

Notes to Financial Statements

31 December 2000

1. CORPORATE INFORMATION

The registered office of JCG Holdings Limited is located at Clarendon House, Church Street, Hamilton HM11, Bermuda.

During the year, the Group's principal activities were deposit taking, personal and commercial lending, the operation of a credit card business, mortgage financing, stockbroking, the letting of investment properties, the provision of finance to purchasers of taxis and public light buses, trading of taxi cabs and taxi licences, and leasing of taxis. There were no changes in the nature of the Group's activities during the year.

In the opinion of the directors, the ultimate holding company is Public Bank Berhad, which is incorporated in Malaysia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic re-measurement of investment properties and certain fixed assets, and inventories as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2000. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors.

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been permanent diminutions in values, when they are written down to values determined by the directors.

Associates

An associate is a company, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for permanent diminutions in values other than temporary in nature deemed necessary by the directors.

Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost, except for certain leasehold land and buildings which were transferred from investment properties, are stated at their valuation at the date of transfer less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Long term leasehold land	Over the remaining lease terms
Leasehold buildings	2% - 4%
Leasehold improvements:	
Own leasehold buildings	20% - 33 1/3%
Others	Over the shorter of the remaining lease terms or seven years
Furniture, fixtures and equipment	10% - 25%
Motor vehicles	20% - 25%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings which are intended to be held on a long term basis for their investment potential, with rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Intangible assets

Intangible assets, representing eligibility rights to trade on or through the Stock Exchange ("Stock Exchange Trading Right"), are stated at cost less accumulated amortisation.

Amortisation is calculated on the straight-line basis to write off the cost of the trading right over its estimated useful life of ten years.

Deferred expenditure

Deferred expenditure represents the unamortised portion of net commission expenses. Commission expenses, which are paid or payable to dealers for the introduction of financing business, are netted off against the related commission receivable from co-financing banks. The remaining balance is amortised and charged to the profit and loss account over the average lives of the financing transactions of approximately three years using the straight-line method. Upon early settlement of a financing transaction, the related unamortised balance is immediately charged to the profit and loss account.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Long term investments

Long term investments are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis.

Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. Unlisted securities are stated at their estimated fair values on an individual basis.

The gains or losses arising from changes in the fair values of a security are dealt with as movements in the long term investment revaluation reserve, until the security is sold, collected, or otherwise disposed of, or until the security is determined to be impaired, when the cumulative gain or loss derived from the security recognised in the long term investment revaluation reserve, together with the amount of any further impairment, is charged to the profit and loss account for the period in which the impairment arises. Where the circumstances and events which led to an impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged and any appreciation in fair value is credited to the profit and loss account to the extent of the amount previously charged.

Provisions for doubtful debts

Provisions are made against loans and advances and other debtors as and when they are considered doubtful by the directors. In addition, an amount is set aside as a general provision for doubtful loans and advances. Loans and advances are stated in the financial statements net of these provisions.

Financing operations

The Group and its co-financing banks jointly provide hire purchase loans. The amounts receivable by the Group in connection with its hire purchase financing activities are shown in the balance sheet as instalments receivable net of unearned interest. Interest income receivable from each hire purchase loan jointly provided by the Group and its co-financing bank is recognised using the sum of digits method. The Group's share of interest income is calculated after deduction of the interest entitlements of the co-financing banks.

Commission expenses, after netting off any related commission receivable from co-financing banks, are amortised and charged to the profit and loss account over the average lives of the financing transactions of approximately three years, using the straight-line basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual cost for taxi cabs and taxi licences. Net realisable value is based on estimated selling prices less any estimated costs to be incurred on disposal.

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Foreign currencies

Foreign currency transactions are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas associates are translated to Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the translation reserve.

Retirement benefit schemes

The Group operates defined contribution retirement benefit schemes for those employees who are eligible to participate in the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions are made based on a percentage of the participating employees' relevant monthly income from the Group, and are charged to the profit and loss account as they become payable in accordance with the rules of the respective schemes. When an employee leaves the scheme prior to his/her interest in the Group's employer non-mandatory contributions becoming vested with the employee, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. The Group's mandatory contributions are fully vested with the employee when the employee leaves the scheme.

Long service payments

Provisions for long service payments have been made in respect of employees who have been continuously employed by the Winton Group for five years or more and who are eligible for long service payments on termination of their employment in accordance with the Hong Kong Employment Ordinance.

Revenue recognition

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

- (a) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable, and on the basis set out above under the heading "Financing operations";
- (b) commission, brokerage, handling fees and fee income, when services are rendered;
- (c) sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

- (d) rental income, on a time proportion basis over the lease terms; and
- (e) dividends, when the shareholders' right to receive payment is established.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

3. SEGMENTAL INFORMATION

The following segmental information is disclosed pursuant to Appendix 16 of the Listing Rules:

(a) By geographical area

The Group's principal operations are located in the Hong Kong SAR.

(b) Turnover by class of business

Turnover of the Group does not include that of JCG Finance, the disclosure of which is exempt under the Companies Ordinance.

Turnover represents the net amounts received and receivable for goods supplied and services rendered, the trading activities of taxi cabs and licences, and the leasing of taxis in Hong Kong, and is summarised as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Taxi trading and related operations	120,887	94,796
Others	4,824	18,111
	<u>125,711</u>	<u>112,907</u>

(c) Profit before tax by class of business

	Group	
	2000	1999
	HK\$'000	HK\$'000
Personal and commercial lending	513,547	426,592
Taxi trading and related operations, and other businesses	17,932	7,190
	531,479	433,782

4. OTHER OPERATING INCOME

	Group	
	2000	1999
	HK\$'000	HK\$'000
Fees and commission income	197,885	169,274
Gross rental income	5,407	5,861
Less: outgoing expenses	(538)	(447)
Net rental income	4,869	5,414
Loss on disposal of fixed assets	(194)	(133)
Net profit from trading activities	7,563	8,209
Compensation received by a former restaurant	-	7,099
Dividends from listed investments	64	-
Others	5,768	5,238
	215,955	195,101

Net profit from trading activities has been arrived at after netting off the cost of inventories sold in the amount of HK\$95,225,000 (1999: HK\$101,311,000).

5. OPERATING EXPENSES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Staff costs:		
Salaries and other staff costs	100,909	102,571
Pension contributions	5,729	5,665
Less: Forfeited contributions	(1,350)	(489)
Net pension contributions	4,379	5,176
	105,288	107,747
Other operating expenses:		
Operating lease rentals on land and buildings	20,748	25,202
Depreciation	8,889	8,835
Amortisation of intangible assets	25	-
Auditors' remuneration	1,802	1,862
Deficit on revaluation of investment properties	1,800	6,299
Amortisation and write-off of commission expenses	13,128	39,119
Provision for other doubtful debtors	21,141	848
Administrative and general expenses	17,128	12,598
Others	44,118	31,794
	234,067	234,304

At 31 December 2000, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (1999: Nil). The current year credits arose in respect of staff who left the scheme during the year.

6. LOANS AND ADVANCES

(a) Advances to customers

	Group	
	2000	1999
	HK\$'000	HK\$'000
Loans and advances to customers	4,111,846	4,112,092
Provisions for bad and doubtful debts (<i>note 7</i>):		
Specific	(134,533)	(154,678)
General	(204,328)	(200,644)
	(338,861)	(355,322)
	3,772,985	3,756,770

Certain loans were pledged to secure banking facilities of approximately HK\$145,000,000 (1999: HK\$160,271,000). At 31 December 2000, such facilities were not utilised (1999: HK\$106,158,000) (*note 26*).

The maturity profile of loans and advances to customers at the balance sheet date is analysed by the remaining periods to their contractual maturity dates as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Repayable:		
On demand	56,013	70,612
Three months or less	698,696	615,115
One year or less but over three months	1,343,215	1,177,568
Five years or less but over one year	855,461	759,639
After five years	939,943	1,247,571
Undated	218,518	241,587
	4,111,846	4,112,092

(b) Gross amount of non-performing loans and advances to customers on which interest accrual has ceased

	Group			
	2000		1999	
	Gross amount	Percentage of total loans and advances	Gross amount	Percentage of total loans and advances
	HK\$'000		HK\$'000	
Gross advances to customers which have been overdue for over 3 months on which interest accrual has ceased:				
Six months or less but over three months	41,672	1.0	34,914	0.9
One year or less but over six months	32,069	0.8	36,413	0.9
Over one year	178,593	4.3	170,163	4.1
	252,334	6.1	241,490	5.9
Taxi financing loans terminated and fully provided for	28,958	0.7	67,017	1.6
	281,292	6.8	308,507	7.5
Gross advances to customers which have been overdue for 3 months or less but interest on which has ceased to accrue	44,667	1.1	33,144	0.8
Total non-performing loans and advances	325,959	7.9	341,651	8.3
Specific provisions	(134,533)		(153,802)	
	191,426		187,849	

There are no advances which are overdue for more than three months and on which interest is still being accrued.

Under the co-financing arrangements, the taxi financing loans are jointly financed by the co-financing banks and Winton Group. Winton Group is entitled to receive certain monthly installments (hereinafter referred to as the "Winton Portion") and the co-financing banks are entitled to receive certain monthly installments (hereinafter referred to as the "Bank Portion"). The Bank Portion, other than those co-financed by JCG Finance, does not form part of the Group's gross advances to customers. Accordingly, taxi financing loans with overdue installments payable to the co-financing banks were not included in the Group's overdue advances. As at 31 December 2000 and at 31 December 1999, there were no taxi financing loans which were overdue for more than three months under the Group's gross advances to customers.

The above non-performing advances on which interest is no longer accrued include property mortgage loans and taxi financing loans of HK\$167,415,000 (1999: HK\$168,952,000) and HK\$28,958,000 (1999: HK\$67,017,000), respectively, which are secured by properties, taxi cabs and taxi licences. Specific provision of approximately HK\$61,135,000 (1999: HK\$54,522,000) and HK\$11,962,000 (1999: HK\$43,849,000) are related to property mortgage loans and taxi financing loans, respectively.

(c) Rescheduled loans

As at 31 December 2000, there were no rescheduled loans under the Group's gross advances (1999: Nil).

The co-financing banks of the Winton Group have rescheduled the Bank Portion of a certain number of taxi financing loans. However, the Winton Portion of these taxi financing loans were not rescheduled, and therefore were not classified herein as rescheduled loans.

7. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	Specific HK\$'000	Group General HK\$'000	Total HK\$'000
At 1 January 1999	262,289	196,014	458,303
Charge for the year	266,939	4,630	271,569
Amounts written off	(374,550)	-	(374,550)
At 31 December 1999 and 1 January 2000	154,678	200,644	355,322
Charge for the year	229,761	3,684	233,445
Amounts written off	(249,906)	-	(249,906)
At 31 December 2000	134,533	204,328	338,861

	Group 2000 HK\$'000	1999 HK\$'000
Specific charge	229,761	266,939
General charge	3,684	4,630
	233,445	271,569
Loan recoveries	(7,153)	(3,829)
Net charge to the profit and loss account	226,292	267,740

8. DIRECTORS' REMUNERATION

(a) Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance

	Group 2000 HK\$'000	1999 HK\$'000
Fees:	175	70
Executive	455	175
Non-executive	280	280
Independent non-executive	910	525
Other emoluments:		
Basic salaries, housing, other allowances and benefits in kind	1,543	1,463
Bonuses paid and payable	479	383
Pension scheme contributions	165	124
	3,097	2,495

In addition to the directors' remuneration disclosed above, one director occupies a property of the Group rent free. The estimated monetary value of the accommodation so provided to the director and not charged to the profit and loss account is HK\$561,000 (1999: HK\$240,000).

The remuneration of the above directors fell within the following bands:

	2000	1999
	Number of directors	Number of directors
Nil - HK\$1,000,000	6	6
HK\$1,000,001 - HK\$1,500,000	1	1
	7	7

(b) Share options

Pursuant to a Share Option Scheme for Employees duly approved on 20 March 1997, the directors may, at their discretion, invite full time employees of the Group, including executive directors, to take up options to subscribe for ordinary shares of HK\$0.10 each in the Company. 50% of the options are exercisable commencing from two years after 5 July 1997 and the remaining 50% of the options are exercisable commencing from three years after 5 July 1997, and the last day to exercise the options is 4 July 2002. The subscription price of the options is HK\$4.77 per share.

During the year, none of the directors was granted any options to subscribe for shares in the Company. In prior years, two of the executive directors were granted 286,000 options to subscribe for shares in the Company.

9. Five Highest Paid Employees

The five highest paid individuals during the year included two (1999: two) directors, details of whose remuneration are set out in note 8 above. The details of the remuneration of remaining three (1999: three) non-directors, highest paid individuals are as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Basic salaries, housing, other allowances and benefits in kind	2,267	2,126
Bonuses paid and payable	396	325
Pension scheme contributions	140	101
	2,803	2,552

The remuneration of the non-director, highest paid employees fell within the following bands:

	2000	1999
	Number of employees	Number of employees
Nil - HK\$1,000,000	2	2
HK\$1,000,001 - HK\$1,500,000	1	1
	3	3

10. TAX

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the year. No deferred tax has been provided for the year as there were no significant timing differences at the year end date (1999: Nil).

No Hong Kong or overseas profits tax has been provided for associates as the associates did not generate any assessable profits in Hong Kong and elsewhere during the year.

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$238,770,000 (1999: HK\$217,426,000).

12. DIVIDENDS

	2000	1999	2000	1999
	Cents per ordinary share		HK\$'000	HK\$'000
Interim	8.0	7.5	56,559	53,027
Proposed final	24.0	12.5	169,686	88,378
	32.0	20.0	226,245	141,405

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$446,638,000 (1999: HK\$365,338,000) and the weighted average number of 707,022,000 (1999: 706,999,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2000 has not been shown as the convertible preference shares of Winton outstanding during the year had an anti-dilutive effect on the basic earnings per share for the year.

Diluted earnings per share for the year ended 31 December 1999 has not been calculated as no diluting events existed last year.

14. CASH AND SHORT TERM PLACEMENTS

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and balances with banks and other financial institutions	80,716	76,287	84	78
Money at call and short notice	491,610	743,718	46,811	264,044
	572,326	820,005	46,895	264,122

One of the Group's placements with banks, amounting to HK\$5,000,000 (1999: HK\$5,000,000), was pledged to a bank for credit facilities of HK\$5,000,000 (1999: HK\$5,000,000) granted to the Group (*note 26*). The credit facilities had not been utilised during the year (1999: Nil).

Certain of the Company's money at call and short notice, amounting to HK\$37,276,000 (1999: Nil), was deposited with JCG Finance.

15. PLACEMENTS WITH BANKS AND FINANCIAL INSTITUTIONS MATURING BETWEEN ONE AND TWELVE MONTHS

The Group's placements with financial institutions were placed with Public Bank (L) Ltd, a fellow subsidiary of the Company (1999: Nil).

The Company's placements with financial institutions were placed with JCG Finance (1999: Nil).

16. OTHER ASSETS

	Note	Group		Company	
		2000	1999	2000	1999
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Inventories	17	24,940	31,609	-	-
Interest receivable		310,870	323,537	966	788
Other debtors, deposits and prepayments		137,849	101,199	-	250
Deferred expenditure		2,532	19,606	-	-
Dividends receivable		-	-	116,460	150,104
Share in the Stock Exchange		-	515	-	-
		476,191	476,466	117,426	151,142

The Group held one share in the Stock Exchange as at 31 December 1999. Pursuant to the restructuring of the Stock Exchange and the Futures Exchange, effective on 6 March 2000, this share was exchanged for a Stock Exchange Trading Right and 805,000 ordinary shares of HK\$1.00 each in Hong Kong Exchanges and Clearing Limited (the "HKEC Shares").

The prior cost of the previously held share in the Stock Exchange above has been apportioned to the Stock Exchange Trading Right and the HKEC Shares on the basis of their respective estimated market values on 6 March 2000.

The Stock Exchange Trading Right has been classified as an intangible asset and the HKEC Shares have been classified as a long term investment in notes 22 and 18 to the financial statements, respectively.

17. INVENTORIES

Included in the balance were taxi licences and taxi cabs amounting to approximately HK\$24,937,000 (1999: HK\$29,280,000).

None of the inventories were carried at net realisable value at the balance sheet date (1999: HK\$2,157,000).

At 31 December 2000, the carrying amount of inventories of the Group pledged as security for bank borrowings and other loans amounted to HK\$22,496,000 (1999: HK\$20,731,000) (*Note 26*).

18. LONG TERM INVESTMENTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Transferred from other assets (<i>note 16</i>)	263	-
Movement in market value	14,147	-
Listed equity investment in Hong Kong, at market value	14,410	-

19. INVESTMENT PROPERTIES

	Group	
	2000	1999
	HK\$'000	HK\$'000
At beginning of year	80,758	77,758
Transfer (to)/from land and buildings	(10,600)	9,299
Revaluation deficit	(1,800)	(6,299)
At 31 December	68,358	80,758

The Group's investment properties are all situated in Hong Kong and are held under the following lease terms:

**Group
2000
HK\$'000**

At valuation:

Medium term leases	350
Long term leases	68,008
	68,358

Investment properties with a carrying amount of HK\$40,650,000 were revalued on 21 December 2000 at HK\$38,850,000 by Chung Sen Surveyors Limited, an independent professional valuer, on an open market value based on their existing use. A revaluation deficit of HK\$1,800,000 on a portfolio basis, resulting from the above valuation has been charged to the profit and loss account.

Investment properties with a carrying amount of HK\$29,158,000 were revalued at HK\$29,300,000 by Chung Sen Surveyors Limited, an independent professional valuer, on an open market value based on their existing use. As the directors are of the opinion that the revaluation surplus amount is immaterial, the carrying value of the properties has not been adjusted to the revalued amount.

An investment property with a carrying value of HK\$350,000 has not been revalued by professional valuers at the balance sheet date as the directors are of the opinion that any revaluation adjustments will not be material.

Certain investment properties held by the Group were pledged to secure banking facilities granted to the Group at the balance sheet date (*note 26*).

20. INTERESTS IN SUBSIDIARIES

	Company	
	2000	1999
	HK\$'000	HK\$'000
Shares at cost:		
Listed:		
Hong Kong	572,212	572,212
Unlisted:	1,056,851	769,445
	1,629,063	1,341,657
Market value of listed shares	69,300	97,650

Except for Winton Holdings (Bermuda) Limited, which is incorporated in Bermuda, and Eastwood Overseas Corporation and Winton (B.V.I.) Limited, which are incorporated in the British Virgin Islands, all other subsidiaries are private companies incorporated in Hong Kong. All subsidiaries principally operate in Hong Kong.

Particulars of subsidiaries are as follows:

Name	Nominal value of issued ordinary share capital HK\$	Percentage of equity attributable to the Company		Principal activities
		Direct	Indirect	
JCG Finance Company, Limited	258,800,000	100	-	Deposit taking, granting of loans and issuing of credit cards
Funds Fit Limited	10,100,000	-	100	Investment holding
JCG Securities Limited	10,000,000	-	100	Securities dealing
JCG Nominees Limited	10,000	-	100	Nominee services
Winton Holdings (Bermuda) Limited* ¹	134,400,000* ²	75	-	Investment holding
Eastwood Overseas Corporation	US\$1	-	75	Investment holding
Eternal Success Company Limited	20	-	75	Property holding
Keytop Investment Limited	2	-	75	Dormant
Lion Crown Company Limited (note 36)	20	-	75	Dormant
Shuning Shing Limited (note 36)	2	-	75	Dormant
Winsure Company, Limited	1,600,000	-	72.7	Dormant
Winton (B.V.I.) Limited	61,773	-	75	Investment and property holding

Winton Financial Limited	4,000,010	-	75	Provision of hire purchase financing and provision of personal and short term loans
Winton Financial (Factoring) Limited	1,000,000	-	75	Provision of hire purchase financing
Winton Investment Company (China) Limited	1,000,000	-	75	Investment holding
Winton Motors, Limited	78,000	-	75	Trading of taxis and public light buses and leasing of taxis
Winton Motors Trading Company Limited	2	-	75	Trading of taxis and public light buses
Winton Restaurant Limited	20	-	75	Investment holding
Winton Trading Company Limited	20	-	75	Trading of automobile accessories and spare parts
Worthy Park Company Limited (<i>note 36</i>)	20	-	75	Dormant
Wu Shang Mei Winton (China) Investment Company Limited	100	-	67.5	Investment holding

Notes:

*1 Ordinary shares are quoted on The Stock Exchange of Hong Kong Limited

*2 Inclusive of convertible preference shares of HK\$92,400,000

21. INTERESTS IN ASSOCIATES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Share of net assets other than goodwill	5,932	8,550
Amount due from associates	7,280	10,290
	13,212	18,840

The amounts due from associates are unsecured, repayable on demand and interest-bearing at the prevailing market rate in the Mainland China.

Particulars of the Group's associates are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group		Principal activities
			2000	1999	
ZKW Enterprise (Group) Co., Ltd., Zhuhai Special Economic Zone	Corporate	The People's Republic of China	30	30	Investment holding, general trading and automobile repairs centre
Zhangjiagang Rixing Freight & Storage Co., Ltd.	Corporate	The People's Republic of China	33.8	33.8	Cargo handling and transportation

The Group's 30% interest in Zhuhai Winton Restaurant Limited was disposed of on 16 November 2000.

22. INTANGIBLE ASSETS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Cost:		
At beginning of year	-	-
Transfer from other assets (<i>note 16</i>)	252	-
Balance at end of year	<u>252</u>	-
Accumulated amortisation:		
At beginning of year	-	-
Provided during the year	25	-
Balance at end of year	<u>25</u>	-
Net book value at end of year	<u>227</u>	-

23. FIXED ASSETS

Group	Leasehold land and buildings HK\$'000	Leasehold improvements, furniture, and equipment HK\$'000	Motor Vehicles HK\$'000	Total HK\$'000
Cost or carrying amount:				
At beginning of year	272,517	71,383	1,630	345,530
Additions	14,948	6,229	-	21,177
Transfer from investment properties	10,600	-	-	10,600
Disposals	-	(3,650)	-	(3,650)
At 31 December 2000	<u>298,065</u>	<u>73,962</u>	<u>1,630</u>	<u>373,657</u>
Accumulated depreciation:				
At beginning of year	19,488	62,543	1,630	83,661
Provided during the year	4,503	4,386	-	8,889
Disposals	-	(3,392)	-	(3,392)
At 31 December 2000	<u>23,991</u>	<u>63,537</u>	<u>1,630</u>	<u>89,158</u>
Net book value:				
At 31 December 2000	<u>274,074</u>	<u>10,425</u>	<u>-</u>	<u>284,499</u>
At 31 December 1999	<u>253,029</u>	<u>8,840</u>	<u>-</u>	<u>261,869</u>

The Group's leasehold land and buildings are situated in Hong Kong and are held under the following lease terms:

	Group	
	2000	1999
	HK\$'000	HK\$'000
At cost:		
Medium term leases	85,614	11,914
Long term leases	212,451	260,603
	<u>298,065</u>	<u>272,517</u>

Certain leasehold land and buildings held by the Group were pledged to secure banking facilities granted to the Group at the balance sheet date (*note 26*).

24. LOANS TO DIRECTORS AND OFFICERS

Loans to directors and officers by JCG Finance, a deposit taking company, disclosed pursuant to Section 161B(4C) of the Companies Ordinance are as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Aggregate amount of principal and interest outstanding at the end of year	3,926	7,065
Maximum aggregate amount of principal and interest outstanding during the year	7,065	7,418

25. CUSTOMER DEPOSITS

The Group's maturity profile of customer deposits at the balance sheet date is analysed into the remaining periods to their contractual maturity dates as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Repayable:		
On demand	5,652	3,957
Three months or less	1,074,362	1,030,077
One year or less but over three months	238,804	268,231
Five years or less but over one year	-	2,116
	1,318,818	1,304,381

There were no deposits accepted from a fellow subsidiary in the ordinary course of business and under normal commercial terms at the balance sheet date (1999: HK\$330,740,000).

26. INTEREST-BEARING BANK BORROWINGS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Bank overdrafts:		
Secured	-	4,395
Bank loans:		
Secured	15,458	175,392
Unsecured	749,414	799,414
	764,872	979,201

Included in bank loans were loans amounting to HK\$749,414,000 (1999: HK\$799,414,000) obtained from a fellow subsidiary, which is a bank.

	Group	
	2000	1999
	HK\$'000	HK\$'000
Bank overdrafts repayable on demand or within one year	-	4,395
Bank loans repayable:		
Within one year	15,458	104,159
In the second year	749,414	870,647
In the third to fifth years, inclusive	-	-
	764,872	974,806
	764,872	979,201
Portion classified as current liabilities	(15,458)	(108,554)
Long term portion	749,414	870,647

Certain of the Group's banking facilities are secured by:

- (i) A placement with a bank amounting to HK\$5,000,000 (1999: HK\$5,000,000) (*note 14*). The facility had not been utilised during the year.
- (ii) Fixed charges over certain of the Group's loans and advances (*note 6*).
- (iii) First legal charges on certain leasehold land and buildings of the Group with an aggregate net book value at the balance sheet date of approximately HK\$52,779,000 (1999: HK\$54,256,000) (*note 23*).
- (iv) First legal charges on certain investment properties of the Group situated in Hong Kong with an aggregate carrying value at the balance sheet date of approximately HK\$29,508,000 (1999: HK\$29,508,000) (*note 19*).
- (v) Fixed charges on certain of inventories with carrying value in total of HK\$22,496,000 (1999: HK\$20,731,000) (*note 17*).

27. OTHER LIABILITIES

	Notes	Group		Company	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Creditors, accruals and interest payable		111,913	111,996	446	462
Amount due to ultimate holding Company		44	44	-	-
Tax payable		33,100	78,451	169	169
Proposed final dividend	12	169,686	88,378	169,685	88,378
Deferred tax	28	10,690	10,690	-	-
		325,433	289,559	170,300	89,009

Included in creditors, accruals and interest payable was interest payable of HK\$678,000 (1999: Nil) for a long term loan from a fellow subsidiary. There was no interest payable (1999: HK\$4,879,000) for fixed deposits placed from a fellow subsidiary.

28. DEFERRED TAX

	Group	
	2000 HK\$'000	1999 HK\$'000
Balance at beginning of year	10,690	10,690
Credit for the year	-	-
Balance at 31 December	10,690	10,690

The principal components of the Group's provision for deferred tax, and the amounts not provided for are as follows:

	Provided		Unprovided	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Commission expenses claimed over amount amortised	10,690	10,690	-	-
Unutilised tax losses	-	-	(134,768)	(117,842)
	10,690	10,690	(134,768)	(117,842)

The revaluation of the Group's investment properties does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

There are no significant potential deferred tax liabilities for which a provision has not been made.

29. SHARE CAPITAL

	2000 HK\$'000	1999 HK\$'000
Ordinary shares		
Authorised:		
1,000,000,000 (1999: 1,000,000,000) ordinary shares of HK\$0.10 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
707,022,412 (1999: 707,022,412) ordinary shares of HK\$0.10 each	<u>70,702</u>	<u>70,702</u>

Share options

Pursuant to the Share Option Scheme for Employees (the "scheme") approved on 20 March 1997, the directors may, at their discretion, invite full time employees of the Group, including executive directors, to take up options to subscribe for shares in the Company, subject to:

- (a) the maximum number of share options under the Scheme may not, when aggregated with any securities subject to any other share option scheme(s) of the Company and/or its subsidiaries, exceed 10% of the number of issued shares of the Company from time to time excluding the aggregate number of shares which are issued pursuant to the Scheme and any outstanding options granted under another Share Option Scheme for Employees which were duly approved on 11 September 1991, and lapsed on 10 September 1996; and
- (b) 50% of the options are exercisable two years after 5 July 1997 and the remaining 50% of the options are exercisable three years after 5 July 1997, and the last day to exercise the options is 4 July 2002.

At the beginning of the year, the Company had outstanding options granted in accordance with the terms of the Scheme entitling executive directors and employees thereof to subscribe for 286,000 and 25,652,000 ordinary shares, respectively, of HK\$0.10 each in the Company at HK\$4.77 per share.

During the year, no options to subscribe for shares in the Company were granted to any of the directors or employees.

During the year, none of share options was exercised by employees and 2,798,000 share options were lapsed. Hence, there were 23,140,000 share options outstanding as at 31 December 2000.

30. Reserves

Group	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Long term investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 1999	1,205,970	829	96,116	86,844	428	-	983,985	2,374,172
Premium arising on share options exercised	187	-	-	-	-	-	-	187
Profit for the year	-	-	-	-	-	-	365,338	365,338
Dividends (note 12)	-	-	-	-	-	-	(141,405)	(141,405)
At 31 December 1999 and 1 January 2000	1,206,157	829	96,116	86,844	428	-	1,207,918	2,598,292
Movement in market value (note 18)	-	-	-	-	-	14,147	-	14,147
Capitalisation of share issue expenses of a subsidiary	-	-	-	(1,277)	-	-	-	(1,277)
Profit for the year	-	-	-	-	-	-	446,638	446,638
Dividends (note 12)	-	-	-	-	-	-	(226,245)	(226,245)
At 31 December 2000	1,206,157	829	96,116	85,567	428	14,147	1,428,311	2,831,555
Reserves retained by:								
Company and subsidiaries	1,206,157	829	96,116	85,567	-	14,147	1,443,334	2,846,150
Associates	-	-	-	-	428	-	(15,023)	(14,595)
At 31 December 2000	1,206,157	829	96,116	85,567	428	14,147	1,428,311	2,831,555
Company and subsidiaries	1,206,157	829	96,116	86,844	-	-	1,220,323	2,610,269
Associates	-	-	-	-	428	-	(12,405)	(11,977)
At 31 December 1999	1,206,157	829	96,116	86,844	428	-	1,207,918	2,598,292
Company								
At 1 January 1999	1,205,970	829	194,524	-	-	-	119,679	1,521,002
Premium arising on share options exercised	187	-	-	-	-	-	-	187
Profit for the year	-	-	-	-	-	-	217,426	217,426
Dividends (note 12)	-	-	-	-	-	-	(141,405)	(141,405)
At 31 December 1999 and 1 January 2000	1,206,157	829	194,524	-	-	-	195,700	1,597,210
Profit for the year	-	-	-	-	-	-	238,770	238,770
Dividends (note 12)	-	-	-	-	-	-	(226,245)	(226,245)
At 31 December 2000	1,206,157	829	194,524	-	-	-	208,225	1,609,735

The contributed surplus of the Group represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in September 1991 over the nominal value of the Company's shares issued in exchange therefor.

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in September 1991 over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, a company may make distributions to its shareholders from the contributed surplus in certain circumstances.

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before tax to net cash inflow from operating activities

	Group	
	2000	1999
	HK\$'000	HK\$'000
Profit before tax	531,479	433,782
Depreciation	8,889	8,835
Loss on disposal of fixed assets	194	133
Decrease in provisions for bad and doubtful debts	(16,461)	(102,981)
Dividends from listed investments	(64)	-
Amortisation of intangible assets	25	-
Amortisation and write-off of commission expenses	13,128	39,119
Provision for diminution in value of inventories of taxi licences	-	24
Provision for loss on an amount due from an associate	1,054	-
Share of results from associates	2,618	480
Deficit on revaluation of investment properties	1,800	6,299
Increase in other debtors, interest receivable, deposits and prepayments	(23,983)	(164,829)
Decrease in creditors, accruals and interest payable	(83)	(13,809)
Decrease in amounts due from associates	1,956	608
Decrease in inventories	6,669	44,064
Decrease in deferred expenditure	3,946	6,150
Decrease in bank borrowings	(209,934)	(104,588)
Increase in an amount due to the holding company	-	134
Net cash inflow from trading activities	321,233	153,421
Decrease in deposits from a financial institution	-	(313,029)
Increase in customer deposits	14,437	301,017
Decrease in loans and advances	246	519,211
Net cash inflow from operating activities	335,916	660,620

(b) **Analysis of changes in financing during the year**

	Group Share capital (including share premium) HK\$'000	Minority interests HK\$'000
Balance at 1 January 1999	1,276,668	188,991
Shares issued by exercise of share options	191	-
Share of loss for the year	-	(16,388)
Dividends paid to minority interests	-	(30)
Balance at 31 December 1999 and 1 January 2000	<u>1,276,859</u>	<u>172,573</u>
Share of profit for the year	-	1,394
Dividends paid to minority interests	-	(819)
Preference shares issued	-	17,680
Balance at 31 December 2000	<u>1,276,859</u>	<u>190,828</u>

(c) **Major non-cash transactions**

As further detailed in note 16 to the financial statements, during the year the Group received a Stock Exchange Trading Right and the HKEC Shares in exchange for its one share previously held in the Stock Exchange.

32. COMMITMENTS

	Group 2000 HK\$'000	1999 HK\$'000
Capital commitments:		
Authorised, but not contracted for	-	-
Contracted for, but not provided in the financial statements:		
Purchases of fixed assets	-	11,300
Others	108	105
	<u>108</u>	<u>11,405</u>
Annual commitments under non-cancellable operating leases for land and buildings expiring:		
Within one year	4,179	4,882
In the second to fifth years, inclusive	12,433	12,103
	<u>16,612</u>	<u>16,985</u>

The Company had no material outstanding commitments at the balance sheet date (1999: Nil).

33. UNDRAWN LOAN FACILITIES

The undrawn loan facilities relate to customers of JCG Finance.

	Group			
	2000	Risk	1999	Risk
	Contractual	weighted	Contractual	weighted
	amount	amount	amount	amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
With an original maturity of less than one year or which are unconditionally cancellable	73,700	-	143,096	-

Included in the undrawn loan facilities were HK\$30,000,000 (1999: HK\$95,000,000) and HK\$20,000,000 (1999: HK\$20,000,000) facilities granted to Winton Group and JCG Securities Limited, respectively.

During the year, no derivative activities were transacted.

34. CONTINGENT LIABILITIES

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(a) Guarantees under the joint financing arrangements given to	770	770	-	-
- The ultimate holding company	9,186	29,414	-	-
- Other co-financing banks	9,956	30,184	-	-

(b) Various ex-employees of the restaurants formerly operated by four subsidiaries of the Winton Group had served summonses in July 2000 to the subsidiaries seeking to file their respective statements of claim. These and other related matters will come up for hearing in early 2001. In the statements of claim sought to be filed, the ex-employees (save for one ex-employee in one of the subsidiaries) are seeking declarations against the subsidiaries rather than claiming specific amounts. In view of the financial position of the subsidiaries and having considered the advice of legal advisers, the directors of three of the above subsidiaries have resolved to put their respective companies into creditors' voluntary liquidation. As regards the claims against the remaining subsidiary, based on legal advice, these will continue to be defended (*note 36*).

- (c) As at the balance sheet date, a wholly-owned subsidiary of the Winton Group was named as second defendant in a legal action initiated by an individual claiming a sum of approximately HK\$12,537,952 for damages and loss of future earnings relating to injuries sustained by the said individual in a traffic accident involving a taxi owned and leased by the said subsidiary to a taxi hirer at the time of the accident. The taxi was covered under a third party insurance policy and the claim is being attended by the insurance company. Accordingly, no provision in respect thereof has been made.

35. RELATED PARTY TRANSACTIONS

A portion of the Group's business is represented by transactions to which other members of the Public Bank Berhad group are parties. The significant transactions are summarised below.

		Group	
		2000	1999
	Notes	HK\$'000	HK\$'000
Interest paid to the ultimate holding company	<i>(a)</i>	-	40
Commission received from the ultimate holding company	<i>(a)</i>	104	122
Interest paid to fellow subsidiaries	<i>(b)</i>	85,432	87,388
Interest received from a fellow subsidiary	<i>(b)</i>	15,756	-
Rental income received from the ultimate holding company	<i>(c)</i>	1,027	1,193
Management fees received from the ultimate holding company	<i>(d)</i>	267	298
Interest income from associates	<i>(e)</i>	961	2,353
Provision for loss on amount due from an associates	<i>(f)</i>	1,054	-

- (a) The commission income of HK\$76,000 (1999: HK\$122,000) was received from Public Bank under the Co-Financing Arrangement. During the year, no new hire purchase loans (1999: Nil) were granted by the Group under the Co-Financing Arrangement with Public Bank. The directors considered that the terms of the Co-Financing Arrangement with Public Bank are essentially the same as those the Group has with other co-financing banks. Details of these transactions are set out under the heading "Connected transactions" in the Report of the Directors.

The commission income of HK\$28,000 (1999: Nil) received from referrals of floating rate hire-purchase loans to Public Bank was determined based on market practice.

- (b) Deposits were accepted from Public Bank (L) Ltd ("PBL") and PB Trust Co. Sdn Bhd during the year, in the ordinary course of business and under normal commercial terms (*note 25*).

PBL granted loans to the Group during the year. The principal amount of the loans were utilised up to HK\$749,414,000 (1999: HK\$799,414,000) at the balance sheet date (*note 26*).

In addition, the Group's placement with a fellow subsidiary during the year amounting to HK\$300,000,000 (1999: Nil) at the balance sheet date (*note 15*).

- (c) The rental income was derived from properties included in fixed assets, which were rented to:
 - (i) Public Bank as its staff quarters for a term of three years commencing on 1 August 1999 at a monthly rental of HK\$22,000; and
 - (ii) Public Bank as its office. The related Lease Arrangement was renewed on 1 September 2000 for a term of 23 months at a monthly rental of HK\$47,700.
- (d) The management fees arose from administrative services provided by the Group to the ultimate holding company. They were charged based on the cost incurred by the Group during the year.
- (e) The interest income arose from the amount due from associated companies (*note 21*).
- (f) The amount represented provision for loss on an amount due from an associate, the recoverability of which was doubtful. Accordingly, full provision was made in 2000.

In addition, certain banking facilities of the Group are supported by letters of comfort issued by the ultimate holding company. None of these facilities have been utilised during the year.

36. POST BALANCE SHEET EVENTS

Three subsidiaries of the Group, namely Lion Crown Company Limited, Shuning Shing Limited and Worthy Park Company Limited which have been dormant, resolved on 16 January 2001 to wind up the respective companies voluntarily under section 241 of the Companies Ordinance. The above is not expected to have a significant impact on the financial position of the Group (*note 34(b)*).

37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 20 January 2001.