



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)



Interim Report **2007** 中期報告

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DIRECTORS

Ms. Yau Shum Tek, Cindy	(Chairman)
Mr. Yeung Ming Kwong [#]	(Executive Director)
Ms. Lo Oi Kwok, Sheree	(Executive Director)
Mr. Ting Wing Cheung, Sherman	(Executive Director)
Mr. Lam Kwan Sing	(Executive Director)
Mr. Louis Wen	(Executive Director)
Mr. Zhou Qi Jin	(Executive Director)
Mr. Zhuang You Dao	(Executive Director)
Mr. Chung Yuk Lun ^{*#}	(Independent Non-executive Director)
Mr. Kwong Wai Tim, William ^{*#}	(Independent Non-executive Director)
Ms. Lam Yan Fong, Flora ^{*#}	(Independent Non-executive Director)
Ms. Kristi L Swartz	(Independent Non-executive Director)

* Member of Audit Committee

[#] Member of Remuneration Committee

QUALIFIED ACCOUNTANT

Mr. Chui Kark Ming

COMPANY SECRETARY

Mr. Chui Kark Ming

AUDITORS

Mazars CPA Limited

PRINCIPAL BANKERS

Standard Chartered Bank

Hua Nan Commercial Bank

The Hongkong and Shanghai Banking Corporation Limited

The Bank of East Asia, Limited

CAYMAN ISLANDS LEGAL ADVISERS

Maples and Calder Asia

董事

邱深笛女士	(主席)
楊明光先生 [#]	(執行董事)
羅愛過女士	(執行董事)
丁永章先生	(執行董事)
林君誠先生	(執行董事)
溫 耒先生	(執行董事)
周奇金先生	(執行董事)
莊友道先生	(執行董事)
鍾育麟先生 ^{*#}	(獨立非執行董事)
鄭維添先生 ^{*#}	(獨立非執行董事)
林欣芳女士 ^{*#}	(獨立非執行董事)
Kristi L Swartz女士	(獨立非執行董事)

* 審核委員會成員

[#] 薪酬委員會成員

合資格會計師

崔格鳴先生

公司秘書

崔格鳴先生

核數師

馬賽會計師事務所有限公司

主要往來銀行

渣打銀行

華南商業銀行

香港上海滙豐銀行有限公司

東亞銀行有限公司

開曼群島法律顧問

Maples and Calder Asia

REGISTERED OFFICE

P. O. Box 309, Ugland House,
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Grand Cayman, Cayman Islands,
British West Indies.

PRINCIPAL PLACE OF BUSINESS

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Sheung Shui, N.T.
Hong Kong.

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

885

WEBSITE

www.forefront.com.hk

註冊辦事處

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主要營業地點

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香港股份過戶登記處

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香港
灣仔皇后大道東28號
金鐘匯中心26樓

股份代號

885

網址

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CONDENSED CONSOLIDATED INCOME STATEMENT

簡明綜合收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2007

截至二零零七年六月三十日止六個月

The Board of Directors (the “**Directors**”) of Forefront Group Limited (the “**Company**”) reports the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2007 as follows:

福方集團有限公司(「**本公司**」)董事會(「**董事會**」)謹此匯報本公司及其附屬公司(統稱「**本集團**」)截至二零零七年六月三十日止六個月之未經審核綜合中期業績如下:

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		Note	
		附註	
Turnover	營業額	2	48,462
Cost of sales and services	銷售及服務成本		(41,559)
Gross profit	毛利		7,187
Other income	其他收入		2,185
Distribution and selling expenses	分銷及銷售開支		(1,446)
General and administrative expenses	一般及行政開支		(22,862)
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的公平值變動		(5,835)
Loss from operations	經營虧損	3	(20,771)
Finance costs	融資成本		(649)
Loss before taxation	除稅前虧損		(21,420)
Taxation	稅項	4	-
Loss for the period	期內虧損		(21,420)
Attributable to:	以下人士應佔:		
Equity holders of the parent	母公司股權持有人		(21,420)
Minority interests	少數股東權益		-
			(21,420)
Dividend	股息		-
Loss per share – basic (HK cents)	每股虧損 – 基本 (港仙)	5	(3.16)

CONDENSED CONSOLIDATED BALANCE SHEET

簡明綜合資產負債表

AS AT 30 JUNE 2007
於二零零七年六月三十日

			As at 30 June 2007 HK\$'000 (Unaudited) 於二零零七年 六月三十日 千港元 (未經審核)	As at 31 December 2006 HK\$'000 (Audited) 於二零零六年 十二月三十一日 千港元 (經審核)
	Note			
	附註			
Non-current assets		非流動資產		
Property, plant and equipment	7	物業、廠房及設備	3,392	3,524
Investment securities	8	投資證券	-	-
			3,392	3,524
Current assets		流動資產		
Financial assets at fair value through profit or loss	9	於損益帳按公平值處理之財務資產	85,950	-
Inventories		存貨	32,879	30,355
Trade and other receivables	10	應收貿易帳款及其他應收款項	15,661	18,414
Pledged deposits	11	有抵押存款	558	558
Bank balances and deposits held in a broker account		銀行結存及經紀帳戶存款	45,350	6,262
Interests in unconsolidated subsidiaries held for sale	3(a)	持作出售於未綜合附屬公司之權益	-	48,174
			180,398	103,763
Current liabilities		流動負債		
Trade and other payables	12	應付貿易帳款及其他應付款項	19,464	30,089
Amounts due to unconsolidated subsidiaries held for sale	3(a)	應付持作出售於未綜合附屬公司款項	-	52,539
			19,464	82,628
Net current assets		流動資產淨額	160,934	21,135
Total assets less current liabilities		資產總值減流動負債	164,326	24,659
Net assets		資產淨額	164,326	24,659
Capital and reserves		股本及儲備		
Share capital	13	股本	114,929	43,577
Reserves		儲備	49,397	(13,535)
Reserve attributable to interests in unconsolidated subsidiaries held for sale		持作出售於未綜合附屬公司權益應佔儲備	-	(5,383)
Equity attributable to equity holders of the parent		母公司股權持有人應佔股權	164,326	24,659
Minority interests		少數股東權益	-	-
Total equity		股權總值	164,326	24,659

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

簡明綜合股東權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2007

截至二零零七年六月三十日止六個月

		Six months ended 30 June 2007 (Unaudited)									
		截至二零零七年六月三十日止六個月(未經審核)									
		Share capital	Share premium	Share option reserve	Capital reserve	Capital redemption reserve	Cumulative translation reserve	Accumulated deficit	Total	Minority interests	Total equity
		股本	股份溢價	購股權儲備	資本儲備	資本贖回儲備	累計匯兌儲備	累計虧絀	總計	少數股東權益	股權總值
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Beginning of period	期初	43,577	235,491	-	10,482	1,173	(5,381)	(260,683)	24,659	-	24,659
							(note)				
Issue of shares to Subscriber	向認購人發行股份	68,000	85,842	-	-	-	-	-	153,842	-	153,842
Issuance costs of shares issued to Subscriber	向認購人發行股份之成本	-	(6,935)	-	-	-	-	-	(6,935)	-	(6,935)
Issue of shares to A&M (note 3(b))	向安邁發行股份(附註3(b))	3,352	3,788	-	-	-	-	-	7,140	-	7,140
Option granted to Mr. Jerry Liu (note 14)	向劉振偉先生授出購股權(附註14)	-	-	1,612	-	-	-	-	1,612	-	1,612
Disposal of interests in unconsolidated subsidiaries held for sale (note 3(a))	出售持作出售於未綜合附屬公司之權益(附註3(a))	-	-	-	-	-	5,383	-	5,383	-	5,383
Translation adjustments	匯兌調整	-	-	-	-	-	45	-	45	-	45
Loss for the period	期內虧損	-	-	-	-	-	-	(21,420)	(21,420)	-	(21,420)
End of period	期終	<u>114,929</u>	<u>318,186</u>	<u>1,612</u>	<u>10,482</u>	<u>1,173</u>	<u>47</u>	<u>(282,103)</u>	<u>164,326</u>	<u>-</u>	<u>164,326</u>

Note: Cumulative translation reserve as at 1 January 2007 included a debit amount of HK\$5,383,000 which is attributable to interests in unconsolidated subsidiaries held for sale and a credit amount of HK\$2,000 which is attributable to interests in a subsidiary incorporated in Mainland China.

附註：二零零七年一月一日的累計匯兌儲備包括應佔持作銷售之未綜合附屬公司權益應佔權益支賬額5,383,000港元以及應佔中國內地註冊成立附屬公司權益的進賬額2,000港元。

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2007
截至二零零七年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Net cash used in operating activities	經營業務所用現金淨額	(15,645)	(4,786)
Net cash (used in) generated from investing activities	投資活動(所用)所得現金淨額	(92,213)	1,042
Net cash generated from (used in) financing activities	融資活動所得(所用)現金淨額	146,907	(43,226)
Increase (Decrease) in cash and cash equivalents	現金及現金等價物增加(減少)	39,049	(46,970)
Cash and cash equivalents at beginning of period	期初之現金及現金等價物	6,820	64,279
Effect on cumulative translation adjustments	累計匯兌調整之影響	39	-
Cash and cash equivalents at end of period	期終之現金及現金等價物	45,908	17,309
Analysis of cash and cash equivalents:	現金及現金等價物分析:		
Bank balances and deposits held in a broker account	銀行結存及於經紀帳戶存款	45,350	16,751
Pledged deposits	有抵押存款	558	558
		45,908	17,309

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2007

截至二零零七年六月三十日止六個月

1. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

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

The accounting policies used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 December 2006. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period did not have any significant effect on the financial position or performance of the Group.

1. 遵例聲明及會計政策

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

編製此等未經審核簡明綜合中期財務報表所採用之會計政策與本集團截至二零零六年十二月三十一日止年度經審核財務報表所採用者貫徹一致。採納該等適用於本集團及自本期間生效之新訂／經修訂之香港財務報告準則對本集團之財務狀況或表現並無重大影響。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2007
截至二零零七年六月三十日止六個月

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

Impact of issued but not yet effective HKFRSs

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

Taiwan Subsidiaries

As explained in previous interim reports and annual reports of the Company, the Group has lost control in the operation of its subsidiaries in Taiwan since early 2005, namely Forefront International Automotive Limited, Sunshine Credit Limited and U-Drive Smart Card Company Limited (collectively referred to as "**Taiwan Subsidiaries**"). Although the Company has regained control in June 2005, the books and records of the Taiwan Subsidiaries were found not sufficient to prepare the financial statement and consolidation into the consolidated accounts of the Group for these years interim results and annual reports of year 2004, 2005, 2006 and for the period from January 2007 to the date of disposals of Taiwan Subsidiaries as described below.

1. 遵例聲明及會計政策 (續)

已頒佈但未生效之香港財務報告準則影響

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

台灣附屬公司

據本公司於過往中期報告及年報所述，本集團自二零零五年初已失去台灣附屬公司：福方國際汽車股份有限公司、勝山財務股份有限公司及任我行智慧卡有限公司（統稱「**台灣附屬公司**」）之經營控制權。本公司雖於二零零五年六月重新取得該控制權，惟台灣附屬公司之帳目及紀錄不足以用作編製本集團該等年度二零零四、二零零五及二零零六年之年報及中期業績以及自二零零七年一月至下列台灣附屬公司出售日期止期間之財務報表，以及綜合計入本集團綜合帳目。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2007

截至二零零七年六月三十日止六個月

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

Taiwan Subsidiaries *(continued)*

On 30 December 2006, the Company had entered into a sale and purchase agreement with an independent third party to dispose of the entire interests in Taiwan Subsidiaries. The transaction was completed on 30 March 2007. Because of the reason mentioned above, it is not possible for the Group to ascertain the exact amount of assets and liabilities of the Taiwan Subsidiaries at disposal as well as their results for the period up to disposal. Further information was detailed in note 3(a). The results of the Taiwan Subsidiaries for the period from 1 January 2007 up to the date of disposal were excluded from the Group's condensed consolidated income statement for the period ended 30 June 2007. Whilst the Directors consider that the exclusion of these subsidiaries is the best way of presenting the Group's financial position and the results for the period in the circumstance, the reason for the exclusion is not one of the reasons as provided in HKAS 27 "Consolidated and Separate Financial Statements" and, in this respect, the interim financial statements are not in compliance with HKAS 27.

The unaudited condensed consolidated financial statements have been reviewed by the Audit Committee, and by the auditors, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by Independent Auditors of the Entity" issued by the HKICPA. The Company's auditors have reached a qualified review conclusion based on the non-compliance of HKAS 27 and the unavailability of information in respect of the interests in Taiwan Subsidiaries up to the date of disposal as mentioned above.

1. 遵例聲明及會計政策 (續)

台灣附屬公司 (續)

於二零零六年十二月三十日，本公司與一獨立第三方訂立一份買賣協議，以出售台灣附屬公司全部權益。交易已於二零零七年三月三十日完成。基於上述原因，本集團並未能確定台灣附屬公司於出售時之資產及負債的實際金額以及台灣附屬公司直至出售期間的業績。更詳盡之資料詳情載於附註3(a)。台灣附屬公司自二零零七年一月一日至出售當日止期間之業績並無計入本集團截至二零零七年六月三十日止期間之簡明綜合收益表。雖然董事認為在上述情況下不計入此等附屬公司之業績為呈列本集團期內財務狀況及業績之最佳方式，惟不計入該等公司業績的理由並非香港會計準則第27號「綜合及獨立財務報表」所規定的理由之一。就此而言，中期財務報表並無遵守香港會計準則第27號。

未經審核簡明綜合財務報表已由審核委員會審閱，以及由核數師馬賽會計師事務所有限公司根據香港會計師公會頒佈的香港審閱委聘準則第2410號「由實體的獨立核數師審閱的中期財務資料」審閱。本公司核數師已根據非符合香港會計準則第27號及於上述出售日期無法獲得有關台灣附屬公司權益資料的情況下達致有保留意見的審閱結論。

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2. SEGMENT INFORMATION

a. Business segment

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

2. 分類資料

a. 按業務分類

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

		Six months ended 30 June 2007 (Unaudited) 截至二零零七年六月三十日止六個月 (未經審核)					
		Trading of trucks, coaches and vehicles accessories 貨車、旅遊巴士及汽車零配件貿易 HK\$'000 千港元	Provision of repairs and maintenance services 提供汽車維修保養服務 HK\$'000 千港元	Provision of other motor vehicles related services 提供其他汽車相關服務 HK\$'000 千港元	Unallocated 未經分配 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Turnover	營業額						
Sales to external customers	對外間客戶銷售	26,596	11,514	1,806	-	-	39,916
Inter-segment sales	分類業務間銷售	-	1,031	-	-	(1,031)	-
Total turnover	總營業額	<u>26,596</u>	<u>12,545</u>	<u>1,806</u>	<u>-</u>	<u>(1,031)</u>	<u>39,916</u>
Operating results	經營業績						
Segment results	分類業績	<u>(273)</u>	<u>(6,231)</u>	<u>1,548</u>	<u>(16,464)</u>		<u>(21,420)</u>
Taxation	稅項						-
Loss attributable to shareholders	股東應佔虧損						<u>(21,420)</u>

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2. SEGMENT INFORMATION (continued)

a. Business segment (continued)

		Six months ended 30 June 2006 (Unaudited)					截至二零零六年六月三十日止六個月(未經審核)	
		Trading of trucks, coaches and vehicles accessories	Provision of repairs and maintenance services	Provision of other motor vehicles related services	Unallocated	Eliminations	Total	
		貨車·旅遊巴士及汽車零配件貿易	提供汽車維修保養服務	提供其他汽車相關服務	未經分配	對銷	總計	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	
Turnover	營業額							
Sales to external customers	對外間客戶銷售	34,248	12,419	1,795	-	-	48,462	
Inter-segment sales	分類業務間銷售	-	2,520	-	-	(2,520)	-	
Total turnover	總營業額	<u>34,248</u>	<u>14,939</u>	<u>1,795</u>	<u>-</u>	<u>(2,520)</u>	<u>48,462</u>	
Operating results	經營業績							
Segment results	分類業績	<u>136</u>	<u>(5,384)</u>	<u>1,648</u>	<u>(9,989)</u>		<u>(13,589)</u>	
Taxation	稅項						-	
Loss attributable to shareholders	股東應佔虧損						<u>(13,589)</u>	

2. 分類資料 (續)

a. 按業務分類 (續)

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2. SEGMENT INFORMATION *(continued)*

b. Geographical Segment

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

2. 分類資料 (續)

b. 按地區分類

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

Six months ended
30 June 2007 (Unaudited)
截至二零零七年六月三十日止六個月
(未經審核)

		Hong Kong	Mainland	Taiwan	Total
		香港	China	台灣	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Turnover	營業額	37,245	2,671	-	39,916
Segment results	分類業績	(4,313)	(4)	-	(4,317)
(Loss)/Profit from operations	經營(虧損)/盈利	(21,486)	(701)	1,416	(20,771)

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

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

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3. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:-

Gain on disposal of unconsolidated subsidiaries held for sale (note (a))	出售持作出售於未綜合附屬公司之收益(附註(a))
Depreciation	折舊
Staff costs and related expenses	員工成本及相關開支
Success fee (note (b))	完成酬金(附註(b))
Share-based payment in respect of Jerry Liu Option (note 14)	就劉振偉購股權以股份支付的金額(附註14)

Notes:

(a) Disposal of Taiwan subsidiaries

Reference is made to the Company's previous annual reports and certain related circulars and announcements. The Company had entered into an agreement with an independent third party to dispose of the interests in Taiwan Subsidiaries at a disposal consideration of HK\$54,979,000. The disposal was approved by independent shareholders and was completed on 30 March 2007. The consideration to be received will be the aggregation of the estimated total cash proceeds of approximately HK\$2,440,000 and the novation of debts due to Taiwan Subsidiaries of approximately HK\$52,539,000.

3. 經營虧損

經營虧損乃於扣除下列各項後計算所得：

Six months ended 30 June 截至六月三十日止六個月

2007 二零零七年 HK\$'000 千港元 (Unaudited) (未經審核)	2006 二零零六年 HK\$'000 千港元 (Unaudited) (未經審核)
1,422	-
923	185
9,622	9,343
7,140	3,500
1,612	-

附註：

(a) 出售台灣附屬公司

謹請參閱本公司過往的年報及若干相關通函及公佈。本公司與獨立第三方簽訂協議，出售所持台灣附屬公司的權益，出售代價為54,979,000港元。出售經獨立股東批准，並於二零零七年三月三十日完成。將收取的代價為估計現金所得款項總額約2,440,000港元及應付台灣附屬公司之債項更替款項約52,539,000港元之總和。

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3. LOSS FROM OPERATIONS *(continued)*

(a) Disposal of Taiwan subsidiaries *(continued)*

Due to the reason explained in note 1, the Group is unable to ascertain the value of the liabilities and assets of Taiwan Subsidiaries at the time of disposal. The net gain of HK\$1,422,000 credited to the income statement as other income is arrived by deducting the carrying net book value of the Taiwan Subsidiaries of approximately HK\$48,174,000 and foreign exchange reserve of approximately HK\$5,383,000 relating to the disposal as of the audited accounts of year 2006 of the Group from the disposal consideration.

(b) A&M allotment

Reference is made to the Company's 2006 annual report and certain circulars and announcements. Pursuant to an engagement between the Company and Alvarez & Marsal Asia Limited ("A&M") (note 6(a)), the Company agreed to pay A&M a success fee which included a cash payment of HK\$3.5 million and the issue of certain amount of new shares of the Company. A&M assisted the Company to submit a resumption proposal to the Stock Exchange in June 2006 and the Company successfully resumed trading on 18 April 2007. A provision of HK\$3.5 million was accordingly made in June 2006 and was paid in April 2007. On 18 April 2007, new shares of 33,520,923 were granted to A&M and were fully exercised on the same date. The Directors consider the fair value of a share is HK\$0.213 which is the price of allotment on 18 April 2007. Accordingly, the aggregate fair value of the A&M allotment of HK\$7,140,000 has been charged to the income statement as general and administrative expenses.

4. TAXATION

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

3. 經營虧損 (續)

(a) 出售台灣附屬公司 (續)

基於附註1所述之原因，本集團不能確定台灣附屬公司於出售時的負債及資產值。於收益表中計入為其他收入之收益淨額1,422,000港元乃將出售代價扣除台灣附屬公司帳面淨值約48,174,000港元及本集團於二零零六年經審核帳目所列與出售相關的外匯儲備約5,383,000港元計算所得。

(b) 安邁配發事項

謹請參閱本公司二零零六年年報及若干通函及公佈。根據本公司與安邁顧問有限公司(「安邁」)的委聘(附註6(a))，本公司同意向安邁繳付完成酬金，包括現金3,500,000港元及發行本公司若干數量的新股。二零零六年六月，安邁協助本公司向聯交所提交恢復買賣建議，而本公司於二零零七年四月十八日成功恢復買賣。本公司於二零零六年六月已作出相應撥備3,500,000港元，並於二零零七年四月支付該金額。於二零零七年四月十八日，已向安邁授出33,520,923股新股，並於同日悉數行使。董事認為每股公平值為0.213港元，亦即於二零零七年四月十八日的配售價。因此，安邁配售公平值總額7,140,000港元已於收益表中的一般及行政開支扣除。

4. 稅項

由於本集團於期內錄得稅項虧損，故並無就利得稅作出撥備。

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5. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to shareholders for the period of approximately HK\$21,420,000 (six months ended 30 June 2006: HK\$13,589,000) and on 677,747,000 shares (six months ended 30 June 2006: 435,772,000) on weighted average number of ordinary shares in issue during the period.

No diluted loss per share for the six months ended 30 June 2007 was presented as the effect of all potential ordinary shares is anti-dilutive.

No diluted loss per share is presented for the same period of year 2006, as the effect of conversion of the convertible bonds into ordinary shares is not considered since the average market price of the Company's shares was substantially lower than the conversion price during the period. As explained in the interim report of year 2006, the necessary conditions for the award of the success fee to A&M have not been met at 30 June 2006 and therefore no contingently issuable ordinary shares in respect of this success fee have been included in the calculation of diluted loss per share.

5. 每股虧損

每股基本虧損乃按期內股東應佔綜合虧損約21,420,000港元(截至二零零六年六月三十日止六個月:13,589,000港元)及期內已發行677,747,000股(截至二零零六年六月三十日止六個月:435,772,000股)普通股之加權平均數計算。

由於所有潛在普通股具反攤薄影響,故截至二零零七年六月三十日止六個月並無呈列每股攤薄虧損。

由於本公司股份於二零零六年同期之平均市價大幅低於同期的兌換價,故並無計及以可換股債券兌換成普通股的影響,因此於二零零六年同期亦無呈列每股攤薄虧損。按二零零六年中期報告所述,於二零零六年六月三十日,安邁尚未達成收取完成酬金的所需條件,因此在計算每股攤薄虧損時並無計入有關此項完成酬金之或然可發行普通股。

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6. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2007, the Group had the following significant related party transactions:-

6. 關連人士交易

截至二零零七年六月三十日止六個月，本集團的重大關連人士交易如下：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Alvarez & Marsal Asia Limited (note (a))	安邁顧問有限公司 (附註(a))		
- Professional fee paid/payable	- 已付/應付專業費用	-	5,750
Scania CV AB (note (b))	Scania CV AB (附註(b))		
- Purchases	- 購貨	23,633	23,329
- Warranty claims received/receivable	- 已收/應收保證承擔	808	1,826
- Interest expenses paid/payable	- 已付/應付利息開支	109	80
- Miscellaneous income received/receivable	- 已收/應收雜項收入	467	178
Scania Singapore Pte Ltd (note (b))	Scania Singapore Pte Ltd (附註(b))		
- Purchases and services received/receivable	- 已收/應收購貨及服務費用	-	25
- Sales	- 銷貨	-	311

Notes:

- (a) The Company had engaged A&M to provide financial and operational monitoring support, initiate improved controls and to assist with regards to prudential and corporate governance issues for the Group. It was disclosed in the announcements that A&M was a connected person by virtue of being an associate of Mr. Cosimo Borrelli and Mr. Kelvin Edward Flynn who together control more than 30% of the voting shares of A&M, who were then Directors of the Company, therefore, the entering in the engagements with A&M constituted connected transactions.

附註：

- (a) 本公司已委聘安邁提供財務及營運監控支援、改善控制及協助處理有關本集團之誠信與企業管治事宜。該等公佈披露，安邁乃本公司當時之董事 Cosimo Borrelli 先生及 Kelvin Edward Flynn 先生之關連人士，彼等共同控制 30% 以上之具投票權股份。因此，與安邁訂立委聘構成關連交易。

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6. RELATED PARTY TRANSACTIONS

(continued)

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

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

- (b) Scania CV AB ("**Scania**") is the principal supplier of the Group and a holding company of Scania Trade Development AB, a substantial shareholder of the Company until 4 June 2007 as its shareholding has fallen to 8.5% on that date. Scania Singapore Pte Ltd is a wholly owned subsidiary of Scania.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2007, the Group invested approximately HK\$785,000 (six months ended 30 June 2006: HK\$497,000) on property, plant and equipment. During the same period, the Group disposed of certain of its property, plant and equipment with no aggregate carrying value (six months ended 30 June 2006: HK\$Nil) with a gain on disposal of approximately HK\$2,000 (six months ended 30 June 2006: gain of HK\$98,000).

6. 關連人士交易 (續)

安邁其後因下述事實終止為本公司之關連人士：

Borrelli先生及Flynn先生均已於二零零六年九月從安邁辭任，並終止持有安邁之股權。於二零零六年九月二十二日，Borrelli先生辭任本公司董事之職務，而安邁不再為Borrelli先生及Flynn先生的聯繫人。因此，安邁不再為本公司任何董事之關連人士，故本公司於二零零六年十月延長之安邁委聘不再構成關連交易。

- (b) Scania CV AB (「**Scania**」) 為本公司的主要供應商及為Scania Trade Development AB的控股公司及全資擁有Scania Singapore Pte Ltd。Scania Trade Development AB原為本公司的主要股東直至二零零七年六月四日，於該日其持股權減至8.5%。

7. 物業、廠房及設備

截至二零零七年六月三十日止六個月，本集團在物業、廠房及設備上投資約785,000港元（截至二零零六年六月三十日止六個月：497,000港元）。同期，本集團出售其若干物業、廠房及設備，合共賬面值約為零港元（截至二零零六年六月三十日止六個月：零港元），而出售收益約為2,000港元（截至二零零六年六月三十日止六個月：收益98,000港元）。

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8. INVESTMENT SECURITIES

8. 投資證券

		As at 30 June 2007	As at 31 December 2006
		於二零零七年 六月三十日	於二零零六年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Unlisted equity interests in Taiwan, at cost	於台灣之非上市股本權益， 按成本	6,908	6,908
Less: Impairment loss recognised	扣除：已確認之減值虧損	(6,908)	(6,908)
		<u> -</u>	<u> -</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

9. 於損益帳按公平值處理之財務資產

		As at 30 June 2007	As at 31 December 2006
		於二零零七年 六月三十日	於二零零六年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
- Listed equity securities in Hong Kong	- 香港上市股本證券	85,950	-
		<u> -</u>	<u> -</u>

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10. TRADE AND OTHER RECEIVABLES

10. 應收貿易帳款及其他應收款項

		As at 30 June 2007	As at 31 December 2006
		於二零零七年 六月三十日 HK\$'000	於二零零六年 十二月三十一日 HK\$'000
		千港元 (Unaudited) (未經審核)	千港元 (Audited) (經審核)
Trade receivables	應收貿易帳款	8,658	10,265
Other receivables	其他應收款項		
Deposits, prepayments and other debtors	按金、預付款項及 其他應收款項	7,003	8,149
		15,661	18,414

As at 30 June 2007 included in other receivables, there was an amount due from Scania of approximately HK\$426,000 (31 December 2006: HK\$307,000). (note 6 (b))

於二零零七年六月三十日，應收Scania之款項為約426,000港元（二零零六年十二月三十一日：307,000港元）。（附註6(b)）

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10. TRADE AND OTHER RECEIVABLES

(continued)

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

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

10. 應收貿易帳款及其他應收款項 (續)

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

As at 30 June 2007 於二零零七年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 31 December 2006 於二零零六年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
8,594	10,257
140	61
-	-
14	56
5,509	5,623
14,257	15,997
(5,599)	(5,732)
8,658	10,265

11. PLEDGED DEPOSITS

As at 30 June 2007, bank deposits of HK\$558,000 (31 December 2006: HK\$558,000) were pledged as collateral for the Group's bank facilities for performance bond as required for certain sale contracts mainly on warranty consideration.

11. 有抵押存款

於二零零七年六月三十日，銀行存款558,000港元(二零零六年十二月三十一日：558,000港元)已抵押作為本集團就若干銷售合約所規定的履約保證所獲授銀行信貸的主要擔保。

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12. TRADE AND OTHER PAYABLES

12. 應付貿易帳款及其他應付款項

		As at 30 June 2007	As at 31 December 2006
		於二零零七年 六月三十日	於二零零六年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
Trade payables	應付貿易帳款	8,967	14,991
Other payables	其他應付款項		
Accrued charges and other creditors	應計費用及其他應付款項	10,497	15,098
		19,464	30,089

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

應付貿易帳款於結算日之帳齡分析如下:

		As at 30 June 2007	As at 31 December 2006
		於二零零七年 六月三十日	於二零零六年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
0 to under 3 months	零至不超過三個月	8,182	13,686
3 to under 6 months	三至不超過六個月	511	1,027
6 to under 9 months	六至不超過九個月	1	-
9 to under 12 months	九至不超過十二個月	2	-
Over 12 months	超過十二個月	271	278
		8,967	14,991

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13.SHARE CAPITAL

13.股本

		For the six months ended 30 June 2007 (Unaudited) 截至二零零七年 六月三十日止六個月 (未經審核)		For the year ended 31 December 2006 (Audited) 截至二零零六年 十二月三十一日止年度 (經審核)	
		No. of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元	No. of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元
Authorised:	法定:				
At beginning of period/year	期/年初	1,000,000	100,000	1,000,000	100,000
Increase in authorised share capital	法定股本增加	9,000,000	900,000	-	-
At end of the period/year	期/年終	<u>10,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>100,000</u>
Issued and fully paid:	已發行及繳足:				
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股				
At beginning of the period/year	期/年初	435,772	43,577	435,772	43,577
Issue of new shares	發行新股份	679,996	68,000	-	-
A&M allotment (note 3(b))	安邁配發(附註3(b))	33,521	3,352	-	-
At end of the period/year	期/年終	<u>1,149,289</u>	<u>114,929</u>	<u>435,772</u>	<u>43,577</u>

The Company had increased the authorised share capital to 10,000,000,000 shares by 300,000,000 on 30 March 2007 and 8,700,000,000 shares on 29 June 2007.

本公司法定股本分別於二零零七年三月三十日及二零零七年六月二十九日增加300,000,000股及8,700,000,000股股份至10,000,000,000股股份。

On 18 April 2007 and 4 June 2007, the Company had allotted and issued to independent third parties 488,447,736 shares and 191,548,000 shares at cash consideration of HK\$0.213 per share and HK\$0.260 per share respectively.

於二零零七年四月十八日及二零零七年六月四日，本公司向獨立第三方配發及發行分別488,447,736股及191,548,000股股份，現金代價分別為每股0.213港元及每股0.260港元。

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14.SHARE OPTIONS

(a) Movement in share option scheme during the period ended 30 June 2007

On 17 April 2007, a share option was granted to Mr. Jerry Liu, the former senior advisor of the Company to subscribe for 10,894,300 new shares at an exercise price of HK\$0.213. The share price at the date of grant is HK\$0.57 per share. The share price at the date of grant is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the option. At the balance sheet date, no option has been exercised. The share option was fully exercised on 6 August 2007.

(b) Fair value of share option and assumptions

The fair value of share option granted under the existing share option scheme at the grant date was HK\$0.148 per share, which is calculated using the Binomial option pricing model with the following inputs:

Average share price	HK\$0.213
Weighted average exercise price	HK\$0.213
Expected volatility	110%
Expected life	1,164 days
Risk free rate	4%

The aggregate fair value of the share option granted to Mr. Jerry Liu of HK\$1,612,000 has been charged to the income statement as general and administrative expenses.

14.購股權

(a) 截至二零零七年六月三十日止期間的購股權計劃變動

於二零零七年四月十七日，本公司前高級顧問劉振偉先生獲授可按行使價0.213港元認購10,894,300股新股份的購股權。授出購股權當日的股價為每股0.57港元。授出購股權當日的股價乃於緊接授出購股權當日的交易日期交所的收市價。截至結算日，概無購股權獲行使。購股權已於二零零七年八月六日獲全數行使。

(b) 購股權公平值及假設

於授出日期根據現有購股權計劃授出的購股權公平值為每股股份0.148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	0.213港元
加權平均行使價	0.213港元
預期波幅	110%
預期有效期	1,164天
無風險利率	4%

按公平值計算授予劉振偉先生之購股權總額1,612,000港元已計入收益表內之一般及行政開支內。

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15. 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’s position is that the agreement was subject to it conducting due diligence on Global Travel to its satisfaction. As requested, FAS paid a deposit of HK\$2,000,000 to Mr. Lo. Subsequently, the accounting firm employed by FAS reported unsatisfactory due diligence, therefore FAS did not elect to proceed with the alleged agreement. Mr. Lo has filed proceedings claiming HK\$7,800,000 together with alternative damage and FAS has lodged a counter claim to Mr. Lo for the return of the HK\$2,000,000 paid as deposit. A contingent liability netting off the counter claims as set out above amounting to HK\$5,800,000 are alleged to be due from FAS to Global Travel. The matter has not progressed after an initial hearing and was adjourned to a further date to be determined by the court subject to its receipt of sufficient documents from the two parties. The Company has not received any notice in relation to any specific dates for any further hearing.

Alleged claim for investment lost in the Company’s shares

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

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

於本公司股份投資損失的指稱索償

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

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16. POST BALANCE SHEET EVENT

Acquisition of properties

An indirect wholly-owned subsidiary, Hostbest Limited, of the Company had acquired two properties at an aggregate cash consideration of approximately HK\$29,141,000 from an independent third party. There are two existing tenancy agreements attached with the properties with total monthly rental of approximately HK\$76,000, expiring on 17 January 2008 and 7 December 2007. The transaction was completed on 27 August 2007 and the properties were delivered on the same day.

Acquisition of interests in a sino-foreign equity joint venture

The Company's indirect wholly-owned subsidiary, Great Journey Limited, had entered into a Sales and Purchase Agreement with an independent third party to acquire the whole interests in Natural Harvest Investments Limited ("**Natural Harvest**") on 21 August 2007. Natural Harvest holds 61.25% interests in Talenteam Development Limited ("**Talenteam**") which in turn holds an 80% interests in a newly set up sino-foreign equity joint venture. The joint venture is to operate and to own economic benefits derived from the China Railway Web Portal. The consideration is HK\$80,000,000 under arm's length negotiation with the vendor and has been fully paid upon the completion on 7 September 2007. Also under the joint venture agreement, Talenteam is exposed to an additional capital contribution requirement of HK\$150 million, which is to be borne by Talenteam solely. The Company is of the view that the Company's present capital commitment to the joint venture is capped at an additional HK\$150 million.

Investment in a logistic group of companies

Smart Oriental Limited, an indirect wholly-owned subsidiary of the Company, has entered into an investment agreement with Golden Fame International Investment Group Limited (the "**GFIIGL**") on 13 September 2007. The total investment is HK\$26.65 million which represents 40% enlarged issued share capital of the GFIIGL. The GFIIGL is a logistic group of companies which provides logistics business in Hong Kong and PRC.

16. 結算日後事項

收購物業

本公司間接全資附屬公司 Hostbest Limited 以總現金代價約 29,141,000 港元向一名獨立第三方收購兩項物業。該等物業現時訂有兩項租約，月租總額約 76,000 港元，分別於二零零八年一月十七日及二零零七年十二月七日屆滿。交易於二零零七年八月二十七日完成，該等物業亦於當日交收。

收購一家中外合資企業權益

本公司間接全資附屬公司 Great Journey Limited 與一名獨立第三方於二零零七年八月二十一日訂立有關收購盛然投資有限公司（「**盛然**」）全部權益的買賣協議。盛然持有德天發展有限公司（「**德天**」）61.25% 權益，而德天持有一家新成立中外合資企業的 80% 權益。該合資企業將經營及擁有鐵流網所得經濟利益。代價 80,000,000 港元乃經與賣方公平協商釐定，並已於二零零七年九月七日完成後繳足。根據合資協議，德天亦須額外注資 150,000,000 港元，將由德天獨立承擔。本公司認為本公司現時對合資企業資金承擔的上限為額外注資 150,000,000 港元。

投資於一家物流公司集團

本公司間接全資附屬公司 Smart Oriental Limited 與金信國際投資集團有限公司（「**金信**」）於二零零七年九月十三日訂立投資協議。投資總額為 26,650,000 港元，相當於金信經擴大已發行股本的 40%。金信為一家物流公司集團，在香港及中國從事物業業務。

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16. POST BALANCE SHEET EVENT *(continued)*

Issue of new shares

New shares of 229,856,000 at HK\$0.38 per share were issued to certain independent third parties on 12 July 2007. The new shares represented approximately 20% of the Company's issued share capital as at 30 June 2007.

Zero coupon convertible notes due in 2010

On 10 August 2007 and 16 August 2007, the Company had issued certain zero coupon convertible notes (the "Notes") bearing no interest to certain independent third parties at an aggregate principal amount of HK\$750 million. 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\$0.5 per share and to be matured on 3 December 2010.

On 10 August 2007, the Company has received six conversion notices from the Notes holders, total amount of HK\$150 million, to request for the conversion of the Notes issued. The Company has then issued a total of 300,000,000 shares at the conversion price of HK\$0.5 per conversion share.

Employee share option

On 10 July 2007, 95,774,065 option shares were granted to certain employees of the Group. The options were fully exercised on the same date and the Company received proceeds of HK\$45.9 million.

16. 結算日後事項 (續)

發行新股

於二零零七年七月十二日，按每股0.38港元向若干獨立第三方發行229,856,000股新股。新股佔本公司於二零零七年六月三十日已發行股本約20%。

二零一零年到期的零息票可換股票據

於二零零七年八月十日及二零零七年八月十六日，本公司向若干獨立第三方發行本金總額為750,000,000港元的若干零息票可換股票據（「票據」）（不計利息）。該等票據可兌換為本公司普通股，未贖回本金額的全部或部分可按兌換價每股0.5港元兌換，並將於二零一零年十二月三日期到。

於二零零七年八月十日，本公司收到六項票據持有人發出要求兌換已發行票據的兌換通知，總額為150,000,000港元。因此，本公司按每股兌換股份0.5港元兌換價發行合共300,000,000股股份。

僱員購股權

於二零零七年七月十日，本集團若干僱員獲授95,774,065份購股權。該等購股權已於該日獲悉數行使，本公司因而獲得45,900,000港元。

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16. POST BALANCE SHEET EVENT *(continued)*

New share option scheme

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

The subscription price will be determined by the Directors but shall not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant;
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and
- (c) the nominal value of share.

16. 結算日後事項 (續)

新購股權計劃

新購股權計劃於二零零七年八月六日獲股東批准。根據新購股權計劃，本公司可授予本集團董事、僱員及董事會全權酌情認為曾經或將對本集團作出貢獻的任何其他人士。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的全部購股權而發行的股份上限合共不得超過本公司不時已發行股本總數的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的全部購股權而可發行的股份總數不得超過本公司於通過相關普通決議案當日已發行股份的10%（一般計劃上限）。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。該新購股權計劃自二零零七年八月六日起生效，有效期10年。

董事將釐定的認購價不得低於下列最高者：

- (a) 股份在購股權提呈授出之日聯交所日報表所報之收市價；
- (b) 股份在緊接購股權提呈授出之日前五個交易日於聯交所日報表之平均收市價；及
- (c) 股份面值。

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

簡明綜合財務報表附註

FOR THE SIX MONTHS ENDED 30 JUNE 2007
截至二零零七年六月三十日止六個月

16. POST BALANCE SHEET EVENT *(continued)*

Acquisition of Leapfly Limited and cancellation of the acquisition

On 26 July 2007, the Group entered into a S&P agreement with Z & Z International Limited, to acquire the entire share capital of Leapfly Limited at a consideration of HK\$39 million. Leapfly Limited has an option right to own 50% equity interest in Tianjin Kai Sheng Automobile Service Co. Ltd. Tianjin Kai Sheng Automobile Service Co. Ltd. was established in the PRC and its scope of business includes the provision of repair services for automobile and the sales and distribution of Nissan motor vehicles. The Board considers the proposed acquisition would allow the Group to widen its business in the PRC and further develop its automobile business.

Subsequently on 1 August 2007, the parties entered into a cancellation agreement to cancel the S&P agreement. The acquisition was then cancelled. The vender has fully refunded the deposit of HK\$11.7 million to the Group upon signing of the cancellation agreement.

16. 結算日後事項 (續)

收購 Leapfly Limited 及取消收購

於二零零七年七月二十六日，本集團與 Z&Z International Limited 訂立買賣協議，以 39,000,000 港元代價收購 Leapfly Limited 全部已發行股本。Leapfly Limited 擁有可認購天津市凱聲汽車維修有限公司 50% 權益的購股權。天津市凱聲汽車維修有限公司於中國成立，業務範圍包括提供汽車維修服務以及銷售及分銷日產汽車。董事會認為建議收購有助擴展本集團中國業務，並進一步開拓汽車業務。

於二零零七年八月一日，訂約方訂立取消協議以取消買賣協議，該收購其後取消。簽署取消協議後，賣方已向本集團全數退還為數 11,700,000 港元按金。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

BUSINESS REVIEW

The Company resumed the trading of its shares in the Stock Exchange of Hong Kong Limited on 18 April 2007 since the suspension of its trading from 14 May 2004.

As mentioned in the year 2006 annual report of the Company, on 7 December 2006 the Company entered into a subscription agreement with Wealth Style Limited under which the Company agreed to allot and issue not less than 51% and not more than 53.22% of the enlarged issue share capital of the Company, at a price per share of between HK\$0.213 and HK\$0.2293, thereby raising between HK\$100 million and HK\$104 million. The subscription was completed on 18 April 2007 and 488,447,736 shares were issued at HK\$0.213 per share. The Company received net proceeds of approximately HK\$98.5 million from the subscription for the Group's general working capital, to development of service centers and exhibition halls in PRC and possible development of an auto-leasing business in the PRC.

Since the resumption of trading of its shares and the aboard of the new management, the Company's shares were traded actively in the market with favorable prices, by taking this opportunity, the Company carried out a series of corporate exercises to increase the Group's general working capital and ability to invest on the Company's activities related investments and projects.

On 23 May 2007, by top-up placing, the Company through a placing agent to place 191,548,000 shares to independent investors at the placing price of HK\$0.26 per share, the placing completed on 4 June 2007, the Company received a net proceeds of approximately HK\$48.4 million from the subscription which were intended to be used for working capital and settlement of remaining balance of investment costs to complete the incorporation of a subsidiary in Shenzhen.

業務回顧

本公司股份於二零零四年五月十四日暫停買賣後，已於二零零七年四月十八日恢復在香港聯合交易所有限公司買賣。

按本公司二零零六年年報所述，於二零零六年十二月七日，本公司與Wealth Style Limited訂立認購協議，據此，本公司同意按介乎每股0.213港元至0.2293港元價格配發及發行本公司經擴大已發行股本不少於51%及不多於53.22%，以集資介乎100,000,000港元至104,000,000港元。認購於二零零七年四月十八日完成，已按每股0.213港元價格發行488,447,736股股份。本公司自認購所得款項淨額約98,500,000港元，將用作本集團的一般營運資金、在中國開發服務中心及展覽廳以及可能在中國發展汽車租賃業務。

自股份恢復買賣及新管理人員加入後，本公司股份於市場交投活躍，且股價利好，本公司藉此機會進行一系列企業活動，增加集團營運資金及提升本公司投資於與業務相關的投資及項目的能力。

於二零零七年五月二十三日，本公司透過配售代理以先舊後新方式按配售價每股0.26港元向獨立投資者配售191,548,000股股份，配售於二零零七年六月四日完成。本公司自認購獲得所得款項淨額約48,400,000港元，有意用作營運資金及結清完成註冊深圳一家附屬公司的投資成本餘額。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

At an Extraordinary General Meeting of the shareholders of the Company held on 29 June 2007, shareholders, by special resolution, approved the change of the English company name from "Forefront International Holdings Limited" to "Forefront Group Limited" and adopt "福方集團有限公司" as its new Chinese name for identification purpose in order to align the Company's objective to further develop its motor vehicle business and reflect the management's genuine wish to enhance the fruitful results for the benefit of the shareholders.

At the same meeting, the shareholders of the Company also approved the increase in the authorized share capital of the Company from HK\$130,000,000 divided into 1,300,000,000 share to HK\$1,000,000,000 shares by the creation of additional 8,700,000,000 unissued share of HK\$0.1 each. The increase is to accommodate future expansion and growth of the Group.

On 3 July 2007, the Company entered into a placing agreement on a fully underwritten basis, through a placing agent, to place 229,856,000 shares to independent investors at placing price of HK\$0.38 per share, the 229,856,000 new shares were issued by the Company under the issue mandate. The subscription was completed on 12 July 2007. The Company received net proceed from the subscription of approximately HK\$85 million and would be used for general working capital and/or development of mass transit transportation, logistics and related business investments.

On 9 July 2007, the Company entered into placing agreements through a placing agent to place, on underwritten basis, HK\$150 million and on best effort basis to place HK\$600 million convertible notes. The convertible notes mature dated on 3 December 2010 and at a conversion price of HK\$0.5 per share. These placings were approved by an Extraordinary General Meeting of the Company held on 6 August 2007, the Company issued HK\$150 million and HK\$600 million convertible notes on 10 August 2007 and 16 August 2007 respectively of which HK\$150 million had been converted into the Company's shares on 10 August 2007.

於二零零七年六月二十九日舉行的本公司股東特別大會上，股東以特別決議案批准將本公司英文名稱由「Forefront International Holdings Limited」改為「Forefront Group Limited」，並為識別用途而採用「福方集團有限公司」作為新中文名稱，以配合本集團進一步發展汽車業務之目標及反映管理層為股東利益提高業績的真摯願望。

於該次大會上，本公司股東亦批准透過額外增設8,700,000,000股每股面值0.1港元的未發行股份，將本公司法定股本由130,000,000港元（分為1,300,000,000股股份），增至1,000,000,000港元。該增加乃為配合本集團日後擴展及發展。

於二零零七年七月三日，本公司訂立一項配售協議，透過一名配售代理以全數包銷基準按配售價每股0.38港元向獨立投資者配發229,856,000股股份，本公司根據發行授權已發行229,856,000股新股份。認購於二零零七年七月十二日完成。本公司自認購獲得所得款項淨額約為85,000,000港元，將用作營運資金及／或發展大型運輸交通項目、物流及相關業務投資。

於二零零七年七月九日，本公司訂立配售協議，透過一名配售代理以包銷基準配售150,000,000港元及盡力配售600,000,000港元的可換股票據。可換股票據到期日為二零一零年十二月三日，換股價為每股0.5港元。該等配售經本公司於二零零七年八月六日舉行的股東特別大會批准。本公司分別於二零零七年八月十日及二零零七年八月十六日發行150,000,000港元及600,000,000港元的可換股票據，其中150,000,000港元已於二零零七年八月十日兌換為本公司股份。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

With the intention of the Group to widen its business in the PRC and further develop its automobile business. On 26 July 2007, Crown Creation Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to purchase entire issue share capital of Leapfly Limited at a consideration of HK\$39 million. Leapfly Limited is an investment holding company which holds an option to purchase 50% equity interest in registered capital of Tianjin Kai Sheng Automobile Service Co. Ltd and its scope of business includes provision of repair services for automobile and sales and distribution of Nissan motor vehicles. The option is exercisable at any time during a period of 2 years commencing on 1 September 2008 until 1 August 2010. However, the Stock Exchange of Hong Kong Limited considered that the Company's classification as a discloseable transaction with no shareholders' approval required and such classification is not in compliance with the Rule 14.75 of the Listing Rules. The Company therefore with the vendor's agreement cancelled the sales and purchase agreement by signing a cancellation agreement on 1 August 2007. The vendor fully refunded the deposit to the Group upon signing the cancellation agreement. Nevertheless, the Company may re-consider this proposed acquisition again in the future as and when the Company considers appropriate.

With the anticipated need of office spaces of the PRC enterprise that may become the Company's partner to develop and operate the mass transit ticketing project as well as other railway transportation and logistics related business. On 3 August 2007, Hostbest Limited, an indirect wholly-owned subsidiary of the Company entered into two sale & purchase agreements with vendor to acquire Unit 1 to 3, 22/F., China United Centre, No.28 Marble Road, North Point, Hong Kong at a consideration of HK\$15,798,900 and Unit 5 to 9, 22/F., China United Centre, No.28 Marble Road, North Point, Hong Kong at a consideration of HK\$13,341,900. These purchases were completed on 27 August 2007.

因本集團有意於中國擴展業務並進一步發展其汽車業務，故於二零零七年七月二十六日，本公司間接全資附屬公司Crown Creation Limited訂立買賣協議，按代價39,000,000港元收購Leapfly Limited全部已發行股本。Leapfly Limited為投資控股公司，擁有可認購天津市凱聲汽車維修有限公司50%權益的購股權。天津市凱聲汽車維修有限公司的業務範圍包括提供汽車維修服務以及銷售及分銷日產汽車。該購股權可於二零零八年九月一日起至二零一零年八月一日兩年內隨時行使。然而，香港聯合交易所有限公司認為本公司將其分類為不需股東批准的須予披露交易，並不符合上市規則第14.75條規定。因此本公司獲得賣方同意，透過於二零零七年八月一日簽署取消協議取消買賣協議。賣方已於簽署取消協議時將按金全數退還予本集團。然而，本公司於日後認為適當之時機可能重新考慮該建議收購。

為應付可能成為本公司發展及經營大型運輸交通售票項目及其他鐵路運輸及物流相關業務合作夥伴之中國企業的預期日後辦公室需求，於二零零七年八月三日，本公司間接全資附屬公司Hostbest Limited與賣方訂立兩項買賣協議，按代價15,798,900港元收購香港北角馬寶道28號華匯中心22樓1至3室及以代價13,341,900港元收購香港北角馬寶道28號華匯中心22樓5至9室。該等收購於二零零七年八月二十七日完成。

On 21 August 2007, Great Journey Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to purchase the entire issued share capital of Natural Harvest Investments Limited. Natural Harvest Investments Limited effectively holds 49% equity interest in a PRC Joint Venture (China Railway Information and Technology Limited). China Railway Information and Technology Limited will focus on the development, management and operation of an e-ticketing system for railway passengers and related railway freight cargo services in the PRC by utilizing the China Railway Web Portal in the near future. The purchase was completed on 7 September 2007.

On 13 September 2007, an indirect wholly-owned subsidiary, Smart Oriental Limited, of the Company invested 40% of the enlarged issued share capital of Golden Fame International Investment Group Limited (the "GFIIGL"). The GFIIGL is a logistic group of companies which provides logistic services in Hong Kong and PRC.

With the Scania business, although the management expended great effort, at reversing deficiencies of the recent years, it has not been able to return the operation to profitability during the period under review. The main reason is that Hong Kong is losing its market position compared with Mainland China. The management will continue to concentrate efforts at reversing this trend.

During this period, only 32 units of tractors and trucks were sold. A part of the reasons was production limitations as well as the switch from Euro 3 to Euro 4 emission standard.

During this period, 7 units of coaches and chassis were sold and delivered. And 81 units were contracted for sales, a significant increase from last year, of which will be delivered at the later of this year and next year according to customers' schedule. Most of the contracts were made to the fleet operators who have previously used products from our European competitor.

With respect to the repairs and maintenance services, basic and structural improvements continued to take back business. Our initiatives included a Service van, Service representative, promotion of our Maintenance Contracts and Parts Exchange Program.

於二零零七年八月二十一日，本公司間接全資附屬公司Great Journey Limited訂立一項有關收購盛然投資有限公司全部已發行股本的買賣協議。盛然投資有限公司實際持有中國合營公司（鐵流網資訊技術有限公司）的49%權益。鐵流網資訊技術有限公司將於不久將來透過鐵流網在中國從事鐵路乘客電子售票系統的開發、管理及營運有關鐵路貨運服務。該收購於二零零七年九月七日完成。

於二零零七年九月十三日，本公司間接全資附屬公司Smart Oriental Limited投資金信國際投資集團有限公司（「金信」）的經擴大已發行股本的40%。金信為在香港及中國提供物流服務的物流集團公司。

在Scania業務方面，儘管管理層竭盡全力扭轉近年的虧損局面，惟於回顧期內，仍未能轉虧為盈。主要原因為與中國大陸相比，香港已失去其市場地位。管理層將繼續致力於扭轉該頹勢。

期內僅售出32輛卡車及貨車，部分原因是受生產限制及歐盟第三期排放標準轉為第四期排放標準之影響。

期內已售出及交付7輛旅遊巴士及車身底盤，另有81輛旅遊巴士及車身底盤已訂約出售，較去年大幅增加，將按照客戶的時間表於本年底及來年付運。大部分合約乃過往使用本公司的歐洲競爭對手產品的車隊營運商。

就維修保養服務業務而言，本公司繼續進行基本及結構性的業務改進，包括推出小型貨車流動服務、委派服務代表、推廣維修合約及零件更換計劃。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

Result for the period

For the six months ended 30 June 2007, the Group recorded a loss from operation of HK\$20.8 million (2006: loss of HK\$13.2 million) on turnover of HK\$39.9 million (2006: HK\$48.5 million).

The net loss attributable to shareholders for the period was HK\$21.4 million (2006: HK\$13.6 million).

The decrease in turnover was mainly a decline in vehicle business. The environment of the transportation market in Hong Kong went down trend during the past six months. Inevitably, the tractor market was affected. Although the Group has substantial orders of buses and chassis, most of which is expected to be delivered in the second half year and next year.

Although the sales volume dropped, the gross profit of the Group was continually improved. The gross profit margin was increased from 14.2% to 18.0% during the first half of 2007. This was resulted from better gross profit margin both in trading of motor vehicles and provision of repair and maintenance services.

Administrative expenses of this period included a success fee to A&M of HK\$7.1 million on share allotment basis and cost of share option granted to Mr. Jerry Liu of approximately HK\$1.6 million. A provision of success fee in cash payment of HK\$3.5 million was debited to the administrative expenses of the same period of last year. By excluded this one shot expenses, the administrative expenses of this period were stated at HK\$14.2 million.

期內業績

截至二零零七年六月三十日止六個月，本集團的營業額為39,900,000港元（二零零六年：48,500,000港元），經營虧損為20,800,000港元（二零零六年：虧損13,200,000港元）。

期內股東應佔虧損淨額為21,400,000港元（二零零六年：13,600,000港元）。

營業額減少主要是由於汽車業務不振。香港運輸業環境於過去六個月表現欠佳，卡車市場無可避免受到影響。儘管本集團有大量巴士及車身底盤訂單，但大部分需待下半年或明年方始交付。

雖然銷量下跌，惟本集團的毛利卻持續改善，毛利率於二零零七年上半年由同期的14.2%增至18.0%，均由於汽車貿易及維修保養服務錄得更高毛利率。

期內行政開支包括按股份分配基準向安邁支付的完成酬金7,100,000港元及授予劉振偉先生的購股權成本約1,600,000港元。而去年的行政開支包括以現金支付的完成酬金撥備3,500,000港元。扣除該筆一次性開支，期內的行政開支為14,200,000港元。

Liquidity, financial resources, borrowing and gearing ratio

During the period under review, the Group financed its original operation largely through internal generated cash flows from its operations activities. During the period under review the Group settled approximately HK\$13 million due to Scania, which incur high outstanding interest rate, proceeds from fund raising. As at the balance sheet date, the Group maintained cash and bank balances of approximately HK\$45.4 million (as at 31 December 2006: HK\$6.3 million) The increase in the cash balances was mainly due to the subscription of the Company's shares by Wealth Style Limited and placing exercise during the period. The Group's gearing ratio, calculated as total borrowings divided by total net assets, stated at 0%. The Group had no outstanding borrowings as at 30 June 2007.

As at 30 June 2007, the Group's net asset value amounted to approximately HK\$164.3 million (as at 31 December 2006: HK\$24.7 million) with total assets approximately HK\$183.8 million (as at 31 December 2006: HK\$107.3 million). Net current assets were approximately HK\$160.9 million (as at 31 December 2006: HK\$21.1 million) and the current ratio was 9.27 times (as at 31 December 2006: 1.26 times). The existing available cash and bank balance are considered adequate liquidity and capital resources for the Group's operation requirements.

Charge on Group assets

As at 30 June 2007 the Group deposited approximately HK\$558,000 (as at 31 December 2006: HK\$558,000) as collateral to satisfy contingent warranty and delivery obligations in relation to certain sales contracts.

Exchange rate exposure

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

流動資金、財務資源、借貸及負債資產比率

於回顧期內，本集團透過經營業務內部賺取之現金流為其原有業務撥支。回顧期內，本集團以集資所得款項償還Scania的高昂利息的欠款13,000,000港元。於結算日，本集團之現金及銀行結餘維持於約45,400,000港元（於二零零六年十二月三十一日：6,300,000港元）。現金結餘增加主要是由於期內Wealth Style Limited認購本公司股份及本公司進行配售。本集團之負債資產比率（以借貸總額除以總資產淨值計算）列為0%。於二零零七年六月三十日本集團並無尚未償還之借貸。

於二零零七年六月三十日，本集團之資產淨值約為164,300,000港元（於二零零六年十二月三十一日：24,700,000港元），總資產價值約為183,800,000港元（於二零零六年十二月三十一日：107,300,000港元）。流動資產淨值約為160,900,000港元（於二零零六年十二月三十一日：21,100,000港元），而流動比率為9.27倍（於二零零六年十二月三十一日：1.26倍）。現有可動用現金及銀行結餘足以應付本集團經營所需之流動資金及資本來源。

本集團之資產抵押

於二零零七年六月三十日，本集團存款約558,000港元（於二零零六年十二月三十一日：558,000港元）已作為與若干銷售合約有關的或然擔保責任及付運責任的抵押。

匯率風險

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

MANAGEMENT DISCUSSION AND ANALYSIS

管理層論述及分析

OUTLOOK

Scania has entered into a co-operation with Higer Bus Company Limited of Suzhou, China to product a range of luxury coaches. The products, in both the Right Hand Drive and Left Hand Drive versions, are intended for the China market and for export to Hong Kong and elsewhere. The products expected to come out towards the end this year, The Group has right of marketing these new products in our markets

Further, Scania has developed a purpose-built, Euro 4 double-decker bus and the first two prototypes are undergoing field tests in Hong Kong. The product is very suitable for the Hong Kong market and, through our Scania distributorship, the Company will serve as the services and parts supplier to any customers in Hong Kong purchase these types of buses.

On 7 September, 2007, the Group completed the purchase of Natural Harvest Investments Limited, this investment represents an expansion of the Group's transportation business in the PRC to provide mass transit transportation ticketing using the China Railway's Web Portal and the Group with a better understanding and an opportunity for the future expansion of other peripheral and related business.

On 13 September 2007, an indirect wholly-owned subsidiary, Smart Oriental Limited, of the Company invested 40% of the enlarged issued share capital of the GFIIIGL. The GFIIIGL is a logistic group of companies which provides logistic services in Hong Kong and PRC. The GFIIIGL is beneficially owned and established by Mr. Steve W.F. Lo, Professor JP ("**Mr. Steve Lo**") who has over 20 years experience in logistic business in Hong Kong and PRC. Through this investment, the Company expected to leverage the extensive logistics experience of Mr. Steve Lo and to tie in with the Company expansion plan in the logistic industry as well as accelerating the mass transit transportation ticketing project of the Company.

前景

Scania 與中國蘇州的金龍聯合汽車工業(蘇州)有限公司訂立合作協議,以生產一系列高檔旅遊巴士,該產品具有右軚及左軚駕駛兩種型號,以中國為目標市場,並出口至香港及其他地區,並預期於本年底推出。本集團有權於其市場推銷該等新產品。

此外,Scania特別開發一款歐盟第四代雙層巴士。首兩款模型正於香港進行實地測試。該等產品極適合香港市場,本公司則會透過Scania分銷權擔任於香港購買該等巴士型號之客戶的服務及零件供應商。

於二零零七年九月七日,本集團成功收購盛然投資有限公司,以擴大本集團在中國的運輸業務,以運用鐵流網提供大型運輸交通售票服務,使本集團更深入了解及獲得機會發展其他配套及相關業務。

於二零零七年九月十三日,本公司間接全資附屬公司Smart Oriental Limited投資金信的經擴大已發行股本40%。金信為於香港及中國提供物流服務的物流公司集團,由擁有超過20年香港及中國物流業經驗之羅焯楓教授太平紳士(「**羅先生**」)成立及實益擁有。通過此項投資,本公司預期可憑藉羅先生豐富的物流業經驗,配合本公司的物流業拓展計劃,加快本公司大型運輸交通售票項目之進度。

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2007 (six months ended 30 June 2006: NIL).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2007, the interests and short positions of the Directors and the Company's chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered in the register to be kept under section 352 of the SFO were as follows:

Name 名稱	Nature of interests 權益性質	Number of shares 股份數目	% of voting right 投票權百分比
Yau Shum Tek, Cindy 邱深笛	Beneficial owner (Note) 實益擁有人(附註)	368,447,736	32.06

Note:

These shares are held by Wealth Style Limited, which is wholly-owned by Ms. Yau Shum Tek, Cindy.

中期股息

董事會不建議就截至二零零七年六月三十日止六個月派發中期股息(截至二零零六年六月三十日止六個月:無)。

董事及主要行政人員之權益及淡倉

於二零零七年六月三十日,本公司董事及主要行政人員於本公司或任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括根據證券及期貨條例有關條文彼等被當作或視作擁有之權益及淡倉)或須根據證券及期貨條例第352條而存置之登記冊所記錄或根據上市公司董事進行證券交易的標準守則知會本公司及聯交所之權益及淡倉如下:

附註:

該等股份由邱深笛女士全資擁有之Wealth Style Limited持有。

DISCLOSURE OF OTHER INFORMATION

其他資料披露

Save as disclosed above, as at 30 June 2007, none of the Directors or the chief executive, had, under Division 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares of debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies in the Listing Rules.

EMPLOYEES

As at 30 June 2007, the Group had approximately 99 employees in Hong Kong and Mainland China. Remuneration packages including basic salary, bonus and benefits in kind are structured by reference to market terms and individual merit and are reviewed on annual basis based on performance.

SHARE OPTIONS

On 30 March 2007, a share option was approved by independent shareholders to grant to Mr. Jerry Liu, the former senior advisor of the Company, to subscribe for 10,894,300 new shares at an exercise price of HK\$0.213 per share. On 17 April 2007, the share option was granted to Mr. Jerry Liu at an exercise price of HK\$0.213 per share. The share price at the date of grant is HK\$0.57 per share. The share price at the date of grant is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the option. At the balance sheet date, no option has been exercised. The share option was fully exercised on 6 August 2007.

除上文披露外，於二零零七年六月三十日，概無董事或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第XV部）之股份、相關股份或債權證中擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所之權益及淡倉（包括根據證券及期貨條例有關條文彼等被當作或視作擁有之權益及淡倉）或須根據證券及期貨條例第352條而存置之登記冊所記錄或根據上市公司董事進行證券交易的標準守則知會本公司及聯交所之權益及淡倉。

僱員

於二零零七年六月三十日，本集團於香港及中國內地約有99名僱員。薪酬方案，包括基本薪金、花紅及實物利益乃經參考市場條件及個人優點而釐定，並根據表現每年進行檢討。

購股權

於二零零七年三月三十日，獨立股東批准向本公司前高級顧問劉振偉先生授出購股權，以按行使價每股0.213港元認購10,894,300股新股。於二零零七年四月十七日，該購股權以行使價每股0.213港元授予劉振偉先生，授出購股權當日的股價為每股0.57港元，乃於緊接授出購股權當日的交易日期在聯交所的收市價。截至結算日，概無購股權獲行使。購股權已於二零零七年八月六日獲全數行使。

DISCLOSURE OF OTHER INFORMATION 其他資料披露

SUBSTANTIAL SHAREHOLDERS

The following table set forth information regarding ownership of , and short positions in, the outstanding shares as at 30 June 2007 by those persons who beneficially own more than 5% of the issued shares, as recorded in the register maintained by the Company pursuant Part XV of the Securities and Futures Ordinance.

主要股東

下表載列於二零零七年六月三十日，本公司根據證券及期貨條例第XV部存置之名冊所記錄，實益擁有已發行股份5%以上的人士於已發行股份之擁有權及淡倉：

Name 名稱	Number of shares (long position) 股份 (好倉) 數目	% of voting right (long position) (好倉) 百分比	Number of shares (short position) 股份 (淡倉) 數目	% of voting right (short position) (淡倉) 數目
Wealth Style Limited	368,447,736	32.06	-	-
Yau Shum Tek, Cindy (Note 1) 邱深笛 (附註1)	368,447,736	32.06	-	-
Scania Trade Development AB (Note 2) Scania Trade Development AB (附註2)	98,204,000	8.54	-	-
Scania CV AB (publ) (Note 2) Scania CV AB (publ) (附註2)	98,204,000	8.54	-	-
Scania AB (publ) (Note 2) Scania AB (publ) (附註2)	98,204,000	8.54	-	-

Notes

附註：

- (1) Ms. Yau Shum Tek, Cindy is the sole beneficial owner of Wealth Style Limited.
- (2) The issued share capital of Scania Trade Development AB is wholly-owned by Scania CV AB (publ) which is in turn, wholly-owned by Scania AB (Publ).

- (1) 邱深笛女士為Wealth Style Limited之唯一實益擁有人。
- (2) Scania Trade Development AB之已發行股本由Scania CV AB (publ)全資擁有，而Scania CV AB (publ)則由Scania AB (publ)全資擁有。

DISCLOSURE OF OTHER INFORMATION 其他資料披露

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices ("**CG Code**") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code of the Listing Rules as the Company's code of conduct for dealing in securities of the Company by the directors. All directors confirmed that they have complied with the required standards as set out in the Model Code throughout the period.

REMUNERATION COMMITTEE

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

購買、出售或贖回本公司上市證券

於回顧期內，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

企業管治常規守則

董事認為，本公司於截至二零零七年六月三十日止六個月一直遵守上市規則附錄十四所載之企業管治常規守則（「**企業管治守則**」）。

證券交易標準守則

本公司已採納上市規則之標準守則作為董事進行本公司證券買賣之守則。全部董事均確認彼等於期內一直遵守標準守則所載之規定標準。

薪酬委員會

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

AUDIT COMMITTEE

The unaudited interim financial report of the Group for the six months ended 30 June 2007 have been reviewed by the Audit Committee of the Company. At the request of the Directors, the Company's external auditor, Messrs. Mazars CPA Limited, have carried out a review of the unaudited interim financial report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity", issued by the HKICPA.

APPRECIATION

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

BY ORDER OF THE BOARD

YEUNG MING KWONG

DIRECTOR

Hong Kong, 21 September 2007

審核委員會

本集團截至二零零七年六月三十日止六個月之未經審核中期財務報告已由本公司審核委員會審閱。本公司外聘核數師馬賽會計師事務所有限公司於董事要求下已按照由香港會計師公會頒布之香港審閱委聘準則第2410號「由實體獨立核數師審閱中期財務資料」審閱未經審核中期財務報告。

致謝

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

承董事會命

董事

楊明光

香港，二零零七年九月二十一日

INDEPENDENT REVIEW REPORT

獨立審閱報告



MAZARS CPA LIMITED
馬賽會計師事務所有限公司
34th Floor, The Lee Gardens,
33 Hysan Avenue, Causeway Bay, Hong Kong
香港銅鑼灣希慎道33號利園廣場34樓

To the Directors of Forefront Group Limited
(formerly Forefront International Holdings Limited)

致福方集團有限公司董事
(前稱福方國際控股有限公司)

INTRODUCTION

緒言

We have reviewed the interim financial statements of Forefront Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 4 to 29, comprising the condensed consolidated balance sheet as at 30 June 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with HKAS 34.

吾等已審閱載於第4至29頁所載福方集團有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)之中期財務報表,包括二零零七年六月三十日之簡明綜合資產負債表及截至該日止六個月之相關簡明綜合收益表、權益變動表及現金流量表與解釋附註。根據香港聯合交易所有限公司主板上市規則規定,中期財務報表的編製須符合上市規則相關條款及香港會計師公會頒佈之香港會計準則第34號「中期財務報告」(「**香港會計準則第34號**」)的規定。貴公司董事須根據香港會計準則第34號編製及呈列該等中期財務報表。

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

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

SCOPE OF REVIEW

Except as explained in the following paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

- (1) The auditors' report on the financial statements of the Group for the year ended 31 December 2006 was qualified because of a limitation of scope with regard to the Taiwan Subsidiaries. Details of the limitation are more fully explained in the 2006 annual report.

As further detailed in note 1 to the interim financial statements, the Group disposed of its entire interest in the Taiwan Subsidiaries during the period. Because of the matters leading to the qualification on the opening balance of the interests in unconsolidated subsidiaries amounted to HK\$48,174,000 remained unresolved, we had not been able to conduct the review procedure we consider necessary to determine as to whether the gain on disposal of the Taiwan Subsidiaries for the period ended 30 June 2007 of HK\$1,422,000 requires further adjustments. Any adjustment to the Group's interest in the Taiwan Subsidiaries as at 31 December 2006 and as at the date of disposal that may be required would have a consequential effect on the component of the Group's results for the period ended 30 June 2007.

審閱範圍

除以下各段所詮釋者外，吾等根據香港會計師公會所頒佈之香港審閱準則第2410號「由實體的獨立核數師審閱的中期財務資料」進行審閱工作。審閱中期財務報表包括主要向負責財務及會計事務的人員作出查詢及進行分析和其他審閱程序。由於審閱範圍遠較根據香港核數準則進行審核之範圍為小，故吾等不能保證吾等將知悉審核中可能發現之所有重大事項。因此，吾等不會發表審核意見。

有保留結論之基準

- (1) 由於就台灣附屬公司進行審閱之範圍受到限制，故吾等於核數師報告就 貴集團截至二零零六年十二月三十一日止年度之財務報表發表保留意見。有關限制的詳情於二零零六年年報中詳述。

按中期財務報表附註1所詳述，貴集團於期內出售所持台灣附屬公司之全部權益。由於導致未綜合附屬公司權益之期初結餘48,174,000港元存在保留意見之事項仍尚未解決，故此吾等未能進行吾等認為必需之審閱程序，以釐定截至二零零七年六月三十日止期間出售台灣附屬公司之收益1,422,000港元是否須進一步調整。貴集團於台灣附屬公司之權益於二零零六年十二月三十一日及出售當日可能須作出的任何調整均會對 貴集團截至二零零七年六月三十日止期間之業績項目有相應之影響。

(2) Because of the reason set out in paragraph (1), the results of the Taiwan Subsidiaries for the period from 1 January 2007 up to the date of disposal were excluded from the Group's condensed consolidated income statement for the period ended 30 June 2007. Whilst the Directors consider that the exclusion of these subsidiaries is the best way of presenting the Group's results for the period in the circumstances, the reason for the exclusion is not one of the reasons as provided in HKAS 27 "Consolidated and Separate Financial Statements" and, in this respect, the interim financial statements are not in compliance with HKAS 27. However, any adjustments to consolidate the results of the Taiwan Subsidiaries for the period up to the date of disposal would have no impact on the financial position of the Group as at 30 June 2007 and its net results for the period then ended.

QUALIFIED CONCLUSION

Based on our review, except for any adjustments that might have been found to be necessary concerning the matters as set out in the basis for qualified conclusion, nothing has come to our attention that cause us to believe that the interim financial statements are not prepared in accordance with HKAS 34.

Mazars CPA Limited

Certified Public Accountants

Hong Kong
21 September 2007

Fung Shiu Hang

Practising Certificate number: P04793

(2) 由於第(1)段所載理由，台灣附屬公司自二零零七年一月一日至出售當日期間之業績並無計入 貴集團截至二零零七年六月三十日止期間之簡明綜合收益表內。雖然董事認為在上述情況下不計入此等附屬公司之業績為呈列 貴集團期內業績之最佳方式，惟不計入該等公司業績的理由並非香港會計準則第27號「綜合及獨立財務報表」所規定的理由之一。就此而言，中期財務報表並無遵守香港會計準則第27號。然而，就綜合台灣附屬公司截至出售日期止期間之業績而作出之調整不會影響 貴集團於二零零七年六月三十日之財務狀況及截至該日止期間的業績淨額。

有保留結論

基於吾等的審閱，除就有保留結論之基準所載事項可能須作出之任何調整外，概無任何事項引致吾等相信中期財務報表並無根據香港會計準則第34號妥為編製。

馬賽會計師事務所有限公司

執業會計師

香港
二零零七年九月二十一日

馮兆恒

執業證書號碼：P04793