。

Chairman's Statement & Management Discussion and Analysis

主席報告以及管理層論述及分析

As announced by the Company on 12 August 2009, the Company proposed to have a capital reorganisation, the nominal value of the issued shares of the Company be reduced from HK\$0.10 each to HK\$0.02 each by cancelling a sum of HK\$0.08 from the paid-up capital on each issued share of the Company by way of a reduction of capital and every five issued reduced shares of the Company of HK\$0.02 each be consolidated into one adjusted issued share of the Company of HK\$0.10 each. Subject to the completion of the capital reorganisation, the Company carried out a Rights Issue of five Rights shares for every two adjusted shares at subscription price of HK\$0.28 per Rights share.

The capital reorganisation completed on 23 December 2009.

The Rights Issue completed on 17 February 2010. The Company issued 1,098,461,165 shares for the Rights issue and a net proceeds of HK\$299.88 million was received by the Company.

On 20 August 2009, the Company through a placing agent to place 337,988,721 shares to independent investors at the placing price of HK\$0.11 per share. The placing was completed on 9 September 2009. The Company received a net proceed of approximately HK\$36.16 million from the subscription which was used for general working capital of the Group.

On 14 September 2009, 168,990,000 shares were granted to qualified participants under the share option scheme at an exercise price of HK\$0.133 per ordinary share of HK\$0.1 each. The share options were fully exercised on 14 September 2009. The Company received proceeds of approximately HK\$22.47 million.

On 17 December 2009, the Company successfully placed HK\$110 million convertible bonds with options to subscribe for further HK\$110 optional convertible bonds. A total of HK\$110 million convertible bonds had been converted on 11 February 2010 at an adjusted conversion price of HK\$0.339 per share. The Company issued 324,483,760 shares regarding the conversion.

如本公司於二零零九年八月十二日所公佈，本公司建議進行股本重組，以削減股本方式透過註銷本公司每股已發行股份已繳足股本0.08港元，將本公司已發行股份之面值由每股0.10港元削減至每股0.02港元，並將每五股每股面值0.02港元之本公司已發行經削減股份合併為一股每股面值0.10港元之本公司經調整已發行股份。待股本重組完成後，本公司已按每股供股股份0.28港元之認購價進行每兩股經調整股份供五股供股股份之供股。

股本重組已於二零零九年十二月二十三日完成。

供股已於二零一零年二月十七日完成。本公司已就供股發行1,098,461,165股股份，並收取所得款項淨額299,880,000港元。

於二零零九年八月二十日，本公司透過配售代理向獨立投資者按每股0.11港元之配售價配售337,988,721股股份。配售事項已於二零零九年九月九日完成。本公司已收取認購事項之所得款項淨額約36,160,000港元，已用作本集團之一般營運資金。

於二零零九年九月十四日，168,990,000股股份已根據購股權計劃按每股面值0.1港元之普通股0.133港元之行使價，授予多名合資格參與者。購股權已於二零零九年九月十四日獲悉數行使。本公司已收取所得款項約22,470,000港元。

於二零零九年十二月十七日，本公司已成功配售110,000,000港元之可換股債券，並附帶可認購另外110,000,000港元之選擇性可換股債券之選擇權。合共110,000,000港元之可換股債券已於二零一零年二月十一日按經調整轉換價每股0.339港元獲轉換。本公司就是次轉換發行324,483,760股股份。

Chairman's Statement & Management Discussion and Analysis

主席報告以及管理層論述及分析

Foreign Currency Exposure

The Group is not subject to foreign currency exposure since its operations are mainly denominated in Hong Kong dollars.

Pledge of Assets

As at 31 December 2009, the Group deposited approximately HK\$558,000 (2008: HK\$1,567,000) as collateral to satisfy contingent warranty and delivery obligations in relation to certain previous sales contracts.

PROSPECT

On 24 March 2010, the Company entered into a Sale and Purchase Agreement with Grace Shine Investments Limited (a non-wholly owned subsidiary of Willie International Holdings Limited (stock code 273) to purchase all the issued shares of Perfect Time Investments Limited and the shareholder's loan for a consideration of HK\$100,000,000, which will be completely satisfied by the issuance of 400,000,000 shares of the Company at HK\$0.25 per share. Perfect Time Investments Limited holds a land use right of a 20-storey composite building known as Jifu Plaza with a gross floor area of 10,521.32 square meters situated at No.103 Shibapu Road, Liwan District, Guangzhou City, Guangdong Province, the PRC. Subject to the approval of the transaction by independent shareholders at the EGM of the Company and completion, the acquisition would improve the Group's revenue base by having a regular rental income from the property. It would also help the Group to take this opportunity to participate in the fast-growing PRC property market and realise capital gain on the property when opportunity arises.

外幣風險

由於本集團之業務主要以港元計值，故本集團並無面對任何外幣風險。

資產抵押

於二零零九年十二月三十一日，本集團約558,000港元存款（二零零八年：1,567,000港元）已作為與若干前銷售合約有關之或然保固責任及交付責任之抵押品。

前景

於二零一零年三月二十四日，本公司與威利國際控股有限公司（股份代號：273）之非全資附屬公司貴思投資有限公司訂立買賣協議，收購時美投資有限公司之全部已發行股份及股東貸款，代價為100,000,000港元，將以按每股0.25港元發行400,000,000股本公司股份之方式悉數支付。時美投資有限公司持有一幢名為集富大廈之二十層綜合樓宇之土地使用權。該幢樓宇之總建築面積為10,521.32平方米，位於中國廣東省廣州市荔灣區十八甫路103號。待交易獲獨立股東於本公司股東特別大會上批准及完成後，是項收購將透過自該物業取得定期租金收入而改善本集團之收益基礎，並將有助本集團把握機會參與快速增長之中國物業市場及在機會湧現時變現該物業之資本收益。

Chairman's Statement & Management Discussion and Analysis

主席報告以及管理層論述及分析

On 9 April 2010, Regent Square Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Mascotte Holdings Limited (stock code 136), to purchase the entire share capital of Richful Zone International Limited at an aggregate consideration of HK\$79,200,000, which will be satisfied by the issue of 330,000,000 shares of the Company at HK\$0.24 per share. Richful Zone International Limited, through its wholly-owned subsidiary, Allied Loyal International Investments Limited, owns 50% of the concession rights and interests in respect of 3 three parcels of forest land located in Simao District, Puer City, Yunnan Province, the PRC, with a total site area of approximately 36,735 Chinese Mu. Subject to the completion of the acquisition, the acquisition will provide a good opportunity for the Group to participate in forest harvesting and timber processing also allows the Company to diversify from its existing business.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFIT SCHEME

As at 31 December 2009, the Group had 17 employees, 15 of these employees were located in Hong Kong and 1 were in PRC and 1 in Macau. The policy of employee remuneration, bonus, share option scheme and training are commensurate with performance and comparable to the market rate. The Group is committed in offering staff training courses to its employees. External training may be provided when necessary. The Group contributes to a Mandatory Provident Fund under the Hong Kong Mandatory Provident Fund Schemes Ordinance.

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as of 31 December 2009 are set out in note 30 to the financial statements.

Yeung Ming Kwong

Executive Director

Hong Kong

23 April 2010

於二零一零年四月九日，本公司之間接全資附屬公司Regent Square Limited與馬斯葛集團有限公司（股份代號：136）訂立協議，購買豐域國際有限公司全部股本，總代價為79,200,000港元，將以按每股0.24港元發行330,000,000股本公司股份之方式支付。豐域國際有限公司透過其全資附屬公司Allied Loyal International Investments Limited擁有中國雲南省普洱市思茅區三塊林地（佔地合共約36,735畝）之特許權利及權益之50%權益。待收購完成後，是項收購將為本集團提供參與林業砍伐及木材加工之良機，並可讓本公司從現有業務作多元化發展。

僱員、酬金政策及退休福利計劃

於二零零九年十二月三十一日，本集團共有17名員工，其中15名位於香港，1名位於中國，另有1名位於澳門。僱員酬金、花紅、購股權計劃及培訓等政策均按表現和參照市場水平釐定。本集團致力為其僱員提供員工培訓課程，並於必要時提供外部培訓。本集團根據香港強制性公積金計劃條例向強制性公積金供款。

或然負債

本集團於二零零九年十二月三十一日之或然負債詳情載於財務報表附註30。

執行董事

楊明光

香港

二零一零年四月二十三日

Profile of the Management 管理層履歷

EXECUTIVE DIRECTORS

Mr. Yeung Ming Kwong, aged 51, Acting Chairman of the Company. Formerly an executive director and CEO of Wah Lee Resources Holdings Limited and executive director of Goldwiz Holdings Limited. He has over 20 years of experience in import and export trading and investment business in the PRC.

Ms. Lo Oi Kwok, Sheree, aged 41, holds an EMBA from Cheung Kong Graduate School of Business and a Bachelor's Degree of Arts from York University, Canada. She has over 10 years of experience in business development and investment. She was an executive director of Goldwiz Holdings Limited from May 2006 to January 2007.

Mr. Ting Wing Cheung, Sherman, aged 52, holds a Bachelor of Arts Degree from the University of Windsor, Canada. He has over 20 years of experience as managing director of an automobile accessories and consumer household product manufacturer. Mr. Ting is an expert in industrial safety design and in the managing and planning of large manufacturing facilities.

Mr. Wen Louis, aged 75, holds a Bachelor of Engineering degree from the City University of New York, USA. An Executive Director of Forefront International (Hong Kong) Limited ("FIHK") from 1993 to 1997 and General Manager of FIHK since August 2005. Mr. Wen has extensive experience in engineering, marketing, and advertising from previous positions at J. Walter Thompson Co. and Dow Jones International Marketing Services in the United States. Mr. Wen is also an independent non-executive director of Wille International Holdings Limited (Stock Code: 273) effective from 22 April 2009.

執行董事

楊明光先生，51歲，為本公司之署理主席。楊先生曾出任華利資源控股有限公司之執行董事及行政總裁以及科維控股有限公司之執行董事。楊先生於中國進出口貿易及投資業務方面擁有逾20年之經驗。

羅愛過女士，41歲，持有長江商學院高層管理人員工商管理碩士銜頭及加拿大約克大學之文學士學位。羅女士於業務發展及投資方面擁有逾10年經驗。彼於二零零六年五月至二零零七年一月擔任科維控股有限公司之執行董事。

丁永章先生，52歲，持有加拿大溫沙大學文學士學位。彼曾於一間汽車配件及消費品及家居產品製造公司出任董事總經理一職長達二十多年，對工業安全設計、管理及策劃大型製造設施方面經驗豐富。

溫耒先生，75歲，持有美國City University of New York工程學學士學位。彼曾於一九九三年至一九九七年擔任福方(香港)有限公司(「福方香港」)之執行董事，並自二零零五年八月起一直出任福方香港總經理一職。溫先生曾在美國智威湯遜公司及Dow Jones International Marketing Services出任要職，具備工程、市場推廣及廣告推銷方面之豐富經驗。溫先生自二零零九年四月二十二日起亦擔任威利國際控股有限公司(股份代號：273)之獨立非執行董事。

Profile of the Management

管理層履歷

Mr. Zhuang You Dao, aged 57, graduated from The Institute of Operation Management of China (中國經營管理學院) majoring in corporate management. Mr. Zhuang has over 30 years of experience in the automobile industry. Chairman of Tianjin Kai Sheng Automobile Service Co. Ltd. (天津凱聲汽車維修有限公司) and general manager of Tianjin Jinri Automobile Sale & Service Company Limited (天津津日汽車銷售服務有限公司). Mr. Zhuang is a senior consultant of Shenzhen Lan-you Technology Co., Ltd. (深圳聯友科技有限公司), a developer of automobile industry management software. Mr. Zhuang is an executive of the Chamber of Industry and Commerce of Tinjin Xiqing District, a special procurator of the First Branch of the People's Procuratorate of Tianjin Municipality and a representative of the 14th Session of People's Congress of Tianjin Hedong District.

INDEPENDENT NON EXECUTIVE DIRECTORS

Mr. Chung Yuk Lun, aged 49, a fellow member of the Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Certified Public Accountants and an Associate Chartered Accountants (England and Wales). Mr. Chung has over 20 years of experience in finance and project investment. He is an executive director and Chairman of Radford Capital Investment Limited (stock code: 901), an executive director of Ming Fung Jewellery Group Limited (stock code: 860), an independent non-executive director of Heritage International Holdings Limited (stock code: 412) and an independent non-executive director of Ruyan Group (Holdings) Limited (stock code: 329).

Ms. Lam Yan Fong, Flora, aged 34, holds a Bachelor Degree in Law from the University of Hong Kong in 1999 and a Postgraduate Certificate in Laws from the University of Hong Kong in 2001. Ms. Lam is a practicing solicitor in Hong Kong.

莊友道先生，57歲，中國經營管理學院企業管理專業。莊先生擁有超過30年於汽車行業之工作經驗，目前為天津凱聲汽車維修有限公司董事長及天津津日汽車銷售服務有限公司總經理。莊先生亦為汽車行業管理軟件開發商深圳聯友科技有限公司之高級顧問。莊先生現任天津市西青區工商執委、天津市第一檢察院特約檢察員及第十四屆天津市河東區人大代表。

獨立非執行董事

鍾育麟先生，49歲，為英國特許公認會計師公會資深會員、香港會計師公會會員以及英格蘭及威爾斯特許會計師。鍾先生於金融及項目投資方面擁有逾20年經驗。彼現任萊福資本投資有限公司(股份代號: 901)之執行董事兼主席、明豐珠寶集團有限公司(股份代號: 860)之執行董事、漢基控股有限公司(股份代號: 412)之獨立非執行董事及如烟集團(控股)有限公司(股份代號: 329)之獨立非執行董事。

林欣芳女士，34歲，於一九九九年獲香港大學頒授法律學士學位，另於二零零一年獲香港大學頒授法律深造文憑。林女士為香港執業律師。

Profile of the Management 管理層履歷

Mr. Pak William Eui Won, aged 30, is currently working in Hennabun Capital Group Limited. He holds a Master of Laws degree in U.S. taxation from the University of Washington School of Law, a Juris Doctor's degree from the University of British Columbia Faculty of Law and an Economics and Commerce degree from the University of British Columbia Faculty of Arts. Mr. Pak is an attorney licensed by the New York State Bar and is a member of the New York State Bar Association and the American Bar Association. He was a lawyer in the investment funds practice at White & Case's New York and Hong Kong offices. He has substantive experience in the establishment and representation of both U.S. and international private investment funds including private equity funds, hedge funds, real estate funds, distressed funds and hybrid funds. Investors in such funds have included U.S. tax exempt and ERISA investors, U.S. taxable investors and various other non-U.S. investors. He has acted for fund sponsors, fund managers, placement agents and investors from the United States, Europe, the Middle East and Asia. Prior to joining White & Case, Mr. Pak worked in the mergers & acquisitions department in the San Francisco office of Ernst & Young where he provided transactional tax advisory services for mergers and acquisitions, reorganizations, and spin-offs involving private equity funds, U.S. corporations, partnerships, LLCs and foreign entities.

Pak William Eui Won先生，30歲，現任職於Hennabun Capital Group Limited。彼持有University of Washington School of Law（華盛頓大學法學院）之法學碩士學位（主修美國稅務）、The University of British Columbia Faculty of Law（英屬哥倫比亞大學法律系）之法律士學位及The University of British Columbia Faculty of Arts（英屬哥倫比亞大學文學系）之經濟及商業學位。Pak先生為紐約州執業律師，並為紐約州律師公會及美國律師協會會員。彼曾任偉凱律師事務所紐約及香港辦事處之投資基金常規律師。彼於成立及代表美國及國際私人投資基金（包括私募基金、對沖基金、房地產基金、受壓基金及混合基金）方面擁有豐富經驗。該等基金投資者包括美國稅務豁免及ERISA投資者、美國課稅投資者及其他不同非美籍投資者。彼曾代表來自美國、歐洲、中東及亞洲之基金保薦人、基金經理、配售代理及投資者行事。於加盟偉凱律師事務所前，Pak先生曾任職於安永會計師事務所三藩市辦事處之併購部，為涉及私募基金、美國公司、合夥企業、有限責任公司及外資實體之併購、重組及分拆上市提供交易稅務顧問服務。

Report of the Directors

董事會報告

The directors herein present their report together with the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and through its subsidiaries and associates is principally engaged in the business of selling and distribution of Nissan motor vehicles, operation of the Nissan 4S shops, provision of heavy motor vehicle repair and maintenance services in the PRC; provision of logistic services in Hong Kong and the PRC; manufacturing of carbon fiber in the PRC; properties investments; securities trading and money lending business. Other activities and particulars of the Group's subsidiaries are set out in note 16 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2009, the five largest customers accounted for approximately 98.07% of the Group's turnover in respect of the money-lending business and the sole securities trading service provider of the Group accounted for 100% of the Group's service costs in relation to the securities trading business. The largest customer accounted for approximately 74.40% of the Group's turnover in respect of the money-lending business.

At no time during the year did a director or a shareholder of the Company (which the knowledge of the directors of the Company owned more than 5% of the Company's issued capital) have any material interest in any of the Group's largest customers.

RESULT AND DIVIDENDS

The Group's loss for the financial year ended 31 December 2009 and the state of affair of the Company and of the Group at the date are set out in the financial statements on pages 34 to pages 114. The directors do not recommend the payment of any dividend.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 16 to the financial statements.

董事謹此提呈本公司及其附屬公司截至二零零九年十二月三十一日止財政年度之年報及經審核綜合財務報表。

主要業務

本公司是一間投資控股公司，透過其附屬公司及聯營公司主要從事銷售及分銷日產汽車、經營日產4S店、於中國提供重型汽車維修保養服務、於香港及中國提供物流服務、於中國製造碳纖維、物業投資、證券買賣及貸款業務。本集團附屬公司之其他業務及詳情載於財務報表附註16。

主要客戶及供應商

截至二零零九年十二月三十一日止年度，五大客戶約佔本集團貸款業務營業額約98.07%，而本集團證券買賣服務唯一供應商佔本集團證券買賣業務之服務成本達100%。最大客戶約佔本集團貸款業務營業額約74.40%。

於年內任何時間，本公司董事或股東（據本公司董事所知擁有本公司已發行股本5%以上者）概無於本集團任何最大客戶中擁有任何重大權益。

業績及股息

本集團截至二零零九年十二月三十一日止財政年度之虧損及本公司與本集團於該日之業務狀況載於第34至114頁之財務報表。董事並不建議派付任何股息。

附屬公司

本公司主要附屬公司之詳情載於財務報表附註16。

Report of the Directors 董事會報告

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment during the year are set out in note 11 to the financial statements.

SHARE CAPITAL AND SHARE OPTION

Details of movements in share capital and share option scheme of the Company are set out in notes 24 and 25 respectively to the financial statements.

CONVERTIBLE SECURITIES, OPTION, WARRANTS OR OTHER SIMILAR RIGHTS

Details of movements in convertible securities of the Company are set out in note 21 respectively to the financial statements.

物業、廠房及設備以及投資物業

物業、廠房及設備於年內之變動詳情載於財務報表附註11。

股本及購股權

本公司股本及購股權計劃之變動詳情分別載於財務報表附註24及25。

可換股證券、購股權、認股權證或其他相類權利

本公司可換股證券之變動詳情載於財務報表附註21。

Report of the Directors

董事會報告

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and the laws in the Cayman Islands, which would oblige the Company to offer shares on a pro rata basis to its existing shareholders.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Movements in the reserves of the Company during the year are set out in note 26 to the financial statements. The surplus in distributable reserves of the Company as at 31 December 2009 amounted to approximately HK\$233,541,000 (2008: deficit of HK\$115,770,000.)

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 115 and 116 of the annual report.

優先購買權

本公司組織章程細則及開曼群島法律並無關於本公司須按比例向其現有股東發售股份之優先購買權之條文。

購買、出售或贖回證券

於截至二零零九年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

儲備

本公司儲備於年內之變動載於財務報表附註26。於二零零九年十二月三十一日，本公司之可供分派儲備盈餘約為233,541,000港元（二零零八年：虧絀115,770,000港元）。

五年概要

本集團過去五個財政年度之業績及資產負債概要載於年報第115及116頁。

Report of the Directors

董事會報告

CONNECTED TRANSACTIONS

Certain related party transactions disclosed in note 32 to the consolidated financial statements constituted connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Details of connected transactions are as follows:

1) Subscription Agreement

On 26 August 2008, Ready Capital Limited, an indirect wholly-owned subsidiary of the Company, entered into a subscription agreement with Excel Way Investments Limited (“**Excel Way**”) and Mr. Yeung Ming Kwong (“**Mr. Yeung**”), an executive director and the acting chairman of the Company who holds 51% of the issued share capital of Shinning Global Worldwide Limited (“**Shinning Global**”) which in turn wholly-owns Excel Way. Excel Way agreed to allot and issue and Ready Capital Limited agreed to subscribe share representing 51% of the enlarged issued share capital of Excel Way at an aggregate consideration of US\$11 million. Excel Way holds 42.86% of the registered capital of Tinhua, a manufacturer of polyacrylonitrile based carbon fiber precursor, carbon fiber, carbon fiber prepreg and other special fiber. As Mr. Yeung is the acting chairman and an executive director of the Company and a connected person of the Company, the subscription agreement constitutes a major and connected transaction for the Company and is subject to the approval of independent shareholders of the Company at an EGM. The transaction was approved at EGM of the Company on 15 October 2008 and completed at a revised consideration of US\$7.5 million through a supplemental subscription agreement on 6 April 2009.

關連交易

綜合財務報表附註32所披露之若干關連人士交易構成香港聯合交易所有限公司證券上市規則（「**上市規則**」）第14A章下之關連交易。關連交易詳情如下：

1) 認購協議

於二零零八年八月二十六日，本公司間接全資附屬公司Ready Capital Limited與溢威投資有限公司（「**溢威**」）及本公司執行董事兼署理主席楊明光先生（「**楊先生**」）訂立認購協議。楊先生持有Shinning Global Worldwide Limited（「**Shinning Global**」）已發行股本51%權益，而Shinning Global則全資擁有溢威。溢威同意配發及發行而Ready Capital Limited同意認購相當於溢威經擴大已發行股本51%之股份，總代價為11,000,000美元。溢威持有天華註冊資本之42.86%。天華為聚丙稀基碳纖維原絲、碳纖維、碳纖維預浸布及其他特種纖維製造商。由於楊先生為本公司之署理主席兼執行董事及本公司關連人士，故該認購協議構成本公司一項主要及關連交易，須獲本公司獨立股東於股東特別大會上批准。是項交易已於二零零八年十月十五日在本公司之股東特別大會上獲得批准，並於二零零九年四月六日按經補充認購協議修訂之代價7,500,000美元完成。

Report of the Directors

董事會報告

2) Acquisition of Shinning Global

On 6 April 2009, Harvest Peace Limited, an indirect wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Yeung and Mr. Zhang Hua (“**Vendors**”) pursuant to which the Vendors agreed to sell and Harvest Peace Limited agreed to purchase the entire issued share capital of Shinning Global at a consideration of HK\$100 million, which is to be satisfied by the issue of the convertible notes by the Company to Mr. Yeung. On completion to the acquisition, the Company will indirectly own the entire issued share capital of Excel Way. As Mr. Yeung is the acting chairman and an executive director of the Company and a connected person of the Company, the conditional sale and purchase agreement constitutes a major and connected transaction for the Company and is subject to the approval of independent shareholders at the EGM of the Company. The acquisition was approved at EGM of the Company on 15 May 2009 and completed on 18 May 2009.

2) 收購Shinning Global

於二零零九年四月六日，本公司間接全資附屬公司Harvest Peace Limited與楊先生及張化先生（「賣方」）訂立有條件買賣協議，據此，賣方同意出售而Harvest Peace Limited同意購買Shinning Global全部已發行股本，代價為100,000,000港元，將由本公司向楊先生發行可換股票據支付。收購完成時，本公司將間接擁有溢威全部已發行股本。由於楊先生為本公司署理主席兼執行董事及本公司關連人士，故該有條件買賣協議構成本公司一項主要及關連交易，須獲獨立股東於本公司之股東特別大會上批准。是項收購已於二零零九年五月十五日在本公司之股東特別大會上獲得批准，並於二零零九年五月十八日完成。

Report of the Directors 董事會報告

3) Loan Agreement

On 14 December 2009, a loan agreement entered into between Crown Creation Limited, an indirect wholly owned subsidiary of the Company, and 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited), an associated company of the Company for which the Company indirectly owns 50% equity interest, pursuant to which Crown Creation Limited agreed to lend HK\$12,500,000 to 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited) for financing its business operation in the PRC. The Loan was guarantee by Mr. Zhuang You Dao, an executive Director of the Company. As 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited) is a connected person of the Company under Listing Rules, the provision of loan constitutes a discloseable and connected transaction, which is subject to independent shareholders' approval. On 19 January 2010, the relevant resolution was duly passed at the EGM of the Company.

On 29 January 2010, parties entered into a supplemental agreement for the minor alterations of the loan agreement, which had the effect of (i) extending the repayment date to the date falling six months after the date of drawing or on 31 December 2010; and (ii) possibly shortening the actual lending period of the loan through amending the repayment date to the date falling six months after the date of drawing or on 31 December 2010, whichever being the earliest.

Subsequent to the supplement agreement and before drawing of the loan, 天津市凱聲汽車維修有限公司 (Tianjin Kai Sheng Automobile Service Company Limited) informed the lender that they had no immediate funding requirement. Parties then entered into a termination agreement on 5 February 2010.

3) 貸款協議

於二零零九年十二月十四日，本公司間接全資附屬公司Crown Creation Limited與本公司聯營公司天津市凱聲汽車維修有限公司（本公司間接擁有其50%股權）訂立貸款協議，據此，Crown Creation Limited同意向天津市凱聲汽車維修有限公司借出12,500,000港元，為其中國業務營運提供資金。該筆貸款由本公司執行董事莊友道先生擔保。由於天津市凱聲汽車維修有限公司為上市規則下本公司之關連人士，提供貸款構成一項須予披露及關連交易，須獲獨立股東批准。於二零一零年一月十九日，相關決議案已於本公司股東特別大會上獲正式通過。

於二零一零年一月二十九日，訂約各方就貸款協議之輕微修改訂立補充協議，以(i)將還款日延遲至支取日期起計滿六個月當天或二零一零年十二月三十一日；及(ii)透過將還款日修訂為支取日期起計滿六個月當天或二零一零年十二月三十一日（以最早者為準），儘可能縮短實際貸款期。

於訂立補充協議後至支取貸款前，天津市凱聲汽車維修有限公司知會貸款人其並無即時資金需要。訂約各方其後於二零一零年二月五日訂立終止協議。

Report of the Directors

董事會報告

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors who held office during the year and up to the date of this report were:

Executive Directors

Mr. Yeung Ming Kwong
Ms. Lo Oi Kwok, Sheree
Mr. Ting Wing Cheung, Sherman
Mr. Wen Louis
Mr. Zhou Qi Jin (Removed on 20 November 2009)

Mr. Zhuang You Dao

Independent Non-Executive Directors

Mr. Chung Yuk Lun
Ms. Lam Yan Fong, Flora
Mr. Kwong Wai Tim, William (Resigned on 3 September 2009)

Ms. Swartz Kristi Lynn (Resigned on 29 December 2009)

Mr. Pak William Eui Won (Appointed on 28 December 2009)

In accordance with Article 116 of the Article of Association of the Company, Mr. Wen Louis, Mr. Zhuang You Dao and Mr. Chung Yuk Lun will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

In accordance with Article 99 of the Article of Association of the Company, Mr. Pak William Eui Won, who was newly appointed by the Board as Independent Non-executive Director will retire and, being eligible, offer himself for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

董事及董事之服務合約

年內及截至本報告發佈當日任職之董事如下：

執行董事

楊明光先生
羅愛過女士
丁永章先生
溫耒先生
周奇金先生
(於二零零九年十一月二十日被罷免)
莊友道先生

獨立非執行董事

鍾育麟先生
林欣芳女士
鄭維添先生
(於二零零九年九月三日辭任)
Swartz Kristi Lynn女士
(於二零零九年十二月二十九日辭任)
Pak William Eui Won先生
(於二零零九年十二月二十八日獲委任)

按照本公司組織章程細則第116條，溫耒先生、莊友道先生及鍾育麟先生將於應屆股東週年大會上輪流告退及符合資格並願意膺選連任。

按照本公司組織章程細則第99條，獲董事會委任之新獨立非執行董事Pak William Eui Won先生將於應屆股東週年大會上退任，惟符合資格並願意膺選連任。

董事之服務合約

擬於應屆股東週年大會上重選之董事概無與本公司訂立任何本公司不可於一年內免付補償(法定補償除外)而終止之服務合約。

Report of the Directors

董事會報告

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARE AND UNDERLYING SHARES

As at 31 December 2009, the interests and short positions of the Directors and the Company's chief executives in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transaction 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:

(i) Long positions in Shares

Name of Director	Capacity	Number of shares held	% of the Company's issued share capital 佔本公司已發行股本之百分比
董事姓名	身份	所持股份數目	
Mr. Yeung Ming Kwong 楊明光先生	Beneficial owner 實益擁有人	1,263,157	0.29%
Mr. Wen Louis 溫耒先生	Interest of spouse 配偶權益	7,500	0%

管理合約

年內概無訂立或存在關於本公司全部或任何重大部分業務之管理及行政合約。

董事於股份及相關股份之權益及淡倉

於二零零九年十二月三十一日，董事及本公司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，擁有根據證券及期貨條例第XV部第7及8分部及上市公司董事進行證券交易的標準守則須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為擁有之權益及淡倉），以及須根據證券及期貨條例第352條而存置之登記冊所記錄之權益及淡倉如下：

(i) 於股份中之好倉

Report of the Directors

董事會報告

(ii) Long positions in shares or registered capital of associated corporations

(ii) 於相聯法團之股份或註冊資本中之好倉

Name of Director	Name of associated corporation	Capacity	Number of shares or amount of registered capital on associated corporation 相聯法團股份數目或註冊資本金額	Approximate percentage of shareholding or registered capital 佔股權或註冊資本之概約百分比
董事姓名	相聯法團名稱	身份		
Mr. Zhuang You Dao	Tianjin Kai Sheng Automobile Service Co., Ltd	Corporate interest	RMB7,500,000	50%
莊友道先生	天津市凱聲汽車維修有限公司	公司權益	人民幣 7,500,000元	50%
Mr. Zhuang You Dao	Tianjin Jinri Automobile Sale & Service Co., Ltd.	Beneficial interest	RMB6,750,000	45%
莊友道先生	天津津日汽車銷售服務有限公司	實益權益	人民幣 6,750,000元	45%

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" below and note 21 in the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, neither the Directors nor any of their spouses or children under the age of 18 had any right to subscribe for the securities or debt securities of the Company or had exercised any such right.

董事購買股份或債權證之權利

除下文「購股權計劃」一節及財務報表附註21所披露者外，於年內任何時間，本公司或其任何附屬公司概無訂立任何安排，致使董事可藉購買本公司或任何其他法人團體之股份或債務證券（包括債權證）而獲取利益，而各董事或彼等之配偶或十八歲以下子女概無擁有可認購本公司證券或債務證券之任何權利，亦無行使任何該等權利。

Report of the Directors

董事會報告

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in note 12(a) to the financial statements in respect of the subscription on shares of Excel Way Investments Limited and acquisition of interest in Shinning Global Worldwide Limited, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or holding companies was a party to and in which any of the Company's directors or members of its management had a material interest in, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTION SCHEME

The Company adopted a new share option scheme (the "Scheme") on 6 August 2007. Under the Scheme, the Directors may grant options to those qualified participants (including Directors and employees) who, in the opinion of the Board, have contributed or may contribute to the development of the Group and any entity in which the Group holds an equity interest. The following table discloses movement in the Company's share options under the Scheme during the year.

Category of participant	Date of grant	Exercise price	As at 1 January 2009	Granted during the year	Exercise during the year	As at 31 December 2009
			於 二零零九年 一月一日	年內授出	年內行使	於 二零零九年 十二月 三十一日
Qualified allottees in aggregate	14 September 2009	HK\$0.133	-	168,990,000 shares	168,990,000 shares	-
合資格承配人(合計)	二零零九年九月十四日	0.133港元	-	168,990,000股	168,990,000股	-

Details of the Scheme are set out in notes 25 to the financial statements. As at 31 December 2009, no option has been granted to any directors.

董事於合約之權益

除財務報表附註12(a)所披露有關認購溢威投資有限公司股份及收購Shinning Global Worldwide Limited權益之事項外，於年終或年內任何時間並無存在由本公司或其任何附屬公司或控股公司就本集團業務訂立，且本公司董事或其管理層成員於當中直接或間接擁有重大權益之重大合約。

購股權計劃

本公司於二零零七年八月六日採納一項新購股權計劃(「該計劃」)。根據該計劃，董事可向董事會認為曾經或可能對本集團及本集團持有任何股權之任何實體之發展作出貢獻之合資格參與者(包括董事及僱員)授出購股權。下表披露本公司根據該計劃授出之購股權於年內之變動。

該計劃之詳情載於財務報表附註25。於二零零九年十二月三十一日，本集團概無向任何董事授出購股權。

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDER AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2009, except for Get Nice Holdings Limited, being the underwriter of the rights issue which holds 1,098,463,340 shares (250% of the issued share capital), no persons (other than the Directors or Chief Executive of the Company) has interests or short position in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register required to be kept under Section 336 of the SFO and in accordance with information received by the Company.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the prescribed public float under the Listing Rules.

CODE OF BEST PRACTICE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 25 to 31.

AUDITOR

In 2007, Moores Rowland Mazars resigned and Mazars CPA Limited was appointed as auditor of the Company. The financial statements of the Company for the years ended 31 December 2007, 2008 and 2009 were audited by Mazars CPA Limited. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Group.

ON BEHALF OF THE BOARD

Yeung Ming Kwong

Executive Director

Hong Kong
23 April 2010

主要股東及其他人士於股份及相關股份之權益

於二零零九年十二月三十一日，除結好控股有限公司（供股之包銷商）持有1,098,463,340股股份（已發行股本之250%）外，按根據證券及期貨條例第336條須存置之登記冊所記錄及按照本公司獲得之資料，概無人士（董事及本公司主要行政人員除外）於本公司股份及相關股份中擁有本公司已發行股本5%或以上之權益或淡倉。

公眾持股量之充足度

本公司已維持上市規則規定之公眾持股量。

最佳常規守則

本公司採納之主要企業管治常規載於第25至31頁之企業管治報告。

核數師

於二零零七年，摩斯倫•馬賽會計師事務所辭任，而瑪澤會計師事務所有限公司獲委任為本公司核數師。本公司截至二零零七年、二零零八年及二零零九年十二月三十一日止年度之財務報表均由瑪澤會計師事務所有限公司審核。本公司將於應屆股東週年大會上提呈一項決議案，續聘瑪澤會計師事務所有限公司為本集團之核數師。

代表董事會

執行董事

楊明光

香港
二零一零年四月二十三日

Corporate Governance Report

企業管治報告

The Company recognises that good governance standards maintained throughout the Group serves as an effective risk management mechanism for the Company. The Board of Directors (the “**Board**”) of the Company is committed to ensuring a high level of corporate governance standards.

1. CORPORATE GOVERNANCE PRACTICES

The Board of the Company had adopted its own code on corporate governance practices which incorporate all the code provision in the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company will continue to enhance the corporate governance standards throughout the Group and ensure further standards be put in place by reference to the recommended best practices whenever suitable and appropriate.

2. CORPORATE MANAGEMENT

i) Board of Directors

Composition

As the date of this report, the Board is comprised of 8 members including 5 executive directors and 3 independent non-executive directors. The biographical details are set out on pages 11 to 13 of this report. The executive directors are responsible for managing the Group’s business, including the business development, corporate strategies and company policies.

The Independent Non-executive Directors serve an important function to ensure that the Board maintains high standards of financial and other mandatory reporting standards as well as providing adequate checks and balance for safeguarding the interest of shareholders and the Company as a whole. For the year ended 31 December 2009, the number of Independent Non-executive Directors at all times exceed one-third of the Board membership. Pursuant to the Listing Rules, the Company has received a written confirmation from

本公司確認，本集團上下奉行之良好管治標準能有效地管理本公司之風險。本公司董事會（「**董事會**」）致力確保維持高企業管治水平。

1. 企業管治常規

本公司董事會已採納自訂企業管治常規守則，該守則加入香港聯合交易所有限公司證券上市規則（「**上市規則**」）附錄十四載列之企業管治常規守則（「**企業管治守則**」）之所有守則條文。本公司將繼續提升本集團整體之企業管治標準，確保於合適及適當之時參考建議最佳常規採用進一步之標準。

2. 企業管理

i) 董事會

成員

於本報告日期，董事會由八名成員組成，包括五名執行董事及三名獨立非執行董事，彼等之簡歷載於本報告第11至13頁。執行董事負責管理本集團之業務，包括業務發展、企業策略及公司政策。

獨立非執行董事扮演重要角色，確保董事會維持高水平之財政及其他強制性申報標準，並作出充份制衡，以保障股東及本公司之整體利益。截至二零零九年十二月三十一日止年度，獨立非執行董事之人數一直超過董事會成員人數三分之一。根據上市規則，本公司已接獲各獨立非執行董事發出之確認書，確認其獨立於本公司。本公司現任獨立

Corporate Governance Report

企業管治報告

each independent non-executive director of his/her independence to the Company. None of the existing Independent Non-executive Directors of the Company is appointed for a specific term which constitutes a deviation from code provision A.4.1 of the CG Code. However, one-third of the Directors of the Company (both executive and independent non-executive) are subject to retirement by rotation at each annual general meeting under the Articles of Association of the Company. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line to those of the CG Code. The Board is comprised of professionally qualified and diversified individuals.

Nomination of Directors

The Board as a whole is responsible for the procedures of appointment of board members and for nominating them for election by shareholders on the initial appointment and thereafter at regular intervals by rotation.

Board Process

The Board meets regularly throughout the year to discuss the overall strategy as well as the operational and financial performance of the Group. In 2009, the Board held 28 meetings. Individual attendance records are set out on page 27 of this Annual Report. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolutions subject to certain exceptions set out in the Articles of Association of the Company. The Company Secretary maintains the minutes of the Board meetings for inspection by directors. All directors have access to the services of the Company Secretary who regularly updates the Board on corporate governance and regulatory matters. Any Director, Audit Committee member and Remuneration Committee member of the Company may take independent professional advice at the expense of the Company should they so wish.

非執行董事概無特定任期，此舉構成偏離企業管治守則之守則條文 A.4.1。然而，按照本公司組織章程細則，本公司三分之一之董事（包括執行董事及獨立非執行董事）須於每屆股東週年大會上輪流告退。本公司認為已採取足夠措施，確保本公司之企業管治常規符合企業管治守則之守則條文。董事會成員包括具備專業資格之多個界別人士。

提名董事

董事會全體須負責委任董事會成員之程序，並於首次任命及於其後定期輪值時提名董事會成員供股東投選。

董事會程序

董事會在全年定期舉行會議，討論整體策略以及本集團之經營及財務表現。於二零零九年，董事會曾舉行28次會議，個別出席紀錄載於本年報第27頁。被認為於建議交易或將予討論事宜中存在利益衝突或擁有重大權益之董事，將不會計入會議法定人數，並會放棄就相關決議案投票，惟本公司組織章程細則所載之若干例外情況除外。公司秘書保存董事會會議之紀錄以供董事查閱。公司秘書定期為董事會更新企業管治及法規事宜之資料，並向所有董事提供有關服務。本公司董事、審核委員會成員及薪酬委員會成員均可按意願獲取獨立專業意見，費用由本公司承擔。

Corporate Governance Report

企業管治報告

Board and Board Committee attendance

The following table indicates the number of Board and Committee Meetings during the financial year and the number of attendance by each of the Directors:

董事會及董事委員會之出席率

下表顯示董事會及其轄下委員會於本財政年度內舉行會議之數目及各董事出席該等會議之次數：

		Board Meetings 董事會會議	Remuneration Committee Meetings 薪酬委員會會議	Audit Committee Meetings 審核委員會會議
Independent non-executive Directors	獨立非執行董事			
Mr. Chung Yuk Lun	鍾育麟先生	1/28	2/2	2/2
Mr. Kwong Wai Tim, William (resigned on 3 September 2009)	鄭維添先生 (於二零零九年九月三日辭任)	0/5	1/1	1/1
Ms. Lam Yan Fong, Flora	林欣芳女士	1/28	2/2	2/2
Ms. Swartz Kristi Lynn (resigned on 29 December 2009)	Swartz Kristi Lynn女士 (於二零零九年十二月二十九日辭任)	5/27	1/1	1/1
Mr. Pak William Eui Won (Appointed on 28 December 2009)	Pak William Eui Won先生 (於二零零九年十二月二十八日獲委任)	0/1	-	-
Executive Directors	執行董事			
Mr. Yeung Ming Kwong	楊明光先生	24/28	2/2	2/2
Ms. Lo Oi Kwok, Sheree	羅愛過女士	22/28	-	-
Mr. Ting Wing Cheung, Sherman	丁永章先生	20/28	-	-
Mr. Zhou Qi Jin (Removed on 20 November 2009)	周奇金先生 (於二零零九年十一月二十日被罷免)	1/24	-	-
Mr. Wen Louis	溫耒先生	17/28	-	-
Mr. Zhuang You Dao	莊友道先生	4/28	-	-

Corporate Governance Report

企業管治報告

Directors' Duties

The Board is charged with leadership and supervision of the Group's affairs and is collectively responsible for promoting the success of the Group. Each director has a duty to act in good faith and in the best interests of the Company.

Matters that require decisions by the Board normally include but not limited to the overall group strategies, major acquisitions and disposals, annual and interim results, recommendation on the appointment or re-appointment of directors, and other significant operational and financial matters. Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. The Board acknowledges its responsibility to prepare the financial statements and have them audited. The Company has adopted the generally accepted accounting standards in Hong Kong in preparing financial statements. Reasonable and prudent judgment and estimates have been made. The Group announces its financial results on a timely basis.

Conduct on Share Dealings

The Company has adopted a code of conduct for securities transactions and dealings (the "**Code of Conduct**") based on the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "**Model Code**"). The terms of Code of Conduct are no less exacting than the standards in the Model Code, and the Code of Conduct applies to all the relevant persons as defined therein. Specific enquiry has been made of all Directors of the Company who have confirmed in writing of their compliance with the required standards set out in the Code of Conduct during the year under review.

董事之職責

董事會之職責為領導及監督本集團事務，並須共同負責為本集團之成功作出努力。各董事有責任盡心為本公司之最佳利益行事。

須提交董事會決定之事宜一般包括（但不限於）整體集團策略、主要收購事項及出售事項、年度及中期業績、就任命或重新任命董事提出推薦建議以及其他重大營運及財務事宜。各董事均會適時得悉可能影響本集團業務之重大變動，包括相關規則及規例。董事會知悉彼等有責任編製財務報表，並安排將之審核。本公司於編製財務報表時採納香港公認會計原則，並已作出合理而審慎之判斷及估計。本集團適時公佈其財務業績。

股份買賣操守

本公司已根據上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》（「標準守則」）採納證券交易及買賣之操守守則（「操守守則」）。操守守則之條款不遜於標準守則內之標準，而操守守則適用於該守則所界定之全部有關人士。本公司已向全體董事作出特定查詢，而所有董事已書面確認於回顧年度內已遵守操守守則所載之規定標準。

Corporate Governance Report

企業管治報告

ii) Chairman and Chief Executive Officer

The Company does not have a designated position of Chief Executive Officer. The daily operation and management of the Company is monitored by the Executive Directors. On 27 February 2008, Mr. Yeung Ming Kwong, executive director of the Company, was appointed as acting Chairman of the Group.

iii) Board Committees

In 2007, the Board established an Audit Committee and a Remuneration Committee with defined terms of reference. Both committees are chaired by Independent Non-Executive Directors.

(a) Audit Committee

The Company has established an Audit Committee which comprises of three Independent Non-Executive Directors of the Company. The Audit Committee has reviewed the audit findings, the accounting principles and practices adopted by the Group, the listing rules and statutory compliance, and has discussed auditing, internal control, risk management and financial reporting matters (including the interim and annual financial statements) with the senior management and the auditor.

ii) 主席及行政總裁

本公司並無設立行政總裁一職，惟執行董事會負責監督本公司日常營運及管理。於二零零八年二月二十七日，本公司執行董事楊明光先生獲委任為本集團之署理主席。

iii) 董事委員會

於二零零七年，董事會成立具有界定職權範圍之審核委員會及薪酬委員會。兩個委員會均由獨立非執行董事擔任主席。

(a) 審核委員會

本公司已成立審核委員會，由本公司之三名獨立非執行董事組成。審核委員會已審閱核數結果、本集團所採納之會計原則及慣例、上市規則及法定事宜之遵守情況，並聯同高級管理層及核數師討論審核、內部監控、風險管理及財務申報事宜（包括中期及年度財務報表）。

Corporate Governance Report

企業管治報告

(b) Remuneration Committee

The Company established a Remuneration Committee responsible for review and determination of the remuneration policy and packages of the directors and management executives. The Remuneration Committee comprises three independent non-executive directors and one Executive Director. The terms of reference of the Remuneration Committee follow the CG Code. No director is involved in deciding his own remuneration.

iv) External Auditor

The fees payable to the Company's auditor, Mazars CPA Limited in respect of audit, review services and non-audit services in relation to the circulars of a major and connected transaction and the Company's rights issue for the year ended 31 December 2009 amounted to HK\$650,000, HK\$100,000 and HK\$410,000 respectively.

3. INTERNAL CONTROL

The Board recognizes the overall responsibility for the establishment, maintenance, and review of a system of internal control that provides reasonable assurance of the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, the safeguarding of assets and the compliance with laws and regulations. The system of internal control is designed to manage rather than eliminate all risks of failure while its goal is to provide reasonable but not absolute assurance regarding the achievement of organisational objectives.

(b) 薪酬委員會

本公司已成立薪酬委員會，負責審閱及釐定董事及管理級行政人員之薪酬政策及組合。薪酬委員會由三名獨立非執行董事及一名執行董事組成。薪酬委員會之職權範圍按照企業管治守則訂定。概無董事參與釐定其本身之薪酬。

iv) 外聘核數師

截至二零零九年十二月三十一日止年度，應付本公司核數師瑪澤會計師事務所有限公司之審核、審閱及非審核服務（有關本公司之主要及關連交易以及供股之若干通函）之費用分別為650,000港元、100,000港元及410,000港元。

3. 內部監控

董事會確認其有整體責任成立、維持及檢討內部監控系統，以合理地確保財務及營運資料之可靠性及真實性、營運效率及效益、保障資產及遵守法律及法規。內部監控系統乃為管理而非消除所有錯誤之風險而設，旨在就達成組織目標提供合理而非絕對之保證。

Corporate Governance Report

企業管治報告

4. INVESTOR RELATIONS AND COMMUNICATIONS

The Company continues to pursue a proactive policy of promoting investor relations and communication by maintaining meetings with institutional shareholders, fund managers and analysts through different means including meetings, presentations and correspondence. In an effort to enhance communications with shareholders and investors, the Company maintains a website (www.forefront.com.hk) to disseminate information relating to the latest business developments and all Company announcements. The Company regards the Annual General Meeting (the "AGM") as an important event as it provides an opportunity for direct communication between the Board and its shareholders. All shareholders of the Company are given a minimum of 21 days notice of the date and venue of the AGM at which time the Directors and Committee members are available to answer questions on the business. The Company supports the CG Code's principle to encourage shareholder participation. The Board, according to the Listing Rules, will conduct voting at the forthcoming AGM by poll. The results of the Company voting will be announced on the Hong Kong Stock Exchange website and the Company website.

4. 投資者關係及溝通

本公司繼續採取主動促進投資者關係和溝通之政策，與機構股東、基金經理及分析師會面，形式包括會議、簡報及書信。為加強與股東及投資者之溝通，本公司已設立一個網站(www.forefront.com.hk)，方便發放有關最新業務發展之資料及本公司所有公佈。本公司將股東週年大會（「股東週年大會」）視為重要事件，因股東週年大會可讓董事會與其股東直接溝通。本公司全體股東於股東週年大會舉行前不少於21日獲通知大會舉行日期及地點，而董事及委員會成員屆時會於會上回應有關業務之提問。本公司支持企業管治守則鼓勵股東參與之原則。董事會將根據上市規則，於即將舉行之股東週年大會上以投票表決方式進行投票。本公司之投票結果將於香港聯交所網站及本公司網站公佈。

Independent Auditor's Report

獨立核數師報告



MAZARS CPA LIMITED

瑪澤會計師事務所有限公司

42nd Floor, Central Plaza,

18 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道18號中環廣場42樓

To the shareholders of Forefront Group Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Forefront Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 114, which comprise the consolidated and the Company's statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

致福方集團有限公司

(於開曼群島註冊成立之有限公司)

全體股東

吾等已審核列載於第34至114頁福方集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表。綜合財務報表包括二零零九年十二月三十一日之綜合及貴公司財務狀況表,以及截至該日止年度之綜合全面收入報表、綜合股東權益變動表及綜合現金流量表連同主要會計政策概要及其他附註解釋。

董事就財務報表之責任

董事負責根據由香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定,編製及真實而公平地列報該等財務報表。此責任包括設計、實施及維持與編製及真實而公平地列報財務報表相關之內部監控,以使財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述;選擇及應用適當之會計政策;以及按情況作出合理之會計估計。

核數師之責任

吾等之責任是根據吾等之審核,就該等財務報表提出意見,並僅向全體股東報告吾等之意見,除此以外不作其他用途。吾等概不就本報告內容向任何其他人士承擔或負上任何責任。吾等乃根據香港會計師公會頒佈之香港核數準則進行審核工作。該等準則要求吾等遵守道德規範,並策劃及執行審核,以合理確定該等財務報表是否不存在任何重大錯誤陳述。

Independent Auditor's Report

獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited

Certified Public Accountants

Hong Kong
23 April 2010

Fung Shiu Hang

Practising Certificate number: P04793

審核涉及進行取得財務報表所載金額及披露事項之審核憑證之程序。獲選用之程序取決於吾等之判斷，包括評估財務報表因欺詐或錯誤而存在重大錯誤陳述之風險。在評估有關風險時，核數師會考慮與實體編製及真實而公平地列報財務報表相關之內部監控，以設計適合有關情況之審核程序，惟並非旨在對實體內部監控之成效發表意見。審核亦包括評估所採用之會計政策是否合適，董事作出之會計估計是否合理，以及評估財務報表之整體呈報方法。

吾等相信已獲足夠而合適之審核憑證作為吾等審核意見之基礎。

意見

吾等認為，綜合財務報表已根據香港財務報告準則真實而公平地顯示 貴公司及 貴集團於二零零九年十二月三十一日之財務狀況，以及 貴集團於截至該日止年度之虧損及現金流量，並已根據香港公司條例之披露規定妥為編製。

瑪澤會計師事務所有限公司

執業會計師

香港
二零一零年四月二十三日

馮兆恆

執業證書編號：P04793

Consolidated Statement of Comprehensive Income

綜合全面收入報表

Year ended 31 December 2009 截至二零零九年十二月三十一日止年度

		Notes 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Continuing operations	持續經營業務			
Turnover	營業額	3	46,518	(71,564)
Other income	其他收入	3	43,282	9,919
General and administrative expenses	一般及行政開支		(19,637)	(70,187)
Changes in fair value of financial assets at fair value through profit or loss	於損益帳按公平值處理之 財務資產之公平值變動		26,839	(142,310)
Profit (Loss) from operations	經營溢利 (虧損)		97,002	(274,142)
Finance costs	融資成本		(992)	(1,630)
Gain on disposal of subsidiaries	出售附屬公司之收益		-	5,648
Share of result of associates	應佔聯營公司之業績		2,676	4,464
Impairment loss on interest in an associate	於聯營公司之權益之 減值虧損	12(a)	(158,500)	-
Loss before taxation	除稅前虧損	4	(59,814)	(265,660)
Taxation	稅項	7	-	-
Loss for the year from continuing operations	持續經營業務之年內虧損		(59,814)	(265,660)
Discontinued operations	已終止經營業務			
Loss for the year from discontinued operations	已終止經營業務之 年內虧損	8	(1,798)	(8,642)
Loss for the year	年內虧損		(61,612)	(274,302)
Other comprehensive (loss) income	其他全面 (虧損) 收入			
Exchange difference on consolidation	綜合帳目時產生之 匯兌差額		(30)	131
Total comprehensive loss for the year	年內全面虧損總額		(61,642)	(274,171)

Consolidated Statement of Comprehensive Income

綜合全面收入報表

Year ended 31 December 2009 截至二零零九年十二月三十一日止年度

		Notes 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Loss for the year attributable to:	以下人士應佔年內虧損：			
Equity holders of the parent	母公司股權持有人	9	(61,612)	(274,302)
Non-controlling interest	非控股權益		—	—
			<u>(61,612)</u>	<u>(274,302)</u>
Total comprehensive loss for the year attributable to:	下列人士應佔年內全面虧損總額：			
Equity holders of the parent	母公司股權持有人		(61,642)	(274,171)
Non-controlling interest	非控股權益		—	—
			<u>(61,642)</u>	<u>(274,171)</u>
Basic and diluted loss per share:	每股基本及攤薄虧損：	10		(Restated) (重列)
From continuing operations (HK cents per share)	來自持續經營業務 (每股港仙)		<u>(16.15)</u>	<u>(130.64)</u>
From discontinued operations (HK cents per share)	來自已終止經營業務 (每股港仙)		<u>(0.49)</u>	<u>(4.25)</u>

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2009 於二零零九年十二月三十一日

		Notes 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	1,204	2,316
Interest in associates	於聯營公司之權益	12	37,094	37,218
Goodwill	商譽	13	–	–
Available-for-sale financial assets	可供出售財務資產	14	–	–
			38,298	39,534
Current assets	流動資產			
Financial assets at fair value through profit or loss	於損益帳按公平值處理之財務資產	15	273,919	98,748
Inventories	存貨		–	6,782
Loan receivables	應收貸款	17	60,082	35,729
Trade and other receivables	應收貿易帳款及其他應收款項	18	13,994	23,841
Pledged deposits	有抵押存款	19	558	1,567
Bank balances and cash	銀行結存及現金		134,610	64,154
			483,163	230,821
Current liabilities	流動負債			
Trade and other payables	應付貿易帳款及其他應付款項	20	28,603	17,806
Interest-bearing borrowings	計息借貸		–	27,274
			28,603	45,080
Net current assets	流動資產淨值		454,560	185,741
Total assets less current liabilities	資產總值減流動負債		492,858	225,275
Non-current liabilities	非流動負債			
Zero coupon convertible notes	零息票可換股票據	21	84,461	–
NET ASSETS	資產淨值		408,397	225,275

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2009 於二零零九年十二月三十一日

		Notes	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
		附註		
Capital and reserves	股本及儲備			
Share capital	股本	24	43,938	93,636
Reserves	儲備		364,459	131,639
Equity attributable to equity holders of the parent	母公司股權持有人應佔股權		408,397	225,275
Non-controlling interest	非控股權益		—	—
TOTAL EQUITY	股權總值		408,397	225,275

The financial statements on pages 34 to 114 were approved and authorised for issue by the Board of Directors on 23 April 2010 and are signed on behalf by:

第34至114頁之財務報表經由董事會於二零一零年四月二十三日批准及授權刊發，並由下列董事代表簽署：

Yeung Ming Kwong
楊明光
Director
董事

Lo Oi Kwok, Sheree
羅愛過
Director
董事

Statement of Financial Position

財務狀況表

At 31 December 2009 於二零零九年十二月三十一日

	Notes 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	16	319,926	212,462
Available-for-sale financial assets	14	–	–
		319,926	212,462
Current assets			
Other receivables	18	290	8
Pledged deposits	19	558	1,567
Bank balances and cash		90,807	21,617
		91,655	23,192
Current liabilities			
Other payables	20	1,390	2,185
Amounts due to subsidiaries	16	47,078	22,890
		48,468	25,075
Net current assets (liabilities)		43,187	(1,883)
Total assets less current liabilities		363,113	210,579
Non-current liabilities			
Zero coupon convertible notes	21	84,461	–
NET ASSETS		278,652	210,579
Capital and reserves			
Share capital	24	43,938	93,636
Reserves	26	234,714	116,943
TOTAL EQUITY		278,652	210,579

The financial statements on pages 34 to 114 were approved and authorised for issue by the Board of Directors on 23 April 2010 and are signed on behalf by:

第34至114頁之財務報表經由董事會於二零一零年四月二十三日批准及授權刊發，並由下列董事代表簽署：

Yeung Ming Kwong
楊明光
Director
董事

Lo Oi Kwok, Sheree
羅愛過
Director
董事

Consolidated Statement of Changes in Equity

綜合股東權益變動表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

		Attributable to the equity holders of the parent 母公司股權持有人應佔										
		Share Capital	Share Premium	Share option reserve	Equity component of Zero Coupon Convertible Notes 零息票 可換股票據 之權益部分	Capital Reserve	Capital Redemption Reserve	Cumulative Translation Reserve	Accumulated Deficit	Total	Non- controlling Interest	Total Equity
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	購股權儲備 HK\$'000 千港元	之權益部分 HK\$'000 千港元	資本儲備 HK\$'000 千港元	資本 贖回儲備 HK\$'000 千港元	累計 換算儲備 HK\$'000 千港元	累計虧絀 HK\$'000 千港元	總計 HK\$'000 千港元	非控股權益 HK\$'000 千港元	股權總值 HK\$'000 千港元
At 1 January 2008	於二零零八年一月一日	178,581	550,566	-	99,840	10,482	1,173	112	(593,870)	246,884	-	246,884
Issue of shares on rights issue	供股時發行股份 認股權證	89,291	89,291	-	-	-	-	-	-	178,582	-	178,582
Issue of new shares	發行新股	91,922	55,716	-	-	-	-	-	-	147,638	-	147,638
Issuance cost	發行成本	-	(8,913)	-	-	-	-	-	-	(8,913)	-	(8,913)
Share options granted	授出購股權	-	-	6,239	-	-	-	-	-	6,239	-	6,239
Exercise of share options	行使購股權	14,749	22,906	(6,239)	-	-	-	-	-	31,416	-	31,416
Redemption of zero coupon convertible notes	贖回零息票可換股票據	-	-	-	(99,840)	-	-	-	(2,560)	(102,400)	-	(102,400)
Total comprehensive income (loss) attributable to equity holders of the Company	本公司股權持有人 應佔全面收入 (虧損)總額	-	-	-	-	-	-	131	(274,302)	(274,171)	-	(273,171)
Capital reorganisation	股本重組	(280,907)	-	-	-	-	-	-	280,907	-	-	-
At 31 December 2008	於二零零八年 十二月三十一日	93,636	709,566	-	-	10,482	1,173	243	(589,825)	225,275	-	225,275
At 1 January 2009	於二零零九年一月一日	93,636	709,566	-	-	10,482	1,173	243	(589,825)	225,275	-	225,275
Issue of new shares	發行新股	56,526	35,000	-	-	-	-	-	-	91,526	-	91,526
Share options granted	授出購股權	-	-	7,210	-	-	-	-	-	7,210	-	7,210
Exercise of share options	行使購股權	16,899	12,788	(7,210)	-	-	-	-	-	22,477	-	22,477
Convertible notes issued and converted	發行及轉換可換股票據	52,631	47,690	-	23,230	-	-	-	-	123,551	-	123,551
Total comprehensive loss attributable to equity holders of the Company	本公司股權持有人 應佔全面虧損總額	-	-	-	-	-	-	(30)	(61,612)	(61,642)	-	(61,642)
Capital reorganisation	股本重組	(175,754)	-	-	-	-	-	-	175,754	-	-	-
At 31 December 2009	於二零零九年 十二月三十一日	43,938	805,044	-	23,230	10,482	1,173	213	(475,683)	408,397	-	408,397

Consolidated Statement of Cash Flow

綜合現金流量表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

		Notes 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務			
Net cash used in operations	經營所用現金淨額	27	(100,174)	(155,924)
Interest paid	已付利息		(229)	(797)
Net cash used in operating activities	經營業務所用現金淨額		(100,403)	(156,721)
INVESTING ACTIVITIES	投資活動			
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		131	143
Interest received	已收利息		351	577
Purchase of property, plant and equipment	購買物業、廠房及設備		(5)	(3,625)
Proceed on disposal of assets held for sale	出售持作出售資產所得款項		–	5,299
Proceed on disposal of subsidiaries	出售附屬公司所得款項		–	1,214
Deposit paid on a proposed investment	就建議投資支付之按金		–	(9,776)
Acquisition of an associate	收購聯營公司		(24,575)	–
Net cash generated from (used in) investing activities	投資活動所得(所用)現金淨額		(24,098)	(6,168)
FINANCING ACTIVITIES	融資活動			
Proceed from new bank and other borrowings	新增銀行及其他借貸所得款項		–	37,500
Repayment of bank and other borrowings	償還銀行及其他借貸		(27,274)	(3,254)
Proceeds from issue of convertible notes	發行可換股票據所得款項		107,249	–
Redemption of convertible notes	贖回可換股票據		–	(320,000)
Proceeds from issue of new shares	發行新股所得款項		91,526	326,220
Shares issue costs	股份發行成本		–	(8,913)
Proceeds from issue of new shares based on staff option scheme	根據員工購股權計劃發行新股之所得款項		22,477	31,416
Net cash generated from (used in) financing activities	融資活動所得(所用)現金淨額		193,978	62,969

Consolidated Statement of Cash Flow

綜合現金流量表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

	Notes 附註	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Effect on cumulative translation adjustments	累計換算調整之影響	(30)	131
Net increase (decrease) in cash and cash equivalents	現金及現金等價物增加(減少)淨額	69,447	(99,789)
Cash and cash equivalents at beginning of year	年初之現金及現金等價物	65,721	165,510
Cash and cash equivalents at end of year	年終之現金及現金等價物	135,168	65,721
Analysis of cash and cash equivalents:	現金及現金等價物分析:		
Bank balances and cash	銀行結存及現金	134,610	64,154
Pledged deposits	有抵押存款	558	1,567
		135,168	65,721

Notes to the Financial Statements

財務報表附註

1. CORPORATION INFORMATION

Forefront Group Limited is a limited liability company incorporated in Cayman Islands and its shares are listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office, principal place of business, activities and particulars of the Company and its subsidiaries are set out in the Corporate Information and Report of the Directors.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKAS**”) 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. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2008 financial statements. The adoption of the new/ revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group and the Company for the current and prior years, except for the impact of the adoption as set out below.

1. 公司資料

福方集團有限公司為於開曼群島註冊成立之有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司及其附屬公司之註冊辦事處及主要營業地點地址、業務及詳情載於公司資料及董事會報告內。

2. 主要會計政策

編製基準

此等綜合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。此等綜合財務報表亦符合聯交所證券上市規則之適用披露條文。

此等綜合財務報表之編製基準與二零零八年財務報表所採納之會計政策貫徹一致。採納與本集團有關並於本年度生效之新訂／經修訂香港財務報告準則對本集團及本公司於本年度及過往年度之業績及財務狀況並無重大影響，惟採納下列各項之影響除外。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs

HKAS 1 (Revised): Presentation of Financial Statements

HKAS 1 (Revised) requires transactions with owners to be presented separately from all other income and expenses in a revised statement of changes in equity. The revised Standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income statement and the statement of other comprehensive income). The Group has elected to prepare one statement. In addition, the revised Standard requires that when comparative information is restated or reclassified, a statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and the comparative period, should be presented. Since the Group and the Company did not restate comparative information during the year, this new requirement has no impact on the financial statements.

Amendments to HKFRS 2: Share-based payments – Vesting conditions and cancellations

Amendments to HKFRS 2 clarify that vesting conditions include service and performance conditions only, and all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of these amendments had no impact on the financial statements.

2. 主要會計政策 (續)

採納新訂／經修訂香港財務報告準則

香港會計準則第1號(經修訂)：財務報表之呈列

香港會計準則第1號(經修訂)規定與擁有人進行之交易與於經修訂股東權益變動表內之所有其他收入及開支分開呈列。然而，經修訂準則容許非擁有人之股權變動以單一報表(全面收入報表)或兩個報表(收益表及其他全面收入報表)列示。本集團已選擇編製單一報表之方式。此外，經修訂準則規定將比較資料重列或重新分類時，除呈列當期末及比較期末之財務狀況表外，亦須呈列比較期初之財務狀況表。由於本集團及本公司於年內並無重列比較資料，故此項新規定對財務報表並無影響。

香港財務報告準則第2號之修訂：以股份支付之款項－歸屬條件及註銷

香港財務報告準則第2號之修訂釐清歸屬條件僅包括服務及表現條件，而所有註銷(不論由實體或其他人士註銷)應以同一會計方法處理。採納此等修訂對財務報表並無影響。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

Amendments to HKAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to HKAS 27 remove the distinction between dividends distributed from pre- and post-acquisition profits from the definition of the cost method and replace it with a requirement to recognise all dividends received in profit or loss once the entity's right to receive the dividend is established. As from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities are recognised in the Company's statement of comprehensive income regardless of whether they are made out of the pre- or post-acquisition profits. The carrying amount of the investment in the investee however is assessed for impairment as a result of the investee declaring the dividend. In accordance with the transitional provision in the Amendment, the new policy is applied only prospectively from the current period and thus no restatement is made to prior periods. The amendment does not have a material impact on the financial statements.

Amendments to HKFRS 7 Financial Instruments: Disclosures

Amendments to HKFRS 7 require additional disclosure about fair value measurements and liquidity risk. The fair value measurement disclosures are presented in note 33 to the financial statements and the liquidity risk disclosures are not significantly impacted by the amendments. The Group has taken advantage of the transitional provisions set out in the amendments, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments are not provided in the financial statements.

2. 主要會計政策 (續)

採納新訂／經修訂香港財務報告準則 (續)

香港會計準則第27號之修訂：於附屬公司、共同控制實體或聯營公司之投資之成本

香港會計準則第27號之修訂廢除於成本法之定義中區分自收購前及收購後溢利分派之股息，取而代之，規定實體收取股息之權利確立時，於損益帳確認所有已收股息。由二零零九年一月一日起，應收附屬公司、聯營公司及共同控制實體之所有股息不論源自收購前或收購後溢利，一概於本公司之全面收入報表中確認。然而，倘若被投資公司宣派股息，於被投資公司之投資帳面值會因而進行減值評估。根據該修訂之過渡條文，新政策僅自當期起適用於往後期間，因此並無就過往期間作出重列。該修訂對財務報表並無重大影響。

香港財務報告準則第7號之修訂：財務工具：披露

香港財務報告準則第7號之修訂規定增加有關公平值計量及流動資金風險之披露。公平值計量披露於財務報表附註33呈列，而流動資金風險披露則並無因該等修訂而受到重大影響。本集團已採用該等修訂所載之過渡條文，據此並無就財務工具公平值計量之新規定披露事項於財務報表中提供比較資料。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Adoption of new/revised HKFRSs (Continued)

HKFRS 8: Operating segments

This standard replaces HKAS 14: *Segment Reporting*. It requires segment information to be reported based on internal information used by the Group's chief operating decision maker to evaluate the performance of operating segments and allocate resources to those segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments previously identified under HKAS 14. The adoption of this standard did not have any effect on the result and the financial position of the Group. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14. Additional disclosures about each of these segments are shown in note 34 to the financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of these financial statements is historical cost, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceased.

2. 主要會計政策 (續)

採納新訂／經修訂香港財務報告準則 (續)

香港財務報告準則第8號：經營分類

此準則取代香港會計準則第14號：分類報告。此準則規定，須按照本集團首席營運決策人在評估經營分類表現，以及將資源分配至該等分類所用之內部資料報告分類資料，並取代之前根據香港會計準則第14號所識別之主要（業務）及次要（地區）呈報分類之劃分規定。採納此準則對本集團之業績及財務狀況並無任何影響。本集團決定經營分類與之前根據香港會計準則第14號所識別之業務分類相同。各項分類之附加披露資料載於財務報表附註34。

本集團採納之主要會計政策概要載於下文。

計量基準

編製此等財務報表所採用之計量基準為歷史成本法，惟如下文載列之會計政策所述，若干財務工具乃以公平值計量。

綜合基準

綜合財務報表包括本公司及其所有附屬公司截至每年十二月三十一日為止之財務報表。附屬公司之財務報表乃於與本公司相同之申報年度使用與本公司貫徹一致之會計政策編製。

集團內公司間之所有結餘、交易、收支及集團內公司間交易所產生盈虧會全數對銷。附屬公司之業績由本集團取得控制權當日起至有關控制權終止當日止綜合計算。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Non-controlling interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from owners of the parent. Losses applicable to the non-controlling in excess of the non-controlling's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Subsidiaries

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less 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.

Associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The Group's investment in associate is accounted for under the equity method of accounting. The consolidated statement of comprehensive income includes the Group's share of the post-acquisition results of the associate for the year. The consolidated statement of financial position includes the Group's share of the net assets of the associate and also goodwill. The Group discontinues recognising its share of further losses when the Group's share of losses of the associate equals or exceeds the carrying amount of its interest in the associate, which includes any long term interests that, in substance, form part of the Group's net investment in the associate.

2. 主要會計政策 (續)

綜合基準 (續)

非控股權益指並非由本集團持有之盈虧及資產淨值部分，乃於綜合全面收入報表及綜合財務狀況表之股權中分開呈列，並與母公司擁有人分開呈列。非控股適用之虧損超出其於附屬公司股權之權益之部分於本集團權益中作出分配，惟少數股東負有具約束力之義務及可作出額外投資彌補虧損則除外。

附屬公司

附屬公司指本公司有權監管其財務及營運政策以自業務中獲取利益之實體。

於本公司之財務狀況表中，於附屬公司之投資乃按成本減減值虧損入帳。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。

聯營公司

聯營公司指本集團對其擁有重大影響力但不屬於附屬公司及合營公司之實體。

本集團於聯營公司之投資以權益會計法入帳。綜合全面收入報表包括年內本集團應佔聯營公司之收購後業績。綜合財務狀況表包括本集團應佔聯營公司之資產淨值以及商譽。倘本集團應佔聯營公司之虧損相等於或超過其於該聯營公司之權益（包括任何實質上構成本集團於該聯營公司之淨投資一部分之長期權益）之帳面金額，則本集團不再確認其應佔之進一步虧損。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary and associate. Goodwill on acquisition of subsidiary is recognised as a separate asset. Goodwill on acquisitions of associates or jointly controlled entities is included in interests in associates or jointly controlled entities. Goodwill is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition of associates at the date of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

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. Repair and maintenance are charged to the statement of comprehensive income 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 as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

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

2. 主要會計政策 (續)

商譽

商譽指收購成本超過本集團應佔被收購附屬公司及聯營公司之可識別資產、負債及或然負債之公平值之差額。收購附屬公司產生之商譽確認為獨立之資產。收購聯營公司或共同控制實體產生之商譽計入於聯營公司或共同控制實體之權益。商譽以成本減累計減值虧損列帳，並每年或於發生事件或狀況變動顯示帳面值可能出現減值時更頻密地進行減值測試。進行減值測試及釐定出售盈虧時會將商譽分配至現金產生單位。商譽之減值虧損不作撥回。

本集團於可識別資產、負債及或然負債之公平淨值之權益超過收購聯營公司於收購當日之成本之差額會於重新評估後即時於全面收入報表確認。

物業、廠房及設備

物業、廠房及設備按成本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。維修及保養開支於產生當年在全面收入報表扣除。

本集團於計及物業、廠房及設備之估計餘值後，於由可供使用日期起之估計可用年期內以直線法按下列年率撇銷成本減累計減值虧損，以作出折舊撥備：

租賃物業裝修	50%
傢具及設備	20%-50%
汽車	33%

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the financial asset and the Group has transferred substantially all the risks and rewards of ownership of the financial asset. A financial liability is derecognised only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in the statement of comprehensive income.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not designated and effective hedging instruments.

Financial assets are designated at initial recognition as at fair value through profit or loss if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and/or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

2. 主要會計政策 (續)

財務工具

財務資產及財務負債乃按交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。

倘本集團於財務資產未來現金流量之合約權利屆滿，或本集團轉讓該財務資產，同時轉移該項財務資產擁有權之絕大部分風險及回報，則終止確認財務資產。財務負債僅於負債消除時（即相關合約列明之義務被免除、取消或屆滿時）終止確認。

於損益帳按公平值處理之財務資產

於損益帳按公平值處理之財務資產包括持作買賣之財務資產及於首次確認時指定於損益帳按公平值處理之財務資產，以公平值列帳，所產生之任何盈虧於全面收入報表中確認。

倘財務資產(i)主要為於短期內出售而購入；(ii)由本集團集中管理且有跡象顯示近期出現實際短期獲利之已識別財務工具組合之一部分；或(iii)屬並非指定且為有效對沖工具之衍生工具，則分類為持作買賣財務資產。

財務資產會於下列情況下於首次確認時指定為於損益帳按公平值處理：(i)該項指定消除或大幅減少因按不同基準計量資產或負債或確認盈虧而導致處理方法不一之情況；或(ii)該等財務資產屬受管理且根據明文風險管理策略按公平值基準評估表現之一組財務資產及／或財務負債之一部分；或(iii)該等財務資產包含須分開記錄之嵌入式衍生工具。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets at fair value through profit or loss (Continued)

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Loans and receivables

Loans and receivables including trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from de-recognition, impairment or through the amortisation process are recognised in the statement of comprehensive income.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is transferred to the income statement. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

2. 主要會計政策 (續)

財務工具 (續)

於損益帳按公平值處理之財務資產 (續)

倘一份合約包含一項或多項嵌入式衍生工具，則整份混合合約或會指定為於損益帳按公平值處理之財務資產，惟倘嵌入式衍生工具不能大幅改善現金流量或明顯不得將嵌入式衍生工具分開則除外。

貸款及應收款項

貸款及應收款項包括應收貿易帳款及其他應收款項，為有固定或可釐定付款額而並無活躍市場報價且非持作買賣之非衍生財務資產。此等資產以實際利率法按經攤銷成本計量，惟倘應收款項為無固定還款期或貼現影響不大之免息貸款，則按成本減減值虧損列帳。經攤銷成本於到期前各年經計及收購時之任何折讓或溢價後計算。終止確認、減值或透過攤銷過程所產生之盈虧於全面收入報表確認。

可供出售財務資產

可供出售財務資產為指定為此類別或不予分類為其他財務資產類別之非衍生財務資產，乃按公平值計量，而價值變動會確認為獨立之股權部分，直至資產被出售、收回或以其他方式處置或釐定為出現減值為止，屆時，先前於股權中呈報之累計盈虧會轉撥至收益表。並無活躍市場報價且公平值不能可靠地計量之可供出售財務資產按成本減減值虧損列帳。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss, is transferred from equity to the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income in respect of available-for-sale equity instrument are not reversed through the statement of comprehensive income. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through the statement of comprehensive income, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

2. 主要會計政策 (續)

財務工具 (續)

財務資產減值

本集團會於各報告期結束日評估是否有客觀證據顯示財務資產(於損益帳按公平值處理者除外)出現減值。按經攤銷成本列帳之財務資產之減值虧損按資產帳面值與按財務資產原實際利率貼現之估計未來現金流量現值之差額計量。倘資產之可收回金額增加，而是項增加能夠客觀地與確認減值後之事件有關，則於往後期間透過損益帳撥回有關減值虧損，惟該項資產於撥回減值當日之帳面值不得超過原先並無確認減值時之經攤銷成本。

倘一項可供出售財務資產出現減值，其收購成本(扣除任何主要還款額及攤銷)與其現行公平值之差額，再扣減先前確認之任何減值虧損後，會由股權轉撥至全面收入報表。就可供出售股本工具在全面收入報表中確認之減值虧損不會透過全面收入報表撥回。可供出售股本工具之公平值如在確認減值虧損後有任何增加，則於股權中確認。倘可供出售債務工具之公平值增加可客觀地與在全面收入報表中確認減值虧損後發生之事件有關，則透過全面收入報表沖銷工具之減值虧損撥回。

至於按成本列帳之可供出售財務資產，減值虧損之金額為財務資產之帳面金額與按類似財務資產現有市場回報率貼現之估計未來現金流量現值之差額。有關減值虧損不予撥回。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

The Group's financial liabilities include trade and other payables, bank loans and other borrowings and obligations under finance leases. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Convertible note

The component of the convertible note that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of issue costs. On the issue of the convertible note, the fair value of the liability component is determined using a market rate for a similar bond that does not have a conversion option; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of issue costs. The value of the conversion option carried in equity is not changed in subsequent years.

Issue costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instruments are first recognised. Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of proceeds.

Cash equivalents

For the purpose the consolidated statement of cash flow, cash equivalent 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.

2. 主要會計政策 (續)

財務工具 (續)

財務負債

本集團之財務負債包括應收貿易帳款及其他應付款項、銀行貸款及其他借貸以及融資租賃責任。所有財務負債(衍生工具除外)初步以公平值確認,其後利用實際利率法按經攤銷成本計量,惟倘貼現影響並不重大,則按成本列帳。

可換股票據

具有負債特點之可換股票據部分會於財務狀況表確認為負債,當中扣除發行成本。於發行可換股票據時,負債部分之公平值以並無轉換期權之類似債券之市場利率釐定,而此金額會按經攤銷成本入帳列為長期負債,直至因轉換或贖回而消除為止。

餘下所得款項會分配至換股權,換股權會於扣除發行成本後在股東資金確認及計入。於股權列帳之換股權價值不會於往後年度出現變動。

發行成本會於可換股票據之負債與權益部分之間按所得款項於首次確認工具時在負債與權益部分之分配額分配。發行可換股債券之相關交易成本按所得款項之分配比例於負債與權益部分之間分配。

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不大之短期高流動性投資項目。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Realised gain or loss on investments held for trading is recognised on a trade date basis whilst unrealised gain or loss on investment held for trading is recognised to restate to their fair value at the end of the reporting period.

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

Service income is recognised when services are rendered.

Dividend income is recognised when the Group's rights to receive payment have been established.

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Foreign currency translation

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 Group's functional and presentation currency.

2. 主要會計政策 (續)

收益確認

收益乃於經濟利益極有可能將會流入本集團且收益及成本(如適用)能可靠地計量時按下列基準確認。

持作買賣投資之已變現收益或虧損按交易日基準確認，而持作買賣投資之未變現收益或虧損則予確認，以重列至其於報告期結束日之公平值。

貨品銷售乃於擁有權之風險及回報轉移(一般與有關貨品付運及所有權移交客戶之時間相同)時確認。

服務費收入乃於提供有關服務時確認。

股息收入乃於本集團之收款權利確立時確認。

財務資產之利息收入參考未償還本金及適用實際利率按時間基準計算。

外幣換算

本集團各實體之財務報表內所列項目乃依各實體營運所在之主要經濟環境所用貨幣(「**功能貨幣**」)計量。綜合財務報表以本集團之功能及呈列貨幣港元呈列。

Notes to the Financial Statements 財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in statement of comprehensive income except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (“**foreign operations**”) are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- Income and expenses for each statement of comprehensive income are translated at average exchange rate;
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity. On disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate component of equity relating to that foreign operation is recognised in statement of comprehensive income when the gain or loss on disposal is recognised.

2. 主要會計政策 (續)

外幣換算 (續)

外幣交易使用交易日之匯率換算為功能貨幣。因結算該等交易及按年結日匯率換算以外幣計值之貨幣資產及負債而產生之外匯收益及虧損於全面收入報表內確認。因重新換算以公平值列帳之非貨幣項目而產生之外匯收益及虧損於全面收入報表內確認，惟倘有關收益及虧損乃因重新換算直接於股權確認收益及虧損之非貨幣項目而產生，則同樣直接於股權確認。

功能貨幣有別於呈列貨幣之各本集團實體（「**海外業務**」）之業績及財務狀況，乃按以下方式換算為呈列貨幣：

- 於各財務狀況表呈列之資產及負債按報告期結束日之收市匯率換算；
- 各全面收入報表之收入及開支按平均匯率換算；
- 所有因上述換算而產生之匯兌差額以及因構成本集團於海外業務之淨投資一部分之貨幣項目而產生之匯兌差額，確認為股權之獨立部分。出售海外業務時，歸入涉及海外業務股權獨立部分之匯兌差額之累計金額於確認出售盈虧時在全面收入報表內確認。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether property, plant and equipment and intangible assets with useful life 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 immediately.

A reversal of impairment loss 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)

非財務資產之減值

於各報告期結束日，本集團審閱內部及外部所得資料，以釐定物業、廠房及設備以及具可使用年期之無形資產有否出現減值虧損，或先前確認之減值虧損是否不再存在或可能有所減少。倘有任何該等跡象存在，則根據其公平值減銷售成本及使用價值（以較高者為準）估計該項資產之可收回金額。倘無法估計個別資產之可收回金額，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）之可收回金額。

倘資產或現金產生單位之可收回金額估計低於其帳面金額，則資產或現金產生單位之帳面金額會減至其可收回金額。減值虧損即時確認為開支。

撥回之減值虧損以假設在過往年度並無確認減值虧損之情況下釐定之資產或現金產生單位之帳面金額為限。撥回之減值虧損即時確認為收入。

Notes to the Financial Statements 財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

As lessee

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in the statement of comprehensive income 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)

租賃

倘租賃之條款將擁有權之絕大部分風險及回報轉移予承租人，則將租賃分類為融資租賃。所有其他租賃均分類為經營租賃。

作為出租人

根據融資租賃應收承租人之款項按本集團於租賃之淨投資金額入帳列為應收款項。融資租賃收入按會計期間分配，以反映本集團於剩餘租期內之淨投資之固定定期回報率。

作為承租人

根據融資租賃持有之資產按租賃資產之公平值與最低租金現值兩者之較低者確認為本集團資產。對出租人應負之相應責任於財務狀況表列作融資租賃責任。融資開支指租賃承擔總額與所收購資產公平值之差額，於相關租期內在全面收入報表扣除，以計算各會計期間相關責任餘額之固定定期支出比率。

根據經營租賃應付之租金於相關租賃期內以直線法從全面收入報表中扣除。

租賃優惠於全面收入報表中確認為協定使用租賃資產代價淨額之一部分。或然租金於產生之會計期間內確認為開支。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Employee benefits

Defined contribution plans

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

Long service payment

The Group'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 discounted to its present value and after deducting the fair value of any related assets, including retirement scheme benefit.

Share based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account the terms and conditions of the transactions, other than conditions linked to the price of the shares of the Company ("**market conditions**").

2. 主要會計政策 (續)

僱員福利

界定供款計劃

向界定供款退休計劃供款之責任於產生時於全面收入報表確認為開支。計劃資產與本集團之資產分開，由獨立管理之基金持有。

長期服務金

本集團根據香港僱傭條例之長期服務金責任淨額為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，並貼現至其現值，再扣除任何相關資產（包括退休計劃福利）之公平值。

以股份付款之交易

以股權結算之交易

本集團僱員（包括董事）提供服務以換取股份或有關股份之權利時，即以股份付款之交易方式收取薪酬。與僱員進行該等交易之成本乃參考股本工具於授出日期之公平值計量。向僱員授出之購股權之公平值確認為僱員成本，而股權儲備會出現相應增加。公平值乃使用二項式模型釐定，當中已考慮交易條款及條件，惟不包括與本公司股份價格相關之條件（「市場條件」）。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Share based payment transactions (Continued)

Equity-settled transactions (Continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the years in which the vesting conditions are to be fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“**vesting date**”). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to statement of comprehensive income for the year of the review, with a corresponding adjustment to the reserve within equity.

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 end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arises from initial recognition of goodwill; or other 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 is not recognised.

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 end of the reporting period. 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.

2. 主要會計政策 (續)

以股份付款之交易 (續)

以股權結算之交易 (續)

以股權結算之交易之成本連同股權之相應增加一併於歸屬條件須予達成之年度內確認，直至相關僱員全面享有該回報當日為止(「歸屬日」)。於歸屬期內，預期最終歸屬之購股權數目會予以檢討。對過往年度已確認累計公平值作出之任何調整於回顧年內之全面收入報表扣除／計入全面收入報表，並於股權儲備作出相應調整。

稅項

即期所得稅支出乃按就無須課稅或不得抵扣項目調整之年內業績計算，並使用於報告期結束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金額間於報告期結束日之所有暫時差額作出撥備。然而，倘遞延稅項因首次確認商譽而產生，或因業務合併以外之交易之其他資產或負債而產生，而進行交易時對會計溢利或應課稅溢利或虧損均無影響，則不予確認。

遞延稅項負債及資產乃按照於報告期結束日已實行或大致上實行之稅率及稅務法律，按照預期將於收回資產或償還負債之期間適用之稅率計量。遞延稅項資產乃在極可能有未來應課稅溢利以動用可抵扣暫時差額、稅項虧損及稅項抵免時確認。

Notes to the Financial Statements

財務報表附註

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.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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) 該方直接或透過一名或多名中間人間接控制本集團、受控於本集團或與本集團受共同控制；或於本集團擁有權益，使其對本集團有重大影響；或對本集團有共同控制權；
- (b) 該方為本集團之聯繫人士；
- (c) 該方為本集團乃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) 該方為(a)或(d)項所述任何人士之直系親屬；
- (f) 該方為直接或間接受(d)或(e)項所述任何人士控制、共同控制或重大影響之實體，或(d)或(e)項所述任何人士於該實體直接或間接擁有重大投票權；或
- (g) 該方為一離職後福利計劃，而受益人為本集團或任何屬本集團關連人士之實體之僱員。

分類報告

經營分類及於財務報表報告之各分類項目金額均按定期提供予本集團主要決策人之財務資料劃分，以於本集團各業務及地區之間分配資源及評估其表現。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Segment reporting (Continued)

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made by the management in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Impairment of investments and receivables

The Group assesses annually if investment in subsidiaries/ associates has suffered any impairment in accordance with *HKAS 36* and follows the guidance of *HKAS 39* in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and course the adjustments of their carrying amounts.

2. 主要會計政策 (續)

分類報告 (續)

個別重大經營分類於進行財務報告時不會合併計劃，惟倘若分類具有類似經濟特性，以及產品及服務性質、生產程序性質、客戶種類或類型、分銷產品或提供服務之方法以及監管環境性質相類似時則作別論。並非個別重大之經營分類在上述大部分條件共通時可予合併。

關鍵會計估計及判斷

管理層於編製財務報表時會作出估計、關於未來之假設以及判斷。有關估計、假設及判斷會影響本集團會計政策之應用情況、資產、負債、收入及開支之申報金額以及所披露之資料，並持續根據經驗及相關因素（包括在各種情況下相信對未來事件作出之合理預期）評估。於適用時，會計估計之修訂會於作出修訂之期間及未來期間（如有關修訂同時影響未來期間）確認。

投資及應收款項之減值

本集團根據香港會計準則第36號每年評估於附屬公司／聯營公司之投資有否出現減值，並依循香港會計準則第39號之指引釐定應收此等實體款項有否出現減值。有關方法詳載於相關之會計政策。評估時須估計資產之未來現金流量（包括預期股息）及挑選適當之貼現率。倘此等實體之財務表現及狀況日後有變，會影響對減值虧損之估計，因而須對帳面金額作出調整。

Notes to the Financial Statements

財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgements (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances

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. 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, additional allowance will be required.

2. 主要會計政策 (續)

關鍵會計估計及判斷 (續)

商譽減值

本集團最少每年釐定商譽有否出現減值，當中須估計獲分配商譽之現金產生單位之使用價值。本集團於估計使用價值時須估計現金產生單位之預期現金流量，亦須選擇合適之貼現率，以計算該等現金流量之現值。編製財務報表時所作估計，有關未來之假設以及判斷會影響本集團會計政策之應用情況、資產、負債、收入及開支之申報金額以及所披露之資料，並持續根據經驗及相關因素（包括在各種情況下對未來事件作出之合理預期）評估。

呆壞帳撥備

本集團之呆壞帳撥備政策乃根據能否收回帳款及其帳齡分析作出評估。於評估該等應收款項之最終變現能力時，須從多方面作出判斷，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，令其還款能力受損，將須作出額外撥備。

Notes to the Financial Statements 財務報表附註

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Future changes in HKFRSs

At the date of authorisation of these financial statements, the HKICPA has issued a number of the following new/revised HKFRS that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKFRS 1	First-time adoption of HKFRS – Additional exemptions for first-time adopters ²
HKFRS 3 (Revised)	Business Combinations ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKFRS 1 (Revised)	First-time adoption of HKFRS ¹
Amendments to HKAS 39	Eligible Hedged Items ¹
Improvements to HKFRS 2009	Improvements to HKFRS 2009 ²
Amendments to HKFRS 2	Share-based Payment – Group Cash – settled Share-based Payment Transactions ³
Amendments to HKAS 32	Financial Instruments: Presentation – Classification of Rights Issues ⁴
HKAS 24 (Revised)	Related Party Disclosures ⁵
HKFRS 9	Financial Instruments ⁶
HK(IFRIC) – Int 17	Distributions of non-cash Assets to Owners ¹

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010
- ³ Effective for annual periods beginning on or after 1 January 2010
- ⁴ Effective for annual periods beginning on or after 1 February 2010
- ⁵ Effective for annual periods beginning on or after 1 February 2011
- ⁶ Effective for annual periods beginning on or after 1 January 2013

The directors do not anticipate that the adoption of these new HKFRSs in future period will have any material impact on the result of the Group.

2. 主要會計政策 (續)

香港財務報告準則之未來變動

於授權刊發此等財務報表當日，香港會計師公會已頒佈以下多項新訂／經修訂香港財務報告準則，該等準則於本年度尚未生效，而本集團亦未有提早採納。

香港財務報告準則第1號之修訂	首次採納香港財務報告準則—首次採納者之額外豁免 ²
香港財務報告準則第3號(經修訂)	業務合併 ¹
香港會計準則第27號(經修訂)	綜合及獨立財務報表 ¹
香港財務報告準則第1號(經修訂)	首次採納香港財務報告準則 ¹
香港會計準則第39號之修訂	合資格對沖項目 ¹
二零零九年香港財務報告準則之改進	二零零九年香港財務報告準則之改進 ²
香港財務報告準則第2號之修訂	以股份支付之款項—集團以現金結算之以股份支付之交易 ³
香港會計準則第32號之修訂	財務工具：呈列—供股分類 ⁴
香港會計準則第24號(經修訂)	關連人士披露 ⁵
香港財務報告準則第9號	財務工具 ⁶
香港(國際財務報告詮釋委員會)—詮釋第17號	向擁有人分派非現金資產 ¹

- ¹ 於二零零九年七月一日或之後開始之年度期間生效
- ² 於二零零九年七月一日或二零一零年一月一日或之後開始之年度期間生效
- ³ 於二零一零年一月一日或之後開始之年度期間生效
- ⁴ 於二零一零年二月一日或之後開始之年度期間生效
- ⁵ 於二零一一年二月一日或之後開始之年度期間生效
- ⁶ 於二零一三年一月一日或之後開始之年度期間生效

董事預期於未來期間採納此等新訂香港財務報告準則不會對本集團業績構成任何重大影響。

Notes to the Financial Statements

財務報表附註

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：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
(a) Turnover	(a) 營業額		
Continuing operations	持續經營業務		
Net gain (loss) on disposal of financial assets at fair value through profit or loss	出售於損益帳按公平值處理之財務資產之收益(虧損)淨額	42,327	(80,823)
Interest Income from provision of financial services	提供金融服務之利息收入	4,191	9,259
		46,518	(71,564)
Discontinued operations	已終止經營業務		
Sale of motor trucks, coaches and vehicle accessories	銷售貨車、旅遊巴士及汽車配件	7,456	48,966
Provision of motor vehicle repairs and maintenance services	提供汽車維修及保養服務	-	5,251
Fuel commission income	燃料佣金收入	-	936
		7,456	55,153

Notes to the Financial Statements 財務報表附註

3. TURNOVER AND REVENUE (Continued)

3. 營業額及收益 (續)

		2009 二零零九年			2008 二零零八年		
(b) Other income	(b) 其他收入	Continuing operations 持續 經營業務 HK\$'000 千港元	Discontinued operations 已終止 經營業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元	Continuing operations 持續 經營業務 HK\$'000 千港元	Discontinued operations 已終止 經營業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元
	Interest income	353	67	420	577	152	729
	Written back of provision on doubtful debts	42,769	-	42,769	-	-	-
	Gain on redemption of zero coupon convertible notes	-	-	-	8,393	-	8,393
	Others	160	134	294	949	141	1,090
		<u>43,282</u>	<u>201</u>	<u>43,483</u>	<u>9,919</u>	<u>293</u>	<u>10,212</u>

Notes to the Financial Statements

財務報表附註

4. LOSS BEFORE TAXATION

This is stated after charging(crediting):

4. 除稅前虧損

除稅前虧損經扣除(計入)下列各項後列帳：

		2009 二零零九年			2008 二零零八年		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		持續 經營業務	已終止 經營業務	總計	持續 經營業務	已終止 經營業務	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
(a) Finance costs	(a) 融資成本						
Interest on interest-bearing borrowings wholly repayable within five years	須於五年內全數償還之計息借貸之利息	229	-	229	797	-	797
Amortisation of effective interest	攤銷實際利息	763	-	763	833	-	833
		992	-	992	1,630	-	1,630
(b) Other items	(b) 其他項目						
Auditor's remuneration	核數師酬金	728	22	750	670	150	820
Depreciation of investment property and property, plant and equipment	投資物業以及物業、廠房及設備折舊	469	520	989	134	2,091	2,225
Operating lease charges on premises	物業經營租賃支出	804	114	918	50	2,309	2,359
Share-based payment in respect of share option (note 25(b)) (Write back of provision)	有關購股權之以股份支付之款項(附註25(b))呆帳(撥備撥回)撥備	7,210	-	7,210	6,239	-	6,239
Provision for doubtful debts		(42,769)	-	(42,769)	44,240	146	44,386
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	5,342	528	5,870	3,880	6,156	10,036
- Contributions to pension schemes	- 退休金計劃供款	45	139	184	48	277	325
		45	139	184	48	277	325

Notes to the Financial Statements 財務報表附註

5. DIRECTORS' REMUNERATION

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

5. 董事酬金

本公司董事之酬金載列如下：

Name of Director	董事姓名	Appointed during the year	Resigned/Removed during the year	Year ended 31 December 2009				2008
				截至二零零九年十二月三十一日止年度				二零零八年
				Basic salaries, allowance and other benefits	Mandatory Provident Fund scheme contribution	Fees	Total	Total
				袍金	基本薪金、津貼及其他福利	計劃供款	總計	總計
			於年內 辭任/罷免	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		於年內委任		千港元	千港元	千港元	千港元	千港元
Mr. Wen Louis	溫耒先生	-	-	-	376	-	376	613
Ms. Yau Shum Tek, Cindy	邱深笛女士	-	-	-	-	-	-	102
Mr. Zhou Qi Jin	周奇金先生	-	20 Nov	-	319	-	319	360
			十一月二十日					
Ms. Lo Oi Kwok, Sheree	羅愛過女士	-	-	-	420	12	432	532
Mr. Yeung Ming Kwong	楊明光先生	-	-	-	420	12	432	432
Mr. Kwong Wai Tim, William	鄭維添先生	-	3 Sep	81	-	-	81	187
			九月三日					
Mr. Chung Yuk Lun	鍾育麟先生	-	-	120	-	-	120	187
Mr. Ting Wing Cheung, Sherman	丁永章先生	-	-	-	420	12	432	432
Ms. Lam Yan Fong, Flora	林欣芳女士	-	-	120	-	-	120	187
Ms. Swartz, Kristi Lynn	Swartz, Kristi Lynn女士	-	29 Dec	120	-	-	120	187
			十二月二十九日					
Mr. Zhuang You Dao	莊友道先生	-	-	-	120	-	120	270
Mr. Pak William Eui Won	Pak William Eui Won先生	28 Dec	-	-	-	-	-	-
		十二月二十八日						
				441	2,075	36	2,552	3,489

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 2009 (2008: Nil).

年內並無董事放棄任何酬金。於截至二零零九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（二零零八年：無）。

Notes to the Financial Statements

財務報表附註

6. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Among the five individuals with the highest emoluments, three (2008: four) are executive directors whose emoluments are disclosed in note 5.

The emoluments paid to the remaining two (2008: one) individuals during the year were as follows:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	1,200	600
Pension scheme contributions	退休金計劃供款	24	12
		1,224	612

The emoluments fell within the following band:

		Number of individuals 人數	
		2009 二零零九年	2008 二零零八年
HK\$Nil – HK\$1,000,000	零港元至1,000,000港元	2	1

During the year, no payments were paid to the five 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. 最高薪人士

五位最高薪人士中，有三位（二零零八年：四位）為執行董事，彼等之酬金已於附註5內披露。

年內已付其餘兩位（二零零八年：一位）最高薪人士之酬金如下：

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Basic salaries and allowances	基本薪金及津貼	1,200	600
Pension scheme contributions	退休金計劃供款	24	12
		1,224	612

酬金介乎以下範圍：

		Number of individuals 人數	
		2009 二零零九年	2008 二零零八年
HK\$Nil – HK\$1,000,000	零港元至1,000,000港元	2	1

年內，本集團並無向五位最高薪人士（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之獎金或離職補償。

Notes to the Financial Statements

財務報表附註

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 both for the years of 2009 and 2008.

Reconciliation of tax expenses

Loss before taxation from continuing and discontinued operation	持續及已終止經營業務之除稅前虧損	(61,612)	(274,302)
Income tax at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	按香港利得稅稅率16.5% (二零零八年: 16.5%) 計算之所得稅	(10,166)	(45,260)
Net effect of non-deductible expenses/ tax-exempted revenue	不可扣稅開支/免稅收益之影響淨額	27,204	1,361
Unrecognised temporary differences	未確認之暫時差額	61	99
Utilisation of previously unrecognised tax losses	動用先前未確認之稅項虧損	(17,099)	(265)
Unrecognised deferred tax assets in respect of tax losses	有關稅項虧損之未確認遞延稅項資產	-	44,065
Taxation as per income statement	收益表所列之稅項	-	-

8. DISCONTINUED OPERATIONS

Discontinued operations include trading of motor vehicle and vehicle accessories, provision of motor vehicle repairs and maintenance services and provision of fuel chain services.

(a) Termination of Scania distributorship

Reference is made to the annual report of year 2008 and related announcements. The Group and Scania CV AB agreed to terminate the distributorship of Scania vehicle and accessories in Hong Kong and Macau effective from 1 April 2008. Certain assets of the Group were disposed to Scania at HK\$11,416,000 in aggregate.

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二零零九年及二零零八年並無應課稅溢利，或有未動用稅項虧損以抵銷當年度之應課稅溢利，故並無於財務報表中計提香港利得稅撥備。

稅項開支對帳

	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Loss before taxation from continuing and discontinued operation	(61,612)	(274,302)
Income tax at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	(10,166)	(45,260)
Net effect of non-deductible expenses/ tax-exempted revenue	27,204	1,361
Unrecognised temporary differences	61	99
Utilisation of previously unrecognised tax losses	(17,099)	(265)
Unrecognised deferred tax assets in respect of tax losses	-	44,065
Taxation as per income statement	-	-

8. 已終止經營業務

已終止經營業務包括買賣汽車及汽車配件、提供汽車維修及保養服務以及提供燃料連鎖服務。

(a) 終止Scania分銷權

謹請參閱二零零八年年報及相關公佈。本集團與Scania CV AB協定終止有關Scania汽車及配件於港澳地區之分銷權，由二零零八年四月一日起生效。本集團若干資產已按合共11,416,000港元出售予Scania。

Notes to the Financial Statements

財務報表附註

8. DISCONTINUED OPERATIONS (Continued)

(b) Analysis of loss for the year from discontinued operation

The combined results of the discontinued operations included in the income statement are set out below.

8. 已終止經營業務 (續)

(b) 已終止經營業務之年內虧損分析

計入收益表之已終止經營業務合併業績載於下文。

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Loss for the year from discontinued operations		已終止經營業務之年內虧損	
Turnover	營業額	7,456	55,153
Less: Cost of sales	減：銷售成本	<u>(7,138)</u>	<u>(51,031)</u>
		318	4,122
Other income	其他收入	201	293
Expenses	開支	<u>(2,317)</u>	<u>(13,057)</u>
Loss before taxation	除稅前虧損	(1,798)	(8,642)
Taxation	稅項	<u>-</u>	<u>-</u>
Loss for the year from discontinued operations	已終止經營業務之年內虧損	<u>(1,798)</u>	<u>(8,642)</u>
Cash flows from discontinued operations		已終止經營業務之現金流量	
Net cash generated from operating activities	經營業務所得現金淨額	4,172	16,471
Net cash generated from investing activities	投資活動所得現金淨額	194	1,968
Net cash used in financing activities	融資活動所用現金淨額	<u>(13,508)</u>	<u>(12,970)</u>
Net cash (outflow) inflows	現金(流出)流入淨額	<u>(9,142)</u>	<u>5,469</u>

Notes to the Financial Statements

財務報表附註

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The loss attributable to shareholders includes a loss of approximately HK\$(176,691,000) (2008: HK\$244,028,000) which has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the weighted average number of ordinary shares of 370,275,000 shares (2008 (restated): 203,358,000 shares) in issue during the year. The weighted average number of ordinary shares adopted in the calculation of the basic loss per share for the year of 2009 has been adjusted to reflect the impact of the rights issues effected subsequent to 31 December 2009.

The weighted average number of ordinary shares adopted in the calculation of the basic loss per share for the year of 2008 has been adjusted to reflect the impact of the capital reorganisation effected in December 2009 and the rights issues effected subsequent to 31 December 2008.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to shareholders is based on the loss for the year from continuing operations of HK\$59,814,000 (2008: loss of HK\$265,660,000) and the denominators detailed above in respect of weighted average number of shares.

9. 母公司股權持有人應佔虧損

股東應佔虧損包括約(176,691,000)港元(二零零八年: 244,028,000港元)之虧損, 有關虧損已於本公司財務報表中處理。

10. 每股虧損

每股基本虧損

每股基本虧損乃按年內已發行370,275,000股(二零零八年(重列): 203,358,000股)普通股加權平均數計算。計算二零零九年度之每股基本虧損時採納之普通股加權平均股數已作出調整, 以反映於二零零九年十二月三十一日後生效之供股之影響。

計算二零零八年度之每股基本虧損時採納之普通股加權平均股數已作出調整, 以反映二零零九年十二月生效之股本重組及於二零零八年十二月三十一日後生效之供股之影響。

來自持續經營業務

股東應佔來自持續經營業務之每股基本虧損乃根據持續經營業務之年內虧損59,814,000港元(二零零八年: 虧損265,660,000港元)及上文所詳述之加權平均股數計算。

Notes to the Financial Statements

財務報表附註

10. LOSS PER SHARE (Continued)

From discontinued operations

The calculation of the basic loss per share for the discontinued operations attributable to shareholders based on the loss for the year from the discontinued operations of HK\$1,798,000 (2008: HK\$8,642,000) and the denominators detailed above in respect of weighted average number of shares.

Diluted loss per share

For the year ended 31 December 2008 and 2009, as there was an anti-dilutive effect after adjusting for the effects of all dilutive potential ordinary shares, diluted loss per share for continuing and discontinued operations were the same as the basis loss per share.

10. 每股虧損 (續)

來自己終止經營業務

股東應佔來自己終止經營業務之每股基本虧損乃根據已終止經營業務之年內虧損1,798,000港元(二零零八年: 8,642,000港元)及上文所詳述之加權平均股數計算。

每股攤薄虧損

截至二零零八年及二零零九年十二月三十一日止年度,由於調整所有潛在攤薄普通股之影響後產生反攤薄影響,故持續及已終止經營業務之每股攤薄虧損與每股基本虧損相同。

Notes to the Financial Statements

財務報表附註

11. PROPERTY, PLANT AND EQUIPMENT

11. 物業、廠房及設備

		Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Furniture and equipment 傢具及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At beginning of year 2008	於二零零八年初	288	385	514	1,187
Additions	添置	1,245	489	1,891	3,625
Disposals	出售	(222)	(11)	(200)	(433)
Reclassified from assets held for sale	從持作出售資產重新分類	-	114	118	232
Reclassified as assets held for sale	重新分類為持作出售資產	-	(202)	-	(202)
Depreciation charged for the year	年內折舊支出	(1,180)	(234)	(677)	(2,091)
Disposal of a subsidiary	出售一間附屬公司	-	(2)	-	(2)
		131	539	1,646	2,316
At 31 December 2008	於二零零八年 十二月三十一日				
Cost	成本	1,247	1,411	2,371	5,029
Accumulated depreciation	累計折舊	(1,116)	(872)	(725)	(2,713)
		131	539	1,646	2,316
At beginning of year 2009	於二零零九年初	131	539	1,646	2,316
Additions	添置	-	5	-	5
Disposals	出售	-	(47)	(84)	(131)
Depreciation charged for the year	年內折舊支出	(131)	(159)	(696)	(986)
		-	338	866	1,204
At 31 December 2009	於二零零九年 十二月三十一日				
Cost	成本	1,247	952	2,219	4,418
Accumulated depreciation	累計折舊	(1,247)	(614)	(1,353)	(3,214)
		-	338	866	1,204

Notes to the Financial Statements

財務報表附註

12. INTEREST IN ASSOCIATES

The interest of the Group in the associates is set out below:

		Golden Fame	Tianjin Kai Sheng	Tinhua (Note a)	Total	As at 31 December 2008
		金信	天津市凱聲	(附註a)	總計	於二零零八年十二月三十一日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	千港元
Share of net assets	應佔資產淨值	34,410	2,684	66,507	103,601	37,218
Goodwill on acquisition (note 28)	收購產生之商譽(附註28)	-	-	91,993	91,993	-
Impairment loss	減值虧損	-	-	(158,500)	(158,500)	-
		34,410	2,684	-	37,094	37,218

12. 於聯營公司之權益

本集團於聯營公司之權益載列如下：

		Golden Fame	Tianjin Kai Sheng	Tinhua (Note a)	Total	As at 31 December 2008
		金信	天津市凱聲	(附註a)	總計	於二零零八年十二月三十一日
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	千港元
Share of net assets	應佔資產淨值	34,410	2,684	66,507	103,601	37,218
Goodwill on acquisition (note 28)	收購產生之商譽(附註28)	-	-	91,993	91,993	-
Impairment loss	減值虧損	-	-	(158,500)	(158,500)	-
		34,410	2,684	-	37,094	37,218

Details of the principal associates at the end of the reporting period are as follows:

於報告期結束日之主要聯營公司詳情如下：

Name of associates	Form of business	Principal place of operation/Place of incorporation	Proportion of registered capital and voting power held by the Group	Principal activities
聯營公司名稱	業務形式	主要營運地點/ 註冊成立地點	本集團所持註冊資本及投票權所佔比例	主要業務
Tianjin Kai Sheng Automobile Service Co. Limited ("Tianjin Kai Sheng")	Incorporate	PRC	50%	Provision of repair service for automobile and distribution of Nissan motor vehicles
天津市凱聲汽車維修有限公司 ("天津市凱聲")	法團	中國	50%	提供汽車維修服務及分銷日產汽車

Notes to the Financial Statements

財務報表附註

12. INTEREST IN ASSOCIATES (Continued)

12. 於聯營公司之權益 (續)

Name of associates	Form of business	Principal place of operation/Place of incorporation	Proportion of registered capital and voting power held by the Group	Principal activities
聯營公司名稱	業務形式	主要營運地點/ 註冊成立地點	本集團 所持註冊資本及 投票權所佔比例	主要業務
Golden Fame International Investment Group Limited ("Golden Fame")	Incorporate	Hong Kong	40%	Logistic business
金信環球投資集團有限公司 ("金信")	法團	香港	40%	物流業務
Tinhua Excel Way Special Fiber (Xintai) Company Limited ("Tinhua")	Incorporate	PRC	42.86%	Manufacture of carbon fiber
天華溢威特種纖維(新泰)有限公司 ("天華")	法團	中國	42.86%	製造碳纖維

Summary of financial information of associates are as follows:

各聯營公司之財務資料概要如下：

		Golden Fame		Tianjin Kai Sheng		Tinhua		Total	
		金信		天津市凱聲		天華		總計	
		2009	2008	2009	2008	2009	2008	2009	2008
		二零零九年	二零零八年	二零零九年	二零零八年	二零零九年	二零零八年	二零零九年	二零零八年
		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
Share of associates' assets and liabilities	應佔聯營公司資產及負債								
Non-current assets	非流動資產	29,770	28,045	20,879	21,841	40,036	-	90,685	49,886
Current assets	流動資產	89,225	94,193	48,726	33,110	13,506	-	151,457	127,303
Non-current liabilities	非流動負債	(22,549)	(62,058)	-	-	-	-	(22,549)	(62,058)
Current liabilities	流動負債	(54,002)	(20,551)	(63,284)	(48,120)	(426)	-	(117,712)	(68,671)
Minority interest	少數股東權益	(8,034)	(6,108)	(3,673)	(3,134)	-	-	(11,707)	(9,242)
Share of associates' revenue and profit	應佔聯營公司收益及溢利								
Revenue	收益	219,120	224,362	165,352	154,714	-	-	384,472	379,076
Profit (Loss)	溢利(虧損)	3,689	767	(1,013)	3,697	-	-	2,676	4,464

Notes to the Financial Statements

財務報表附註

12. INTEREST IN ASSOCIATES (Continued)

(a) Investment in Tinhua Excel Way Special Fiber (Xintai) Company Limited ("Tinhua")

On 26 August 2008, the Group entered into a subscription agreement (the "**Subscription Agreement**") with Excel Way Investments Limited ("**Excel Way**") and Mr. Yeung Ming Kwong ("**Mr. Yeung**"), the director of the Company. Pursuant to the Subscription Agreement, Excel Way agreed to allot and issue and the Group agreed to subscribe the subscription shares, representing 51% of the enlarged issued share capital of Excel Way. Excel Way is wholly-owned by Shinning Global Worldwide Limited ("**Shinning Global**"), which in turn is held as to 51% by Mr. Yeung. The Subscription Agreement was completed on 6 April 2009 at a consideration of USD7,500,000 (HK\$58,500,000).

On 6 April 2009, the Group entered into a sale and purchase agreement (the "**S&P Agreement**") with Mr. Yeung and Mr. Zhang Hua. Pursuant to the S&P Agreement, the Group agreed to acquire 100% share holding in Shinning Global at a consideration of HK\$100,000,000, which had been settled by issuance of convertible notes by the Company. The transaction was completed on 18 May 2009.

Before contemplating the above transactions, Excel Way has entered into joint venture agreement with a PRC investment partner. Under the agreement, Excel Way holds 42.86% of the register capital of Tinhua. Under the joint venture agreement, the PRC investment partner has contributed US\$10,000,000 (HK\$78,000,000) by way of machinery and held 57.14% of the registered capital of Tinhua. Excel Way is required to make capital contribution of US\$7,500,000 (HK\$58,500,000) in cash within two years from the date the PRC authority issued the business licence to Tinhua. Up to the end of the reporting period, Excel Way had contributed capital of approximately US\$4.4 million (HK\$34,351,000) to Tinhua. The remaining approximately US\$3.1 million (HK\$24,149,000) was recorded as other payable as at 31 December 2009.

12. 於聯營公司之權益 (續)

(a) 於天華溢威特種纖維 (新泰) 有限公司 (「天華」) 之投資

於二零零八年八月二十六日，本集團與溢威投資有限公司 (「溢威」) 及本公司董事楊明光先生 (「楊先生」) 訂立認購協議 (「認購協議」)。根據認購協議，溢威同意配發及發行而本集團同意認購認購股份 (相當於溢威經擴大已發行股本之51%)。溢威由Shinning Global Worldwide Limited (「**Shinning Global**」) 全資擁有，而Shinning Global由楊先生持有51%權益。認購協議已於二零零九年四月六日按代價7,500,000美元 (58,500,000港元) 完成。

於二零零九年四月六日，本集團與楊先生及張化先生訂立買賣協議 (「買賣協議」)。根據買賣協議，本集團同意收購Shinning Global全部股權，代價為100,000,000港元，已由本公司以發行可換股票據之方式償付。有關交易已於二零零九年五月十八日完成。

於訂立上述交易前，溢威與中方投資夥伴已訂立合營協議。根據該協議，溢威持有天華42.86%註冊資本。根據該合營協議，中方投資夥伴已以提供機器之方式出資10,000,000美元 (78,000,000港元)，並持有天華註冊資本之57.14%。於中國機關向天華發出營業執照當日起計兩年內，溢威須出資現金7,500,000美元 (58,500,000港元)。截至報告期結束日，溢威已向天華注資約4,400,000美元 (34,351,000港元)。於二零零九年十二月三十一日，餘下約3,100,000美元 (24,149,000港元) 已入帳列為其他應付款項。

Notes to the Financial Statements

財務報表附註

12. INTEREST IN ASSOCIATES (Continued)

(a) Investment in Tinhua Excel Way Special Fiber (Xintai) Company Limited ("Tinhua") (Continued)

The equity interest of Tinhua attributable to the Group at acquisition was approximately HK\$66,507,000 and the excess of HK\$91,993,000 representing the excess of the aggregate consideration of HK\$158,500,000 over the Group's share of interest in Tinhua is recognised as goodwill. As both Shinning Global and Excel Way are effectively the investment holding vehicles owning the 42.86% interest in Tinhua, the majority of the goodwill arising from the transactions is attributable to Tinhua and recorded as a component of interests in associates.

As informed by Tinhua, due to the lengthy administrative process for a bank in granting banking facilities to Tinhua, the required liquidity to meet the working capital requirement for the commencement of Tinhua's production has been adversely affected. Consequently, the trial run and formal operations of Tinhua have been postponed despite the fact that certain construction works of the first production plant have been substantially completed. The directors believe that such uncertainties arisen will in turn increase the risk exposure of its investment in Tinhua. Accordingly, the Group did not inject the last capital instalment by the extended deadline of 30 December 2009.

Given the unforeseeable prospect of Tinhua's business, the Group is contemplating to voluntarily liquidate Excel Way, Shinning Global together with the investment holding companies holding 100% equity interests in Excel Way and Shinning Global (collectively known as the "Cessation Group"). The voluntary liquidation process of Excel Way has been commenced as announced by the Company on 15 April 2010.

12. 於聯營公司之權益 (續)

(a) 於天華溢威特種纖維 (新泰) 有限公司 (「天華」) 之投資 (續)

本集團於收購時應佔天華之股本權益約為66,507,000港元，而超出之數91,993,000港元（即總代價158,500,000港元超出本集團應佔天華權益之數額）則確認為商譽。由於Shinning Global及溢威實際上均為擁有天華42.86%權益之投資控股工具，故交易產生之大部分商譽均源自天華，並入帳列為於聯營公司之權益之組成部分。

如天華所告知，由於銀行向天華授出銀行信貸須辦理冗長之行政程序，令天華取得所需流動資金作為開展生產業務之營運資金一事受到不利影響。因此，儘管首座生產廠房之若干建築工程已大致完工，天華之試運行及正式營運仍要推延。董事相信，出現該等不確定因素將增加本集團於天華之投資風險。故此，本集團於經延長限期（即二零零九年十二月三十日）前並無作出最後一期注資。

鑑於天華業務之不明朗前景，本集團現計劃對溢威、Shinning Global 連同持有溢威及Shinning Global 100%股本權益之投資控股公司（統稱「終止集團」）進行自動清盤。如本公司於二零一零年四月十五日所公佈，溢威之自動清盤程序經已展開。

Notes to the Financial Statements

財務報表附註

12. INTEREST IN ASSOCIATES (Continued)

(a) Investment in Tinhua Excel Way Special Fiber (Xintai) Company Limited ("Tinhua") (Continued)

The directors are of the opinion that the possibility of recovering the residual value from the investment in Tinhua is low given the lengthy liquidation process and related costs to be incurred. Accordingly, a full impairment loss of HK\$158,500,000 was made. As a result, the Cessation Group has been marked down to nil value in the financial statements for the year ended 31 December 2009.

- (b) Under clause 5 of the acquisition agreement of Golden Fame, the guarantor, who is the 40% equity owner in Golden Fame, has guaranteed in the event that Golden Fame's yearly profits before tax for the two years period from 1 January 2008 to 31 December 2009 falls below HK\$12 million, he will compensate the shortfall to Golden Fame which will eventually increase the Group's share of Golden Fame's net assets.

12. 於聯營公司之權益 (續)

(a) 於天華溢威特種纖維(新泰)有限公司(「天華」)之投資(續)

董事認為，鑑於清盤程序冗長並會產生相關成本，本公司收回於天華之投資之剩餘價值之可能性不大，因而已計提全數減值虧損158,500,000港元。就此，於截至二零零九年十二月三十一日止年度之財務報表，終止集團已被減記至零價值。

- (b) 根據金信收購協議第5款，擔保人(為金信40%股權之擁有人)已作出擔保，倘若金信由二零零八年一月一日起至二零零九年十二月三十一日止兩年期間之每年除稅前溢利低於12,000,000港元，擔保人將向金信補貼不足之數，此舉將最終增加本集團所佔之金信資產淨值。

Notes to the Financial Statements

財務報表附註

13. GOODWILL

13. 商譽

		As at 31 December 2009			As at 31 December 2008
		於二零零九年十二月三十一日			於二零零八年 十二月三十一日
		Tianjin Kai Sheng 天津市凱聲 HK\$'000 千港元	Natural Harvest 盛然 HK\$'000 千港元	Total 總計 HK\$'000 千港元	HK\$'000 千港元
Carrying value	帳面值				
Acquisition of subsidiary/associates	收購附屬公司/聯營公司	20,000	55,000	75,000	75,000
Less: Impairment loss	減: 減值虧損	(20,000)	(55,000)	(75,000)	(75,000)
At end of the reporting period	於報告期結束日	-	-	-	-

Notes:

- (a) The goodwill arose on the Group's acquisition of Tianjin Kai Sheng Automobile Service Company Limited and Natural Harvest Investment Limited.
- (b) The recoverable amounts of the cash generating units containing goodwill have been determined based on a value in use calculation. The value in use is calculated based on discounted cash flow projections, which are prepared on the basis of financial budgets approved by management covering a 5-year period and a discount rate of 10% per annum. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the aggregate carrying amount of the goodwill to exceed its aggregate recoverable amount.

附註:

- (a) 商譽因本集團收購天津市凱聲汽車維修有限公司及盛然投資有限公司而產生。
- (b) 該等現金產生單位之可收回金額(包括商譽)根據使用價值計算法釐定。使用價值根據折現現金流量預測計算,有關預測以管理層批准之五年財政預算及折現率每年10%編製。管理層相信上述任何主要假設出現任何合理可預見變動,亦不會導致商譽之總帳面值超過其總可收回金額。

Notes to the Financial Statements

財務報表附註

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

14. 可供出售財務資產

	The Group 本集團		The Company 本公司	
	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
At cost less impairment loss				
Unlisted equity interest in Taiwan, at cost	6,908	6,908	6,908	6,908
Unlisted equity interest in Hong Kong at cost	25,000	25,000	-	-
Impairment loss recognised	(31,908)	(31,908)	(6,908)	(6,908)
	-	-	-	-

The unlisted investments represented long-term investments in unlisted equity securities issued by private entities. They are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

非上市投資指於私人實體發行之非上市股本證券之長期投資。由於非上市投資之合理公平價值估計範圍過大，董事認為無法可靠地計算其公平值，故於各報告期結束日按成本減去減值計量。

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

15. 於損益帳按公平值處理之財務資產

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Equity securities listed in Hong Kong	香港上市股本證券		
At beginning of year	於年初	98,748	209,975
Additions	購入	311,080	265,018
Disposals	出售	(162,748)	(233,935)
Fair value adjustments	公平值調整	26,839	(142,310)
At the end of the reporting period	於報告期結束日	273,919	98,748

Notes to the Financial Statements 財務報表附註

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period.

At the end of the reporting period, none of the Group's financial assets at fair value through profit or loss exceeded 10% of the Group's total assets. In addition, the Group's shareholding in each of the investees did not exceed 20% of the issued shares of the investees.

15. 於損益帳按公平值處理之財務資產 (續)

上市股本證券之公平值乃根據報告期結束日在活躍市場所報之市價計算。

於報告期結束日，本集團於損益帳按公平值處理之財務資產概無超過本集團總資產之10%。此外，本集團於各被投資方之股權並無超過該等被投資方已發行股份之20%。

16. INTEREST IN SUBSIDIARIES

16. 於附屬公司之權益

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	-	-
Amounts due from subsidiaries	應收附屬公司款項	<u>1,233,774</u>	<u>958,310</u>
		1,233,774	958,310
Less: Provision for amounts due from subsidiaries	減：應收附屬公司款項撥備	<u>(913,848)</u>	<u>(745,848)</u>
		<u>319,926</u>	<u>212,462</u>

The amounts due from/to subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms.

應收／應付附屬公司款項為無抵押、免息及無固定還款期。

Notes to the Financial Statements

財務報表附註

16. INTEREST IN SUBSIDIARIES (Continued)

Details of the Company's principal subsidiaries at 31 December 2009 were as follows:

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 interest held by the Company 本公司所持股本權益百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Continuing operations 持續經營業務					
Crown Creation Limited 英屬處女群島	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holding 投資控股
Excel Way Investments Limited 溢威投資有限公司	Hong Kong 香港	HK\$30,000 30,000港元	-	100%	Investment holding 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	-	100%	Money-lending 放債
Great Journey Limited 英屬處女群島	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holding 投資控股
Harvest Peace Limited 英屬處女群島	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holding 投資控股
Leapfly Limited 英屬處女群島	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holding 投資控股
Loyal Fine Limited 英屬處女群島	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	-	Investment holding 投資控股
Natural Harvest Investments Limited 盛然投資有限公司	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holding 投資控股

16. 於附屬公司之權益 (續)

本公司主要附屬公司於二零零九年十二月三十一日之詳情如下：

Notes to the Financial Statements 財務報表附註

16. INTEREST IN SUBSIDIARIES (Continued)

16. 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 interest held by the Company 本公司所持股本權益百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Continuing operations (Continued) 持續經營業務 (續)					
Ready Capital Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holding 投資控股
Shinning Global Worldwide Limited	British Virgin Islands 英屬處女群島	US\$10,000 10,000美元	-	100%	Investment holding 投資控股
Sino Wealthy Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Trading of securities 證券買賣
Smart Oriental Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100%	Investment holding 投資控股
Suntrend China Limited 新怡中國有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Investment holding 投資控股
Talenteam Development Limited 德天發展有限公司	British Virgin Island 英屬處女群島	US\$10,000 10,000美元	-	61.25%	Investment holding 投資控股

Notes to the Financial Statements

財務報表附註

16. INTEREST IN SUBSIDIARIES (Continued)

16. 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 interest held by the Company 本公司所持股本權益百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Discontinued operation 已終止經營業務					
Allen Motor Co, Limited	Hong Kong	HK\$2	-	100%	Provision of agency services for insurance and financing of motor vehicles
亞倫車行有限公司	香港	2港元	-	100%	提供汽車保險及融資代理服務
Forefront Automotive Services Company Limited	Hong Kong	HK\$20	-	100%	Trading of motor vehicle accessories and provision of motor vehicle repairs and maintenance
福方汽車服務有限公司	香港	20港元	-	100%	汽車零配件貿易及提供汽車維修保養服務
Forefront International (Hong Kong) Limited	Hong Kong	HK\$100,000 Ordinary share HK\$6,000,000 Non-voting deferred shares (i)	-	100%	Trading of motor trucks and coaches
福方(香港)有限公司	香港	100,000港元普通股 6,000,000港元無投票權遞延股份(i)	-	100%	貨車及旅遊巴士貿易
福方汽車服務(深圳)有限公司	Mainland China	HK\$3,500,000	-	100%	Trading of motor Trucks, coaches and vehicle Accessories
	中國內地	3,500,000港元	-	100%	貨車、旅遊巴士及汽車零配件貿易

Notes to the Financial Statements

財務報表附註

16. INTEREST 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.

None of the subsidiaries had any loan capital in issue at any time during the year ended 31 December 2009.

17. LOAN RECEIVABLES

Loans granted to borrowers are repayable according to repayment schedules. The balance comprises loan receivables from:

16. 於附屬公司之權益 (續)

附註：

- (i) 遞延股份之持有人無權在股東大會上投票，亦無權收取任何股息。在清盤時，該公司資產中100,000,000,000港元將首先用於分派予普通股之持有人，而餘額之一半由遞延股份之持有人享有。

各附屬公司於截至二零零九年十二月三十一日止年度內任何時間並無任何已發行借貸資本。

17. 應收貸款

借款人獲授之貸款須按照還款時間表償還。有關結餘包括來自下列各方之應收貸款：

			2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
		Notes 附註		
Third parties	第三方	(a)	61,553	79,969
Allowance for doubtful debts	呆帳撥備		<u>(1,471)</u>	<u>(44,240)</u>
Balances due within one year included in current assets	計入流動資產、 於一年內到期之結餘	(b)	<u>60,082</u>	<u>35,729</u>

Notes to the Financial Statements

財務報表附註

17. LOAN RECEIVABLES (Continued)

Notes:

- (a) At the end of the reporting period, loan receivables (1) carry effective interest rate of prime rate (2008: from 2% to prime rate plus 4%); (2) loan balance of HK\$1,471,000 was overdue; (3) the remaining loan balances of HK\$60,082,000 (2008: HK\$46,861,000) are within the respective maturity dates (2008: within maturity dates); (4) loan balances of HK\$60,082,000 are secured by the borrowers' net interests in their account maintained with a broker (2008: HK\$30,707,000); and (5) loan balances of HK\$nil are not secured by any collaterals (2008: HK\$17,678,000).
- (b) The directors assessed the collectability of loan receivables at the end of the reporting period individually with reference to borrowers' past collection history and current creditworthiness. In the directors' opinion, there was no indication of deterioration in the collectability of the remaining amount of HK\$60,082,000 (2008: HK\$35,729,000) and thus no additional allowance was considered necessary.
- (c) As more fully explained in the 2008 annual report, a secured loan of HK\$27,500,000 was made in 2008 to a third party ("the Borrower"). The Group has taken legal action for recovering the loan and had taken legal procession of the properties under legal charges in June 2009. Management has made reference to a valuation report issued by an independent valuer which estimated the value of the properties for sale under repossession to be HK\$17,000,000. Pursuant to the participation agreement with another third party (the "Participant"), upon realisation of the properties, the Participant would be entitled to 27.27% of the distribution of the proceeds. After deducting the HK\$7,500,000 received from the Participant as well as the legal costs payable to the receiver, management estimated that there would be a shortfall of HK\$7,850,000 which has been fully provided against the loan receivable in the financial statements for the year ended 31 December 2008. In addition, the Group has made full provision against the interest of HK\$4,083,000 accrued on the Borrower's loan.

In October 2009, the properties were realised and the Group was entitled to a refund of HK\$37,403,000 which represented loan principal of HK\$27,500,000 plus outstanding interests of HK\$9,903,000. Pursuant to the foregoing participation agreement, the Group had paid HK\$10,123,000 to the Participant representing the Participant's share of the accrued loan interest and the proceeds from the realisation of the properties under legal charges. Provision of HK\$11,933,000 was written back and recorded as other income upon receiving the proceeds from the realisation of the properties.

17. 應收貸款 (續)

附註:

- (a) 於報告期結束日，應收貸款(1)之實際利率為最優惠利率(二零零八年：介乎2厘至最優惠利率加4厘)；(2)貸款結餘1,471,000港元乃逾期未付；(3)餘下貸款結餘60,082,000港元(二零零八年：46,861,000港元)均無逾期(二零零八年：無逾期)；(4)貸款結餘60,082,000港元乃以借款人證券經紀帳戶內之淨權益作擔保(二零零八年：30,707,000港元)；及(5)貸款結餘零港元並無以任何抵押品作擔保(二零零八年：17,678,000港元)。
- (b) 董事於報告期結束日參照借款人過往之還款紀錄及現時之信用程度，個別評估能否收回應收貸款。董事認為並無跡象顯示收回餘額60,082,000港元(二零零八年：35,729,000港元)方面出現問題，故無須作出額外撥備。
- (c) 如二零零八年年報所詳細說明，本集團向一名第三方(「借款人」)借出一筆27,500,000港元之有抵押貸款。本集團已就收回該筆貸款採取法律行動，並已於二零零九年六月取得法定押記下物業之合法管有權。管理層已參考獨立估價師發出之估計報告，當中估計收回之待售物業價值為17,000,000港元。根據與另一第三方(「參與方」)訂立之參與協議，參與方可於物業變現時享有所得款項之27.27%分派。於扣除自參與方收取之7,500,000港元及應付財產接收人之法律費用後，管理層估計會出現7,850,000港元差額，有關不足之數已於截至二零零八年十二月三十一日止年度之財務報表內之應收貸款作出全數撥備。此外，本集團已就借款人之貸款應計之4,083,000港元利息作出全數撥備。

於二零零九年十月，該等物業已變現，而本集團享有退款37,403,000港元，即貸款本金27,500,000港元加未償還利息9,903,000港元。根據上述參與協議，本集團已向參與方支付10,123,000港元，即參與方佔應計貸款利息及變現法定押記下物業之所得款項。撥備11,933,000港元已予以撥回，並於收取變現物業之所得款項後入帳列為其他收入。

Notes to the Financial Statements

財務報表附註

18. TRADE AND OTHER RECEIVABLES

		The Group 本集團		The Company 本公司	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Trade receivables	應收貿易帳款	-	12	-	-
Other receivables	其他應收款項				
Deposits, prepayments and other debtors	按金、預付款項及其他應收帳款	6,929	8,763	290	8
Due from an associate (note 18(a))	應收一間聯營公司款項(附註18(a))	5,065	5,290	-	-
Dividend receivable from an associate	應收一間聯營公司股息	2,000	-	-	-
Deposit paid on a proposed investment	就建議投資支付之按金	-	9,776	-	-
		13,994	23,841	290	8

(a) The amount due from an associate is unsecured, bearing interest at prime rate plus 2% per annum and repayable in 2010. During the year, the Group has received interest income in respect of the amount due amounting to HK\$350,000 (2008: HK\$290,000). The loan had been fully repaid on March 2010.

(a) 應收一間聯營公司款項為無抵押、按最優惠利率加年利率2厘計息，並須於二零一零年償還。年內，本集團就應收款項收取利息收入350,000港元(二零零八年：290,000港元)。該筆貸款已於二零一零年三月悉數償還。

19. PLEDGED DEPOSIT

As at 31 December 2009, the Group deposited approximately HK\$558,000 (2008: HK\$1,567,000) as collateral to satisfy contingent warranty and delivery obligations in relation to certain sales contracts.

19. 有抵押存款

於二零零九年十二月三十一日，本集團存入約558,000港元(二零零八年：1,567,000港元)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。

Notes to the Financial Statements

財務報表附註

20. TRADE AND OTHER PAYABLES

20. 應付貿易帳款及其他應付款項

		The Group 本集團		The Company 本公司	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Trade payables	應付貿易帳款	-	530	-	-
Other payables	其他應付款項				
Due to an associate (note 12(a))	應付一間聯營公司款項 (附註12(a))	24,149	-	-	-
Accrued charges and other creditors	應計費用及其他應付帳款	4,454	17,276	1,390	2,185
		28,603	17,806	1,390	2,185

21. ZERO COUPON CONVERTIBLE NOTES

21. 零息票可換股票據

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Liability component	負債部分		
At beginning of year	於年初	-	225,160
Fair value at inception	發行時之公平值	141,175	-
Issuing costs	發行成本	(2,154)	-
Amortisation of effective interest	攤銷實際利息	762	833
Exercise of conversion rights	行使轉換權	(55,322)	(225,993)
At end of the reporting period	於報告期結束日	84,461	-
Equity component	權益部份		
At beginning of year	於年初	-	99,840
Fair value at inception	發行時之公平值	68,825	-
Issuing costs	發行成本	(595)	-
Redemption	贖回	(45,000)	(99,840)
At end of the reporting period	於報告期結束日	23,230	-

Notes to the Financial Statements

財務報表附註

21. ZERO COUPON CONVERTIBLE NOTES

(Continued)

Convertible notes issued for acquisition of a subsidiary

As more fully explained in note 12(a), on 6 April 2009, the Group entered into a sale and purchase agreement (the “S&P Agreement”) with Mr. Yeung and Mr. Zhang Hua. Pursuant to the S&P Agreement, the Group agreed to acquire 100% shareholding in Shinning Global at a consideration of HK\$100,000,000, which had been settled by issuance of convertible notes (the “Notes”) by the Company. Pursuant to an agreement signed between Mr. Zhang Hua and Mr. Yeung, Mr. Zhang Hua irrecoverably directs the Company to procure that the Company to issue his convertible note to Mr. Yeung. The transaction was completed on 18 May 2009 and convertible notes at an aggregate principle amount of HK\$100,000,000 bearing no interest were issued to Mr. Yeung on the same day. The Notes are convertible into ordinary shares of the Company, the whole or any part of the principal amount outstanding, at conversion price of HK\$0.19 per share and have a maturity of 3 years from the date of issue.

On initial recognition, the fair value of the liability component of convertible notes of HK\$55,000,000 is determined using the prevailing market interest rate of similar nonconvertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component of HK\$45,000,000, representing the conversion option for the holder to convert the convertible notes into equity, is included in equity (convertible notes reserve).

During the year, the Company has received conversion notices from Mr. Yeung to request for the conversion of the Notes issued. The Company has then issued a total of 526,315,789 shares at the conversion price of HK\$0.19.

21. 零息票可換股票據 (續)

就收購一間附屬公司發行可換股票據

如附註12(a)所詳述，於二零零九年四月六日，本集團與楊先生及張化先生訂立買賣協議（「買賣協議」）。根據買賣協議，本集團同意收購Shinning Global全部股權，代價為100,000,000港元，已透過本公司發行可換股票據（「票據」）之方式支付。根據張化先生及楊先生簽訂之協議，張化先生不可撤回地指示本公司安排將本公司發行予張化先生之可換股票據發行予楊先生。是項交易已於二零零九年五月十八日完成，本金總額100,000,000港元之不計息可換股票據亦於同日發行予楊先生。票據可以轉換價每股0.19港元，將全部或任何部分未償還本金額轉換為本公司普通股，有效期由發行日起計為期三年。

於首次確認時，可換股票據負債部分之公平值55,000,000港元乃使用類似非可轉換債務之適用市場利率釐定。發行可換股票據之所得款項總額與負債部分獲分配之公平值之差額45,000,000港元，乃持有人將可換股票據轉換為股權之轉換選擇權，已計入股權（可換股票據儲備）內。

於年內，本公司接獲楊先生之轉換通知，要求轉換已發行之票據。本公司隨後按轉換價0.19港元發行合共526,315,789股股份。

Notes to the Financial Statements

財務報表附註

21. ZERO COUPON CONVERTIBLE NOTES

(Continued)

HK\$110 million convertible bonds

On 17 December 2009, the Company had issued certain zero coupon convertible bonds (the “**Bonds**”) to certain independent third parties at an aggregate principal amount of HK\$110,000,000 bearing no interest. The Bonds are convertible into ordinary shares of the Company, the whole or any part of the principal amount outstanding, at conversion price of HK\$0.55 per share and have a maturity of 2 years from the date of issue. In accordance with the terms of the bond instrument, an option is attached to the bond. On an exercise within 12 months from the date of issue of the Bonds of the conversion rights in respect of the Bonds, a converting bondholder shall be granted the option by the Company to subscribe, in cash at 100% of their principal amount, for an aggregate principal amount of optional bonds equal to the principal amount of the Bonds being converted by that converting bondholder on the relevant occasion. Accordingly, the maximum aggregate amount of additional Convertible Bonds in respect of which Options may be granted is HK\$110,000,000.

On initial recognition, the fair value of the liability component of the Bonds of HK\$86,175,000 is determined using the prevailing market interest rate of similar nonconvertible debts. The difference between the gross proceeds of the issue of the Bonds and the fair value assigned to the liability component of HK\$23,825,000, representing the conversion option for the holder to convert the Bonds into equity, is included in equity (convertible notes reserve).

Subsequent to the end of the reporting period, on 10 February 2010, the conversion price of the Bonds were adjusted from HK\$0.55 per share to HK\$0.339 per share. Up to the date of this annual report, HK\$110,000,000 of the Bonds were fully converted into 324,483,760 shares of the Company. In addition, certain holders of the Bonds have exercised their options to subscribe additional Bonds amounting to HK\$38,500,000 which have also been converted into 113,569,316 shares of the Company.

21. 零息票可換股票據 (續)

110,000,000港元可換股債券

於二零零九年十二月十七日，本公司向若干獨立第三方發行若干本金總額達110,000,000港元及不計息之零息票可換股債券（「債券」）。債券可以轉換價每股0.55港元，將全部或任何部分未償還本金額轉換為本公司普通股，有效期由發行日起計為期兩年。根據債券文據之條款，債券附有選擇權。倘於債券發行日起計12個月內行使債券之轉換權，進行轉換之債券持有人將獲本公司授予選擇權，可以本金額100%之現金認購本金總額相等於進行轉換之債券持有人於相關情況下將轉換之債券本金額之選擇性債券。因此，涉及可能授出選擇權之額外可換股債券總額最多為110,000,000港元。

於首次確認時，債券負債部分之公平值86,175,000港元乃使用類似非可轉換債務之適用市場利率釐定。發行債券之所得款項總額與負債部分獲分配之公平值之差額23,825,000港元，乃持有人將債券轉換為股權之轉換選擇權，已計入股權（可換股票據儲備）內。

於報告期結束日後，於二零一零年二月十日，債券之轉換價已由每股0.55港元調整至每股0.339港元。截至本年報日期，110,000,000港元債券已悉數轉換為324,483,760股本公司股份。此外，若干債券持有人已行使其選擇權以認購38,500,000港元之額外債券，並已將之轉換為113,569,316股本公司股份。

Notes to the Financial Statements

財務報表附註

22. 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\$175,000 (2008: HK\$325,000) were made during the year ended 31 December 2009.

23. DEFERRED TAXATION

The Group has not recognised deferred tax asset in respect of unused tax loss of HK\$484,121,000 (2008: HK\$587,749,000) 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. 界定供款計劃

本集團旗下在香港之公司已參加強制性公積金計劃(「強積金計劃」)，該計劃乃由獨立受託人管理之界定供款計劃。該基金之資產與本集團各公司之資產分開持有，並由獨立專業基金經理管理。根據強積金計劃，本集團(僱主)及其僱員須根據強制性公積金法例之規定，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，超出之供款純屬自願性質。

本集團於截至二零零九年十二月三十一日止年度作出之供款約為175,000港元(二零零八年：325,000港元)。

23. 遞延稅項

本集團並無就有關若干於香港註冊成立之附屬公司之未動用稅項虧損484,121,000港元(二零零八年：587,749,000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。

Notes to the Financial Statements

財務報表附註

24. SHARE CAPITAL

24. 股本

		2009 二零零九年		2008 二零零八年	
		No. of shares 股份數目	HK\$'000 千港元	No. of shares 股份數目	HK\$'000 千港元
		'000 千股		'000 千股	
Authorised:	法定：				
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股				
At beginning of year	於年初	10,000,000	1,000,000	10,000,000	1,000,000
Increase in authorised share capital	法定股本增加	40,000,000	4,000,000	—	—
At end of the year	於年終	50,000,000	5,000,000	10,000,000	1,000,000
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 year	於年初	936,358	93,636	1,785,813	178,581
Issue of shares on rights issue	供股時發行股份	—	—	892,906	89,291
Issue of new shares (note a)	發行新股(附註a)	565,258	56,526	919,222	91,922
Issue of shares under share options scheme (note b)	根據購股權計劃發行股份(附註b)	168,990	16,899	147,490	14,749
Share issued on conversion of zero coupon convertible notes (note 21)	轉換零息票可換股票據時發行股份(附註21)	526,316	52,631	—	—
Capital Reorganisation (note c)	股本重組(附註c)	(1,757,538)	(175,754)	(2,809,073)	(280,907)
At end of the reporting period	於報告期結束日	439,384	43,938	936,358	93,636

Notes to the Financial Statements

財務報表附註

24. SHARE CAPITAL (Continued)

Note:

- (a) On 25 June 2009 and 9 September 2009, the Company had allotted and issued to independent third parties respectively 227,270,000 and 337,988,721 shares at cash consideration of HK\$0.25 and HK\$0.11 per share.
- (b) Pursuant to ordinary resolutions passed during the year, an aggregate of 168,990,000 new shares of HK\$0.1 each of the Company were issued to certain individuals under the share option scheme at the exercise price of HK\$0.133 each.
- (c) At the extraordinary general meeting of the Company held on 25 September 2009, the resolutions in respect of the share consolidation and the capital reduction of the Company (the "Capital Reorganisation") were approved by the shareholders. The effects of the Capital Reorganisation were as follows:
- (i) Under the capital reduction, the nominal value of all the issued existing share will be reduced from HK\$0.1 each to HK\$0.02 each by cancelling HK\$0.08 paid up on each issued existing share by way of a reduction of capital.
- (ii) Under the share consolidation, every five reduced issued shares of HK\$0.02 each was consolidated into one adjusted issued share of HK\$0.10 each.
- (iii) The credit arising from such reduction will be applied towards cancelling the accumulated deficit of the Company with the balance to be transferred to the distributable capital reduction reserve account of the Company.

24. 股本 (續)

附註：

- (a) 於二零零九年六月二十五日及二零零九年九月九日，本公司已向獨立第三方配發及發行分別227,270,000股及337,988,721股股份，現金代價分別為每股0.25港元及0.11港元。
- (b) 根據於年內通過之普通決議案，本公司根據購股權計劃向若干個別人士發行合共168,990,000股每股面值0.1港元之新股，行使價為每股0.133港元。
- (c) 於本公司在二零零九年九月二十五日舉行之股東特別大會上，股東批准多項關於本公司股份合併及股本削減（「股本重組」）之決議案。股本重組之影響如下：
- (i) 根據股本削減，以削減股本之方式註銷每股已發行現有股份之繳足股款0.08港元，將所有已發行現有股份之面值由每股0.1港元削減至每股0.02港元。
- (ii) 根據股份合併，將每五股每股面值0.02港元之經削減已發行股份合併為一股面值0.10港元之經調整已發行股份。
- (iii) 動用削減股本所產生之進帳額抵銷本公司之累計虧絀，餘額則轉撥至本公司之可分派股本削減儲備帳。

Notes to the Financial Statements

財務報表附註

25. SHARE OPTIONS

(a) Share option scheme

A share option scheme was approved by shareholders on 6 August 2007 which will remain in force for a period of 10 years commencing on 6 August 2007.

Under the new share option scheme, the Company may grant to Directors and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group. The maximum of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the new share option scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the new share option scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue, the General Scheme Limit, at the date of the passing of the relevant ordinary resolution. If any options is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

25. 購股權

(a) 購股權計劃

購股權計劃於二零零七年八月六日獲股東批准，自二零零七年八月六日起生效，有效期10年。

根據新購股權計劃，本公司可授予董事、本集團僱員及董事會全權酌情認為曾經或將會對本集團作出貢獻之任何其他人士。因行使根據新購股權計劃及本公司任何其他購股權計劃授出但未行使之全部發行在外購股權而發行之股份上限合共不得超過不時已發行股份總數之30%。因行使根據新購股權計劃及本公司任何其他購股權計劃授出之全部購股權而可發行之股份總數合共不得超過於通過相關普通決議案當日已發行股份之10%（整體計劃限額）。授予關連人士任何購股權須先經獨立非執行董事或獨立股東（視情況而定）批准。

Notes to the Financial Statements

財務報表附註

25. SHARE OPTIONS (Continued)

(b) Movement in share option scheme during the year:

On 14 September 2009, 168,990,000 share options were granted under the share option scheme to individuals who provided professional services to the Group. The share price at the date of grant is HK\$0.119. The exercise price of the share option is HK\$0.133 which is the average five-days closing prices immediately prior to the date of the grant of the options. The options were fully exercised on 14 September 2009 and the Company received proceeds of HK\$22.5 million.

(c) Fair value of share options and assumptions

The fair value of share option granted at the grant date was HK\$0.043 per share, which are calculated using the Binomial option pricing model with the following inputs:

Average share price	HK\$0.133
Weighted average exercise price	HK\$0.133
Expected volatility	71%
Expected life	10 years
Risk free rate	2.33%
Suboptimal exercise factor on early exercise behaviour	1.5

(d) On 26 January 2010, 43,938,446 share options were granted under the Share option scheme to individuals who provided professional services to the Group. The exercise price of the share option granted was HK\$0.32 per share. The options were fully exercised on the same day and the Company received proceeds of approximately HK\$14 million.

25. 購股權 (續)

(b) 年內購股權計劃之變動：

於二零零九年九月十四日，本公司根據購股權計劃授予向本集團提供專業服務之多名個別人士168,990,000份購股權。授出購股權當日之股價為0.119港元。購股權之行使價為0.133港元，乃股份緊接購股權授出日期前五日之平均收市價。購股權已於二零零九年九月十四日獲全數行使，本公司因而獲取所得款項22,500,000港元。

(c) 購股權公平值及假設

已授出購股權於授出日期之公平值為每股股份0.043港元，乃根據下列數據以二項式期權定價模式計算：

平均股價	0.133港元
加權平均行使價	0.133港元
預期波幅	71%
預期有效期	10年
無風險利率	2.33%
提早行使時之 次佳行使因素	1.5

(d) 於二零一零年一月二十六日，43,938,446份購股權已根據購股權計劃授予多名向本集團提供專業服務之個別人士。已授出購股權之行使價為每股0.32港元。該等購股權已於同日獲悉數行使，本公司因而收取所得款項約14,000,000港元。

Notes to the Financial Statements

財務報表附註

26. RESERVES

The Company

26. 儲備

本公司

		Share Premium	Zero coupon convertible notes 零息票 股份溢價 可換股票據	Share option reserve 購股權儲備	Capital Contributed Surplus 資本 撥入盈餘	Capital Reserve 資本儲備	Capital Redemption Reserve 資本 贖回儲備	Accumulated Deficit 累計虧絀	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2008	於二零零八年一月一日	550,566	99,840	-	16,692	4,492	1,173	(649,299)	23,464
Issue of shares on right issue	供股時發行股份	89,291	-	-	-	-	-	-	89,291
Issue of new shares	發行新股	55,716	-	-	-	-	-	-	55,716
Issuance costs on issue of new shares	發行新股之發行成本	(8,913)	-	-	-	-	-	-	(8,913)
Redemption of zero coupon convertible notes	贖回零息票可換股票據	-	(99,840)	-	-	-	-	(2,560)	(102,400)
Share options granted	授出購股權	-	-	6,239	-	-	-	-	6,239
Exercise of share options	行使購股權	22,906	-	(6,239)	-	-	-	-	16,667
Capital organisation	股本重組	-	-	-	-	-	-	280,907	280,907
Loss for the year	年內虧損	-	-	-	-	-	-	(244,028)	(244,028)
At 31 December 2008	於二零零八年十二月三十一日	709,566	-	-	16,692	4,492	1,173	(614,980)	116,943
At 1 January 2009	於二零零九年一月一日	709,566	-	-	16,692	4,492	1,173	(614,980)	116,943
Issue of new shares	發行新股	35,000	-	-	-	-	-	-	35,000
Share options granted	授出購股權	-	-	7,210	-	-	-	-	7,210
Exercise of share options	行使購股權	12,788	-	(7,210)	-	-	-	-	5,578
Convertible notes issued and converted	發行及轉換可換股票據	47,690	23,230	-	-	-	-	-	70,920
Capital organisation	股本重組	-	-	-	-	-	-	175,754	175,754
Loss for the year	年內虧損	-	-	-	-	-	-	(176,691)	(176,691)
At 31 December 2009	於二零零九年十二月三十一日	805,044	23,230	-	16,692	4,492	1,173	(615,917)	234,714

Notes to the Financial Statements

財務報表附註

27. CASH USED IN OPERATIONS

27. 經營所用現金

		The Group 本集團	
		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Loss before taxation	除稅前虧損	(59,814)	(265,660)
Interest on bank and other borrowings	銀行及其他借貸之利息	229	797
Interest income	利息收入	(351)	(577)
Share of results of associates	應佔聯營公司業績	(2,676)	(4,464)
Impairment loss on goodwill	商譽之減值虧損	-	8,000
Impairment loss on interest in an associate	於一間聯營公司權益之減值虧損	158,500	-
Gain on redemption of zero coupon convertible notes	贖回零息票可換股票據之收益	-	(8,393)
Amortisation of liabilities component of convertible notes	攤銷可換股票據之負債部分	763	833
Loss in discontinued operations	已終止經營業務之虧損	(1,798)	(8,642)
Gain on disposal of subsidiaries	出售附屬公司之收益	-	(5,648)
Gain on disposal of assets held for sale	出售持作出售資產之收益	-	(175)
Depreciation of investment property and property, plant and equipment	投資物業以及物業、廠房及設備折舊	986	2,225
(Gain) Loss on disposal of property, plant and equipment	出售物業、廠房及設備之(收益)虧損	-	290
Share options granted	授出購股權	7,210	6,239
Reclassified back from subsidiary held for sale	從持作出售附屬公司重新分類	-	276
Changes in working capital:	營運資金之變動:		
Fair value of financial assets through profit or loss	於損益帳按公平值處理之財務資產之公平值	(175,171)	131,387
Inventories	存貨	6,782	20,864
Trade and other receivables	應收貿易帳款及其他應收款項	2,871	16
Trade and other payables	應付貿易帳款及其他應付款項	(13,352)	923
Loan receivables	應收貸款	(24,353)	(34,215)
Cash used in operations	經營所用現金	(100,174)	(155,924)

Notes to the Financial Statements

財務報表附註

28. ACQUISITION OF SUBSIDIARIES/ASSOCIATE

As more fully explained in note 12(a), during the year, the Group acquired the entire equity interests in the following companies.

Completion date of the acquisition 收購完成日期	Name of acquired companies 所收購公司名稱	Place of incorporation 註冊成立地點	Principal activities 主要業務	Consideration 代價 HK\$'000 千港元
6 April 2009 二零零九年四月六日	Excel Way 溢威	Hong Kong 香港	Investment holding 投資控股	58,500
18 May 2009 二零零九年五月十八日	Shinning Global Shinning Global	British Virgin Islands 英屬處女群島	Investment holding 投資控股	100,000

28. 收購附屬公司／聯營公司

如附註12(a)所詳細說明，年內，本集團已收購下列公司全部股權。

Notes to the Financial Statements 財務報表附註

28. ACQUISITION OF SUBSIDIARIES/ASSOCIATE (Continued)

The aggregate fair value of the identifiable assets and liabilities of the acquired subsidiaries as at the dates of acquisition and their carrying value determined in accordance with HKFRS immediately before combination are as follows:

28. 收購附屬公司／聯營公司（續）

已收購附屬公司於收購日之可識別資產及負債之總公平值及其緊接合併計算前按照香港財務報告準則釐定之帳面值載列如下：

		Carrying value and fair value 帳面值 及公平值 HK\$'000 千港元
Interest in associates – Tinhua	於聯營公司之權益－天華	66,114
Bank balances and cash	銀行結存及現金	7
Other receivables	其他應收款項	389
Other payables	其他應付款項	(3)
		66,507
Goodwill arising on acquisition – Tinhua	收購時產生之商譽－天華	91,993
		158,500
Total consideration	總代價	158,500
Consideration satisfied by:	代價支付方式：	
Cash	現金	58,500
Issuance of convertible notes	發行可換股票據	100,000
		158,500

Notes to the Financial Statements

財務報表附註

28. ACQUISITION OF SUBSIDIARIES/ASSOCIATE (Continued)

As more fully explained in note 12(a), the Group's acquisition of Shinning Global were satisfied by the issuance of convertible notes of the Company in the principal amount of HK\$100,000,000, which is convertible to 526,315,789 ordinary shares of the Company at a conversion price of HK\$0.19. The convertible notes were issued on 18 May 2009 and the fair value of the equity component at the issue date is HK\$45,000,000. The fair value of the liability component of the convertible notes was determined with reference to market interest rate of comparable non-convertible notes. The residual amount represents the fair value of the equity component.

Since the acquisition, the acquired subsidiaries made no significant contribution to the revenue and results of the Group.

The goodwill recognised was attributable to the profitability and the synergies expected to arise from the acquisition taken into consideration of the future prospect of Tinhua's business at acquisition.

29. MAJOR NON-CASH TRANSACTIONS

As detailed in note 28, the Group acquired the entire interest in Shinning Global at a consideration of HK\$100,000,000 which was satisfied by the issuance of convertible notes by the Company in the principal amount of HK\$100,000,000.

28. 收購附屬公司／聯營公司（續）

如附註12(a)所詳細說明，本集團收購 Shinning Global 透過由本公司發行本金額達100,000,000港元之可換股票據支付，有關可換股票據可按轉換價每股0.19港元轉換為526,315,789股本公司普通股。可換股票據已於二零零九年五月十八日發行，而權益部分於發行日之公平值為45,000,000港元。可換股票據負債部分之公平值乃參照可資比較非可換股票據之市場利率釐定。餘值為權益部分之公平值。

自收購以來，已收購附屬公司並無對本集團之收益及業績帶來重大貢獻。

商譽乃就預期收購所產生之盈利能力及協同效益確認，當中已於收購時考慮日後天華業務之前景。

29. 主要非現金交易

如附註28所詳述，本集團按代價100,000,000港元收購 Shinning Global 全部權益，有關代價透過由本公司發行本金額達100,000,000港元之可換股票據支付。

Notes to the Financial Statements 財務報表附註

30. CONTINGENT LIABILITIES

Alleged agreement on investment in a customer

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 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 accountant firm employed by the 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 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 document from the two parties. The Company has not received any notice in relation to any specific dates for any further hearing.

30. 或然負債

於一名客戶之投資的指稱協議

駱家雨先生(「**駱先生**」)指稱其全資擁有之公司Global Travel Holdings Limited(「**Global Travel**」)曾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口頭協議，當中涉及福方汽車服務於Global Travel之股權投資7,800,000港元。福方汽車服務之立場為該協議僅於其滿意對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滿意該盡職審查結果，福方汽車服務因而選擇不繼續進行該指稱協議。駱先生已入稟索償7,800,000港元連同替代損害賠償，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，於抵銷上述反索償款項後指稱福方汽車服務欠負Global Travel之或然負債為5,800,000港元。上述事宜於初步聆訊後並無任何進展，有關聆訊已押後至法院於接獲雙方足夠文件後決定之其他日子再行審理。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。

Notes to the Financial Statements

財務報表附註

31. COMMITMENTS

Commitments under operating leases

The Group leases a number of properties under operating leases, which typically run for an initial period of 1-3 years. None of these leases includes contingent rentals. At the end of the reporting period, the Group had future lease payments under non-cancellable operating leases, which are payable as follows:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Within one year	一年內	269	211
In the second to fifth years inclusive	第二至第五年(包括首尾兩年)	591	7
		860	218

32. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, during the year the Group had the following significant related party transactions:

- (a) The remunerations of key management personnel represented by directors during the year are as follows:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Employee benefits expenses	僱員福利開支	2,516	3,451
Contributions to defined contribution schemes	界定供款計劃供款	36	38
		2,552	3,489

Further details of directors' emoluments are disclosed in note 5.

31. 承擔

經營租賃承擔

本集團以一般初步為期一至三年之經營租賃租用多項物業。有關租賃並不包括或然租金。於報告期結束日，本集團於不可註銷經營租賃之未來租賃付款應按以下年期支付：

32. 關連人士交易

除財務報表其他部分所披露者外，本集團於年內進行之重大關連人士交易如下：

- (a) 主要管理人員(指董事)於年內之酬金如下：

有關董事酬金之進一步詳情已於附註5披露。

Notes to the Financial Statements 財務報表附註

32. RELATED PARTY TRANSACTIONS (Continued)

- (b) Mr. Zhuang You Dao, a director of the Company, has given personal guarantee to the Group for a loan of HK\$5,000,000 granted to a subsidiary to finance its loans to Tianjin Kai Sheng.

In addition, during the year, a subsidiary of the associate advanced RMB10,000,000 (equivalent to HK\$11,416,000) to Mr. Zhuang which amount has been pledged as a security to facilitate the associate to obtain banking facilities from a bank. At the end of the reporting period, the amount due from Mr. Zhuang was reduced to RMB9 million upon settlement of RMB1 million banking facilities utilised.

- (c) On 22 December 2009, the Group agreed to grant additional loan of HK\$12,500,000 to Tianjin Kai Sheng. The loan is also guaranteed by Mr. Zhuang, for use in financing the associate's automobile distribution business. The loan was subsequently terminated on 5 February 2010 and no cash outflow was incurred in respect of the loan.
- (d) Mr. Zhuang has given personal guarantee to a supplier of the associate for provision of financing facilities in aggregate of RMB20,000,000 (equivalent to HK\$22,684,000) granted to the associate.

32. 關連人士交易 (續)

- (b) 本公司董事莊友道先生就授予一間附屬公司之5,000,000港元貸款向本集團作出個人擔保。該筆貸款乃用以撥付該附屬公司提供予天津市凱聲之貸款。

此外，該聯營公司之一間附屬公司於年內向莊先生墊付人民幣10,000,000元（相等於11,416,000港元），該筆款項已經抵押，作為該聯營公司取得銀行之銀行融資之擔保。於報告期末，應收莊先生之款項於償還已動用之銀行融資人民幣1,000,000元後減少至人民幣9,000,000元。

- (c) 於二零零九年十二月二十二日，本集團同意向天津市凱聲授出額外貸款12,500,000港元。該筆貸款亦已獲莊先生提供擔保，用以為該聯營公司之汽車分銷業務提供資金。該筆貸款其後於二零一零年二月五日終止，故該筆貸款並無造成現金流出。
- (d) 莊先生已就聯營公司獲提供之融資信貸額合共人民幣20,000,000元（相等於22,684,000港元）向該聯營公司之一名供應商提供個人擔保。

Notes to the Financial Statements

財務報表附註

32. RELATED PARTY TRANSACTIONS (Continued)

- (e) As more fully explained in note 12(a), on 26 August 2008, the Group entered into a subscription agreement (the “**Subscription Agreement**”) with Excel Way Investments Limited (“**Excel Way**”) and Mr. Yeung Ming Kwong (“**Mr. Yeung**”), a director of the Company. The Subscription Agreement was completed on 6 April 2009 at a consideration of USD7,500,000 (HK\$58,500,000) for subscribing the shares in Excel Way.
- (f) On 6 April 2009, the Group entered into a sale and purchase agreement (the “**S&P Agreement**”) with Mr. Yeung and Mr. Zhang Hua. Pursuant to the S&P Agreement, the Group agreed to acquire 100% share holding in Shinning Global Worldwide Limited (“**Shinning Global**”) at a consideration of HK\$100,000,000, which had been settled by issuance of convertible notes by the Company. The transaction was completed on 18 May 2009.

33. FINANCIAL RISK MANAGEMENT

The Group’s principal financial instruments are investment securities, convertible notes, bank loans, 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 and financial asset and liabilities at fair value through profit or loss, which arise directly from its business activities.

The main risks arising from the Group’s financial instruments are equity price risk, credit risk, foreign currency risk and liquidity risk. 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.

32. 關連人士交易 (續)

- (e) 如附註12(a)所詳細說明，於二零零八年八月二十六日，本集團與溢威投資有限公司（「溢威」）及本公司董事楊明光先生（「楊先生」）訂立一份認購協議（「認購協議」）。認購協議已於二零零九年四月六日完成，以代價7,500,000美元（58,500,000港元）認購溢威股份。
- (f) 於二零零九年四月六日，本集團與楊先生及張化先生訂立一份買賣協議（「買賣協議」）。根據買賣協議，本集團同意收購Shinning Global Worldwide Limited（「Shinning Global」）全部股權，代價為100,000,000港元，已由本公司以發行可換股票據之方式支付。是項交易已於二零零九年五月十八日完成。

33. 財務風險管理

本集團之主要財務工具為投資證券、可換股票據、銀行貸款、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及維持融資。本集團有若干其他財務工具，如直接自其業務活動產生之應收貿易帳款及應付貿易帳款，以及於損益帳按公平值處理之財務資產及負債。

本集團財務工具所產生之主要風險為股價風險、信貸風險、外幣風險及流動資金風險。董事會一般對風險管理採納審慎策略，並將本集團承擔之風險減至最低。董事會為管理以上各種風險檢討及協定有關政策，各種風險已概列於下文。本集團亦會監察所有財務工具所產生之市場價格風險。

Notes to the Financial Statements

財務報表附註

33. FINANCIAL RISK MANAGEMENT (Continued)

Equity price risk

The Group is exposed to equity price risk arising from trading of listed securities classified as investments held for trading in the statement of financial position. The sensitivity analysis has been determined based on the exposure to equity price risk.

At the end of the reporting period, if the quoted market prices had been 5% higher or lower while all other variables were held constant, the Group's net loss would decrease or increase by HK\$13,696,000 (2008: HK\$4,937,000) as a result of changes in fair value of investments. The Group's sensitivity to equity price has changed significantly from the prior year.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's securities investments would be considered impaired as a result of a reasonably possible decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2008.

33. 財務風險管理 (續)

股價風險

本集團之股價風險來自於財務狀況表分類為持作買賣投資之上市證券買賣。敏感度分析乃根據股價風險釐定。

於報告期結束日，倘若市場報價上調或下滑5%，在所有其他變數不變之情況下，本集團之虧損淨額將因為投資公平值變動而減少或增加13,696,000港元（二零零八年：4,937,000港元）。本集團對股價之敏感程度較往年有大幅轉變。

敏感度分析乃假設股票市場指數或其他相關風險變數於報告期結束日出現合理可能變動而釐定，並適用於當日之股價風險。敏感度分析亦假設本集團投資之公平值隨相關股票市場指數或相關風險變數之歷史關係而變動，本集團之證券投資不會因相關股票市場指數或其他相關風險變數之合理可能下調而被視作減值，以及所有其他變數不變。上述變動指管理層對相關股票市場指數或相關風險變數於下年度報告期結束日前期間之合理可能變動之評估。分析之基準與二零零八年相同。

Notes to the Financial Statements

財務報表附註

33. 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 end of the reporting period, the Group has a concentration of credit risk as 12% (2008: 37%) and 61% (2008: 97%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

The Group has limited credit risk with its money deposited in financial institutions and brokers, which are long-established with sound financial background and are assessed as having low credit risk. The Group has not had any significant loss arising from non-performance by these parties in the past and management does not expect so in the future.

Interest rate risk

The Group has exposures to interest rate risk as its loans receivables are subject to floating interest rates. However, cash flow interest rate risk is considered minimal as the loan receivables and other borrowings have short maturity dates.

The interest rate risk for bank balance exposed is considered minimal as such amounts are placed in banks with maturing less than three months.

Foreign exchange risk

The Group is not subject to foreign currency risk exposure since its operations are mainly denominated in Hong Kong dollars.

33. 財務風險管理 (續)

信貸風險

信貸風險指債務人未能履行其償還應付本集團款項之責任，致令本集團蒙受虧損之風險。本集團已採納若干程序延長客戶之信貸期，並監察有關信貸風險。延長客戶信貸期之信貸政策包括評定及估計客戶之信用度及財務狀況。管理層亦會密切監察所有應收未收債項及定期審閱應收貿易帳款之收回情況。於報告期結束日，本集團之信貸風險集中，應收貿易帳款及其他應收款項總額中有12%（二零零八年：37%）及61%（二零零八年：97%）分別源自本集團之最大客戶及五大客戶。

本集團於金融機構及經紀之存款面對之信貸風險有限，原因是該等金融機構及經紀均成立已久且具有豐厚財務背景，獲評定為低信貸風險。本集團過往並無因有關人士不履行責任而產生之重大虧損，而管理層預期日後亦不會出現該等情況。

利率風險

本集團因其應收貸款按浮動利率計息而承受利率風險。然而，由於應收貸款及其他借貸均於短期內到期，故現金流量利率風險不大。

由於銀行存款之到期日少於三個月，故就銀行結餘承擔之利率風險甚微。

外幣風險

由於本集團業務主要以港元計值，因而並無承受外幣風險。

Notes to the Financial Statements 財務報表附註

33. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

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

The maturity profile of the Company's financial liabilities at the end of the reporting period on contractual undiscounted payments are summarized below:

33. 財務風險管理 (續)

流動資金風險

流動資金風險指本集團無力履行其短期責任之風險。流動資金風險微不足道，乃透過配合還款及收款週期加以管理。本集團之營運主要透過商業活動提供資金。

本公司財務負債於報告期結束日根據合約未貼現款項之到期情況概列如下：

		Year ended 31 December 2009 截至二零零九年十二月三十一日止年度				
		Less than 3 months 三個月 以內 HK\$'000 千港元	3-12 months 三至 十二個月 HK\$'000 千港元	1-5 years 一至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Trade and other payables	應付貿易帳款及其他應付款項	28,603	-	-	-	28,603
Zero coupon convertible notes	零息票可換股票據	-	-	84,461	-	84,461
		28,603	-	84,461	-	113,064
		Year ended 31 December 2008 截至二零零八年十二月三十一日止年度				
		Less than 3 months 三個月 以內 HK\$'000 千港元	3-12 months 三至 十二個月 HK\$'000 千港元	1-5 years 一至五年 HK\$'000 千港元	Over 5 years 五年以上 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Trade and other payables	應付貿易帳款及其他應付款項	17,806	-	-	-	17,806
Interest-bearing borrowing	計息借貸	-	28,087	-	-	28,087
		17,806	28,087	-	-	45,893

Notes to the Financial Statements

財務報表附註

33. FINANCIAL RISK MANAGEMENT (Continued)

Capital management

The objectives of the Group's capital management are to safeguard the entity's ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure and makes adjustments, including payment of dividend to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 2008.

The Group monitors capital on the basis of debt-to-adjusted capital ratio, which is net debt divided by adjusted capital. The debt-to-adjusted capital ratios at the balance sheet date were as follow:

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元
Interest bearing loans and borrowings	計息貸款及借貸	-	27,274
Trade and other payables	應付貿易帳款及其他應付款項	28,603	17,806
Zero coupon convertible notes	零息票可換股票據	84,461	-
Less: Cash and short term deposits	減：現金及短期存款	<u>(134,610)</u>	<u>(64,154)</u>
Net debt	債務淨額	<u>(21,546)</u>	<u>(19,074)</u>
Total equity and adjusted capital	股權總值及經調整股本	<u>408,397</u>	<u>225,275</u>
Debt-to-adjusted capital ratio	債務與經調整股本比率	<u>N/A不適用</u>	<u>N/A不適用</u>

33. 財務風險管理 (續)

資本管理

本集團管理資本之目的為保障該實體能持續經營，並為股東帶來回報。本集團管理其資本架構並作出調整，包括向股東派付股息、向股東退還資本或發行新股或出售資產以減少債項。截至二零零九年及二零零八年十二月三十一日止年度並無更改有關目標、政策或程序。

本集團根據債務與經調整股本比率（以債務淨額除以經調整股本計算）監察資本。於結算日之債務與經調整股本比率如下：

Notes to the Financial Statements

財務報表附註

33. FINANCIAL RISK MANAGEMENT (Continued)

Fair value

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2009 and 2008.

The fair value of financial instruments traded in active markets (such as held for trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values.

Fair value disclosures

The following presents the carrying value of financial instruments measured at fair value at 31 December 2009 across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;

33. 財務風險管理 (續)

公平值

所有財務工具按與其於二零零九年及二零零八年十二月三十一日之公平值差異不大之金額列帳。

於活躍市場買賣之財務工具之公平值(例如持作買賣及可供出售證券)乃根據於報告期結束日所報之市價計算。本集團所持財務資產使用之市場報價為當前之買入價。

應收及應付貿易帳款及其他應收及應付款項之帳面值扣除減值撥備被假定為與其公平值相若。

公平值披露

下文呈列按公平值計量之財務工具於二零零九年十二月三十一日之帳面值，並按照香港財務報告準則第7號「財務工具：披露事項」所界定三個級別公平值等級制分類，當中每項財務工具之公平值乃按對有關公平值計量有重大影響之最低輸入級別將整項公平值分類。有關級別界定如下：

- 級別一(最高級別)：使用活躍市場中相同財務工具之報價(未經調整)計量之公平值；

Notes to the Financial Statements

財務報表附註

33. FINANCIAL RISK MANAGEMENT (Continued)

Fair value disclosures (Continued)

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Assets measured at fair value

		31 December 2009 二零零九年 十二月三十一日 HK\$'000 千港元	Level 1 級別一 HK\$'000 千港元	Level 2 級別二 HK\$'000 千港元	Level 3 級別三 HK\$'000 千港元
Financial assets at fair value through profit or loss	於損益帳按公平值處理之財務資產				
Equity securities, listed in Hong Kong	香港上市股本證券	273,919	273,919	-	-

During the year ended 31 December 2009, there was no transfer between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. 財務風險管理 (續)

公平值披露 (續)

- 級別二：使用活躍市場中類似財務工具之報價，或所有重大輸入項目均直接或間接基於可觀察市場數據之估值方法計量之公平值；
- 級別三（最低級別）：使用重大輸入項目均並非基於可觀察市場數據之估值方法計量之公平值。

按公平值計量之資產

於截至二零零九年十二月三十一日止年度，並無於公平值計量級別一及級別二之間進行轉撥，亦無轉至及轉自公平值計量級別三之項目。

Notes to the Financial Statements

財務報表附註

34. SEGMENTAL INFORMATION

The chief decision makers have evaluated the performance of operating segments and to allocate resources to those segments based on the Group's internal reporting in respect of these segments. The executive directors consider investing in associates, securities trading and provision of financing services are the Group's major operating segments which securities trading and investing in associates were regarded as a single segment in the 2008 financial statements. Segment results represent the profit earned by each segment without allocation of finance costs and share of results of associates. The following analysis is the measure reported to chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

34. 分類資料

主要決策人已根據本集團各經營分類之內部報告，評估該等分類之表現以及將資源分配至各分類。執行董事認為於聯營公司之投資、證券買賣及提供融資服務為本集團之主要經營分類，而證券買賣及於聯營公司之投資於二零零八年財務報表中被視為單一分類。分類業績指各分類所賺取之溢利，當中並未分配融資成本及應佔聯營公司業績。以下分析為向主要營運決策人作出報告之方法，以供進行資源分配及評估分類表現。

		Year ended 31 December 2009 截至二零零九年十二月三十一日止年度			
		Investing 投資 HK\$'000 千港元	Financing 融資 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Turnover	營業額				
Net loss on disposal of financial assets at fair value through profit or loss	出售於損益帳按公平值處理之財務資產之虧損淨額	42,327	-	-	42,327
Interest income from provision of financial services	提供金融服務之利息收入	-	4,191	-	4,191
Total turnover	總營業額	<u>42,327</u>	<u>4,191</u>	<u>-</u>	<u>46,518</u>
Operating results	經營業績				
Segment results	分類業績	<u>68,819</u>	<u>35,763</u>	<u>(8,572)</u>	96,010
Share of result of associates	應佔聯營公司之業績				2,676
Impairment loss on interest in an associate	於聯營公司之權益之減值虧損				(158,500)
Taxation	稅項				-
Loss from continuing operations	來自持續經營業務之虧損				(59,814)
Loss from discontinued operations	來自已終止經營業務之虧損				<u>(1,798)</u>
Loss attributable to shareholders	股東應佔虧損				<u>(61,612)</u>

Notes to the Financial Statements

財務報表附註

34. SEGMENTAL INFORMATION (Continued)

34. 分類資料 (續)

		Year ended 31 December 2009 截至二零零九年十二月三十一日止年度			
		Investing 投資 HK\$'000 千港元	Financing 融資 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Other information	其他資料				
Assets – Continuing operations	資產 – 持續經營業務	273,919	104,511	100,651	479,081
– Discontinued operations	– 已終止經營業務				5,286
– Interest in associates	– 於聯營公司之權益				34,294
					518,661
Liabilities – Continuing operations	負債 – 持續經營業務	–	1,390	24,581	25,971
– Discontinued operations	– 已終止經營業務				2,632
					28,603
Capital expenditure – Continuing operations	資本開支 – 持續經營業務	–	–	–	–
– Discontinued operations	– 已終止經營業務				5
					5
Depreciation and other non-cash (income) expenditures – Continuing operations	折舊及其他非現金 (收入) 開支 – 持續經營業務	–	(42,769)	7,679	(35,090)
– Discontinued operations	– 已終止經營業務				590
– Impairment loss on interest in an associate	– 於聯營公司之權益之減值虧損				158,500
					124,000

Notes to the Financial Statements 財務報表附註

34. SEGMENTAL INFORMATION (Continued)

34. 分類資料 (續)

		Year ended 31 December 2008 截至二零零八年十二月三十一日止年度			
		Investing 投資 HK\$'000 千港元	Financing 融資 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Turnover		營業額			
Net loss on disposal of financial assets at fair value through profit or loss	出售於損益帳按公平值處理之 財務資產之虧損淨額	(80,823)	-	-	(80,823)
Interest income from provision of financial services	提供金融服務之利息收入	-	9,259	-	9,259
Total turnover	總營業額	<u>(80,823)</u>	<u>9,259</u>	<u>-</u>	<u>(71,564)</u>
Operating results		經營業績			
Segment results	分類業績	<u>(222,562)</u>	<u>(37,092)</u>	<u>(16,118)</u>	<u>(275,772)</u>
Share of result of associates	應佔聯營公司之業績				4,464
Gain on disposal of subsidiaries	出售附屬公司之收益				5,648
Taxation	稅項				<u>-</u>
Loss from continuing operations	來自持續經營業務之虧損				(265,660)
Loss from discontinued operations	來自已終止經營業務之虧損				<u>(8,642)</u>
Loss attributable to shareholders	股東應佔虧損				<u>(274,302)</u>

Notes to the Financial Statements

財務報表附註

34. SEGMENTAL INFORMATION (Continued)

a. By Business segments

		Year ended 31 December 2008 (Restated) 截至二零零八年十二月三十一日止年度(重列)			
		Investing 投資 HK\$'000 千港元	Financing 融資 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Other information	其他資料				
Assets – Continuing operations	資產 – 持續經營業務	98,748	66,517	44,998	210,263
– Discontinued operations	– 已終止經營業務				22,874
– Interest in associates	– 於聯營公司之權益				37,218
					270,355
Liabilities – Continuing operations	負債 – 持續經營業務	–	34,824	5,356	40,180
– Discontinued operations	– 已終止經營業務				4,900
					45,080
Capital expenditure – Continuing operations	資本開支 – 持續經營業務	–	–	–	–
– Discontinued operations	– 已終止經營業務				3,627
					3,627
Depreciation and other non-cash expenditures – Continuing operations	折舊及其他非現金開支 – 持續經營業務	142,444	44,142	6,285	192,871
– Discontinued operations	– 已終止經營業務				3,376
– Impairment loss on goodwill	– 商譽之減值虧損				8,000
					204,247

34. 分類資料 (續)

a. 按業務分類

Year ended 31 December 2008 (Restated)
截至二零零八年十二月三十一日止年度(重列)

Investing 投資 HK\$'000 千港元	Financing 融資 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
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Notes to the Financial Statements

財務報表附註

35. EVENTS AFTER THE REPORTING PERIOD

Other than disclosed elsewhere in these financial statements, a summary of events after reporting period is set out below:

(a) Completion of rights issue

Further to the Company's capital reduction as more fully explained in note 24(c), the Company carried out a rights issue of five rights shares for every two adjusted shares at subscription price of HK\$0.28 per rights share. The rights issue was completed on 17 February 2010. Upon completion, the Company issued 1,098,461,165 shares and a net proceeds of HK\$299,880,000 was received by the Company.

(b) Termination of loan agreement with Tianjin Kai Sheng

As mentioned in note 32(b), on 5 February 2010, the Group had entered into a termination agreement with Tianjin Kai Sheng and Mr. Zhuang You Dao, and mutually agreed to terminate the loan agreement and the supplemental agreement and release the deed of personal guarantee. In respect of the loan facilities of HK\$12.5 million granted to Tianjin Kai Sheng.

(c) Investment in Perfect Time Investment Limited

On 24 March 2010, the Group entered into a Sale and Purchase Agreement with Grace Shine Investments Limited ("Grace Shine"), a non-wholly owned subsidiary of Willie International Holdings Limited (a shareholder of the Company holding 4.13% equity interest in share capital of the Company) to acquire the entire issued share capital of Perfect Time Investments Limited ("Perfect Time") The consideration of the transaction is HK\$100,000,000, satisfied by issuance of 400,000,000 new shares of the Company.

Perfect Time holds 100% equity interest in Jet Star Industries Limited ("Jet Star"), which holds a property in Guangzhou, PRC. The property is a 20-storey composite building known as Jifu Plaza and the annual rental income from the property for the previous financial year amounted to approximately HK\$4.6 million.

The completion of the Sale and Purchase Agreement is subject to (i) the due diligence investigation on Perfect Time and Jet Star, the property and the leases; (ii) permission of the Listing Committee of the Stock Exchange; and (iii) the passing by the shareholders (both the Company and Willie International Holdings Limited) of resolutions to approve the Sale and Purchase Agreement. Upon completion, Perfect Time and Jet Star will become subsidiaries of the Group which results will be consolidated into the Group's financial statements.

35. 報告期後事項

除於財務報表其他部分所披露者外，報告期後事項概述如下：

(a) 供股完成

於附註24(c)所詳細說明之本公司股本削減完成後，本公司已進行每兩股經調整股份供五股供股股份之供股，認購價為每股供股股份0.28港元。供股已於二零一零年二月十七日完成。於完成後，本公司已發行1,098,461,165股股份，並收取所得款項淨額299,880,000港元。

(b) 終止與天津市凱聲訂立之貸款協議

如附註32(b)所述，於二零一零年二月五日，本集團與天津市凱聲及莊友道先生訂立終止協議，相互協定終止貸款協議及補充協議，並解除個人擔保契據。涉及授予天津市凱聲之貸款融資12,500,000港元。

(c) 於時美投資有限公司之投資

於二零一零年三月二十四日，本集團與威利國際控股有限公司（持有本公司股本中4.13%股權之本公司股東）之非全資附屬公司貴思投資有限公司（「貴思」）訂立買賣協議，收購時美投資有限公司（「時美」）之全部已發行股本。交易代價為100,000,000港元，由本公司以發行400,000,000股新股份之方式支付。

時美持有捷勝實業有限公司（「捷勝」）全部股權，而捷勝持有中國廣州一項物業。該物業為一幢二十層綜合樓宇，名為集富大廈，該物業於上個財政年度之年度租金收入約為4,600,000港元。

買賣協議須待：(i)對時美及捷勝、該物業及有關租賃進行盡職審查；(ii)聯交所上市委員會批准；及(iii)本公司及威利國際控股有限公司兩者之股東通過決議案批准買賣協議後，方告完成。於完成後，時美及捷勝將成為本集團之附屬公司，其業績將在本集團之財務報表中綜合入帳。

Notes to the Financial Statements

財務報表附註

35. EVENTS AFTER THE REPORTING PERIOD

(Continued)

(d) Investment in Richful Zone International Limited

On 9 April 2010, the Group entered into a Sale and Purchase Agreement with Mascotte Holdings Limited ("Mascotte"), a Company which shares are listed on the Stock Exchange of Hong Kong which the Group agreed to acquire the entire issued share capital of Richful Zone International Limited ("Richful Zone"). The consideration of the transaction is HK\$79,200,000, satisfied by issuance of 330,000,000 new shares of the Company at HK\$0.24 each.

Richful Zone holds 100% equity interest in Allied Loyal International Investments Limited ("Allied Loyal"), which holds 50% interest in the concession rights and interest in three parcels of forest land located in Simao District, Puer City, Yunnan Province, the PRC, with a total site area of approximately 36,735 Chinese Mu. The market value of the forest land was approximately HK\$165 million as at 31 March 2010, which was valued by an independent valuer.

The completion of the Sale and Purchase Agreement is subject to (i) the due diligence investigation on Richful Zone, Allied Loyal and their assets; (ii) permission of the Listing Committee of the Stock Exchange; (iii) the passing by the shareholders of Mascotte of resolutions to approve the Sale and Purchase Agreement; (iv) the receipt by the Group of legal opinions to be issued by a firm of PRC lawyers on matters including but not limited to the title of the forest land, ownership of concession rights and interest and validity of transactions contemplated under the Sales and Purchase Agreement; and (v) the obtaining of all consents by Mascotte from government or regulatory authorities. Upon completion, Richful Zone and Allied Loyal will become subsidiaries of the Group which results will be consolidated into the Group's financial statements.

35. 報告期後事項 (續)

(d) 於豐域國際有限公司之投資

於二零一零年四月九日，本集團與馬斯葛集團有限公司（「馬斯葛」，其股份於香港聯交所上市）訂立買賣協議，據此，本集團同意收購豐域國際有限公司（「豐域」）全部已發行股本。交易代價為79,200,000港元，由本公司以每股0.24港元發行330,000,000股新股份之方式支付。

豐域持有Allied Loyal International Investments Limited（「Allied Loyal」）全部股權，而Allied Loyal持有中國雲南省普洱市思茅區三塊林地（佔地合共約36,735畝）之特許權利及權益之50%權益。於二零一零年三月三十一日，林地之市值約為165,000,000港元，乃經獨立估值師進行之估值。

買賣協議須待：(i)對豐域、Allied Loyal及彼等之資產進行盡職審查；(ii)聯交所上市委員會批准；(iii)馬斯葛之股東通過決議案批准買賣協議；(iv)本集團接獲一間中國律師事務所就包括但不限於林地業權、特許權利及權益之所有權及買賣協議項下擬進行之交易之有效性等事宜出具之法律意見；及(v)馬斯葛取得政府或監管機構之一切同意後，方告完成。於完成後，豐域及Allied Loyal將成為本集團之附屬公司，其業績將在本集團之財務報表中綜合入帳。

Financial Summary

財務概要

The following is a summary of the published consolidated statement of comprehensive income and consolidated statement of financial position of Forefront Group Limited (the "Company") and its subsidiaries (together the "Group") for the past five years.

以下為福方集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)過去五年之已刊發綜合全面收入報表及綜合財務狀況表概要。

CONSOLIDATED INCOME STATEMENT

綜合收益表

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 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
Turnover	營業額	46,518	(71,564)	(51,774)	3,786	5,528
Cost of sales and services	銷售及服務成本	-	-	-	-	(566)
Gross (loss) profit	(毛損)毛利	46,518	(71,564)	(51,774)	3,786	4,962
Other income	其他收入	43,282	9,919	18,518	337	15,881
Distribution and selling expenses	分銷及銷售開支	-	-	(331)	(286)	(46)
General and administrative expenses	一般及行政開支	(19,637)	(70,187)	(128,386)	(15,919)	(129,970)
Changes in fair value of financial assets at fair value though profit or loss	於損益帳按公平值處理之財務資產之公平值變動	26,839	(142,310)	(139,420)	-	-
Profit (Loss) from operations	經營溢利(虧損)	97,002	(274,142)	(301,393)	(12,082)	(109,173)
Finance costs	融資成本	(992)	(1,630)	(24,250)	(290)	(3,479)
Gain on disposal of subsidiaries	出售附屬公司之收益	-	5,648	-	-	-
Share of result of associates	應佔聯營公司業績	2,676	4,464	1,860	-	-
Impairment loss on interest in an associate	於聯營公司之權益之減值虧損	(158,500)	-	-	-	-
Loss before taxation	除稅前虧損	(59,814)	(265,660)	(323,783)	(12,372)	(112,652)
Taxation	稅項	-	-	-	-	1,261
Loss from continuing operations	來自持續經營業務之虧損	(59,814)	(265,660)	(323,783)	(12,372)	(111,391)
Loss from discontinued operations	來自已終止經營業務之虧損	(1,798)	(8,642)	(9,404)	(12,380)	(5,713)
		(61,612)	(274,302)	(333,187)	(24,752)	(117,104)
Attributable to:	以下人士應佔:					
Equity holders of the parent	母公司股權持有人	(61,612)	(274,302)	(333,187)	(24,752)	(117,104)
Non-controlling interests	非控股權益	-	-	-	-	-
Loss attributable to shareholders	股東應佔虧損	(61,612)	(274,302)	(333,187)	(24,752)	(117,104)

Financial Summary

財務概要

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

		2009 二零零九年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 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
Non-current assets	非流動資產	<u>38,298</u>	<u>39,534</u>	<u>72,006</u>	<u>3,524</u>	<u>48,487</u>
Current assets	流動資產	483,163	230,821	434,155	103,763	164,653
Current liabilities	流動負債	(28,603)	(45,080)	(259,277)	(82,628)	(163,731)
Net current assets	流動資產淨值	454,560	185,741	174,878	21,135	922
Total assets less current liabilities	資產總值減流動負債	<u>492,858</u>	<u>225,275</u>	<u>246,884</u>	<u>24,659</u>	<u>49,409</u>
Non-current liabilities	非流動負債	84,461	—	—	—	—
Net assets	資產淨值	408,397	<u>225,275</u>	<u>246,884</u>	<u>24,659</u>	<u>49,409</u>



FOREFRONT GROUP LIMITED
福方集團有限公司*

* For identification purposes only 僅供識別