

## **NOTES TO THE ACCOUNTS**

(expressed in Hong Kong dollars)

### **1 SIGNIFICANT ACCOUNTING POLICIES**

Tan Chong International Limited is a company incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company was listed on The Stock Exchange of Hong Kong Limited (“HKSE”) on 7 July 1998. The place of business of its principal subsidiaries is Singapore.

The consolidated accounts of the Company for the year ended 31 December 2000 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates. The consolidated accounts were authorised for issue by the Directors on 11 April 2001.

#### ***(a) Statement of compliance***

The consolidated accounts have been prepared in accordance with International Accounting Standards (IAS) issued by the International Accounting Standards Committee (“IASC”) and interpretations issued by the Standing Interpretations Committee of the IASC. Although it is not required to do so under the Bye-Laws of the Company, the accounts of the Company and the Group have been prepared so as to comply with the disclosure requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### ***(b) Basis of preparation***

The accounts are presented in Hong Kong dollars, rounded to the nearest thousand, because the Company is listed in Hong Kong although its principal activities are domiciled in Singapore.

The consolidated accounts are prepared on the historical cost basis except that investment properties and investments available for sale are stated at their fair value.

The accounting policies have been consistently applied by Group enterprises and, except for the changes in accounting policy (refer note 35), are consistent with those used in previous year.

#### ***(c) Basis of consolidation***

##### ***(i) Subsidiaries***

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The accounts of subsidiaries are included in the consolidated accounts from the date that control effectively commences until the date that control effectively ceases.

## **1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***(c) Basis of consolidation (continued)***

#### **(i) Subsidiaries (continued)**

Investments in subsidiaries in the Company's balance sheet are stated at cost less any provisions for diminution in value which is other than temporary as determined by the directors for each subsidiary individually. Any such provisions are recognised as an expense in the profit and loss account.

#### **(ii) Associates**

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated accounts include the Group's share of the total recognised gains and losses of the associates on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

#### **(iii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated accounts. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise, against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### **(iv) In the case of exchange of shares, the excess of the fair value of the shares acquired over the nominal value of the shares issued by the Company is credited to the contributed surplus account.**

### ***(d) Translation of foreign currencies***

#### **(i) Individual companies**

Transactions in currencies other than the reporting currency are translated into the reporting currency at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated into the reporting currency at the exchange rates ruling at the balance sheet date. Exchange differences arising on monetary assets that, in substance, form part of a company's net investment in an overseas entity are dealt with as a movement in reserves. Other exchange differences are dealt with in the profit and loss account.

## **1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***(d) Translation of foreign currencies (continued)***

#### **(ii) On consolidation**

The results of overseas subsidiaries and associates are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated at the rates of exchange ruling at the balance sheet date. The exchange differences are dealt with as a movement in reserves.

### ***(e) Investment properties***

Investment properties are held for their investment potential and rental income. Investment properties are stated at their revalued amount, being their fair value on the basis of their existing use. It is the Group's policy to undertake valuations at intervals of not more than three years by independent professional valuers on an open market value basis. In the intervening years investment properties will be valued by appropriately qualified persons within the Group on an annual basis.

Any surplus or deficit arising on revaluation is treated first as a movement in investment properties revaluation reserve and, to the extent that the accumulated deficits for the same investment property exceed surpluses, is charged to profit and loss account.

Profit or loss on disposal is calculated as sales proceeds less book carrying value plus the amount released from the investment properties revaluation reserve as a result of the disposal.

### ***(f) Fixed assets, depreciation and amortisation***

Land and buildings other than investment properties are carried at purchase price or at 1984 revalued amount, less accumulated depreciation.

The surplus which arose on the 1984 valuation was taken to capital reserve and may only be transferred to retained profits as and when the property is disposed of. All other gains and losses arising on disposal of fixed assets are dealt with in the profit and loss account.

Freehold land is not amortised. Leasehold land is amortised over the period of the lease on a straight line basis.

All other fixed assets are carried at purchase price less accumulated depreciation. They are depreciated on a straight line basis to write off the cost of these assets over their estimated useful lives at the following annual rates:

# 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

## (f) Fixed assets, depreciation and amortisation(continued)

Buildings	2% - 4%
Plant, machinery and equipment	
- engines, construction equipment and forklifts for hire	20% - 50% on cost less residual value
- others	10%
Furniture, fixtures, fittings and office equipment	
- computers	100%
- others	10% - 15%
Motor vehicles	12 $\frac{1}{2}$ % - 40%

Subsequent expenditure on the existing fixed assets is capitalised only when it increases the future economic benefits embodied in the item of fixed assets. All other expenditure is recognised in the profit and loss account as an expense as incurred.

## (g) Investments

### (i) Equity investments

Equity investments held for long-term purposes are stated at cost less provision made for other than temporary declines in value. The carrying amounts of equity investments are reviewed as at the balance sheet date in order to assess whether the fair values have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced to the fair value unless there is evidence that the decline is temporary. The amount of the reduction is recognised as an expense in the profit and loss account.

Dividend income from equity investments is recognised when the Group's right to receive payment is established.

### (ii) Debt securities investments

Debt securities investments held for long-term purposes are stated at cost less impairment losses (refer accounting policy (q)). Other debt securities investments held as being available-for-sale are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the profit and loss account.

## (h) Hire purchase contracts

The amounts due from lessees in respect of hire purchase contracts are recorded in the balance sheet as hire purchase debtors which represent the total rental receivable under hire purchase contracts less unearned income.

## **1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(i) *Income tax***

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **(j) *Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost of motor vehicle is determined primarily on actual cost basis while cost of stocks other than motor vehicle stocks is accounted for on average cost basis. Cost comprises the purchase price including import duties (where applicable) and other directly attributable costs of acquisition.

Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business after the balance sheet date or to management estimates based on prevailing market conditions.

### **(k) *Trade and other debtors***

(i) Trade and other receivables are stated at their cost less impairment losses (refer accounting policy (q)).

(ii) Option premium paid to acquire property

Premium paid in connection with the purchase of an option is amortised over the option period. Impairment to the fair value of the option is charged to the profit and loss account in the period in which such impairment occurs.

## **1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***(l) Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and short term deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### ***(m) Trade and other creditors***

Trade and other creditors are stated at their costs.

### ***(n) Provisions***

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### ***(o) Warranties***

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

### ***(p) Recognition of income***

- (i) Revenue arising from sale of goods is recognised when the customer has accepted the goods and the related risks and rewards of ownership.
- (ii) Services fee is recognised upon the conclusion of the related services provided.
- (iii) Interest and hire purchase financing income is accrued on a time-apportioned basis on the principal outstanding and at the interest rate applicable.
- (iv) Rental income is recognised on a straight line basis over the periods of the respective leases.

## **1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

### ***(q) Impairment***

The carrying amount of the Group's assets other than stocks (refer accounting policy (j)) and deferred tax assets (refer accounting policy (i)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of investment property is recognised in the same way as a revaluation decrease. All other impairment losses are recognised in the profit and loss account.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

### ***(r) Borrowing costs***

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use.

### ***(s) Operating leases***

Rentals payable under operating leases are accounted for in the profit and loss account on a straight-line basis over the periods of the respective leases.

### ***(t) Retirement benefits***

Contributions to defined contribution retirement plans are recognised as an expense in the profit and loss account as incurred.

### ***(u) Financing costs***

Financing costs include interest payable on borrowings as well as foreign exchange gains and losses related to financing activities are recognised in the profit and loss account as incurred.

### ***(v) Segment reporting***

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

**1 SIGNIFICANT ACCOUNTING POLICIES (continued)****(w) Comparative information**

Comparative information has been restated in respect of a change in accounting policy for dividend recognition (refer note 35).

**(x) Share capital**

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are cancelled. The par value of the shares repurchased is shown as a deduction from share capital, with adjustment of premiums against retained profits.

**(y) Dividends**

Dividends are recognised as a liability in the period in which they are declared.

**(z) Related parties**

For the purposes of these accounts, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

**2 REVENUE**

Revenue represents the sales value of goods sold, services supplied to customers, interest income and rental income, management service fee, agency commission and handling fee and warranty reimbursement, net of goods and services tax and first registration tax where applicable, analysed as follows:

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods - Vehicles, machinery and spare parts	4,703,043	2,699,028
- Telecommunication products	79,498	94,076
Rendering of services	169,188	165,288
Hire purchase financing income	28,820	25,177
Gross rentals from investment properties	31,574	35,686
Rentals from lease of offices and workshops	3,161	7,493
Management service fee	14,508	17,317
Agency commission and handling fee	21,458	12,076
Warranty reimbursement	5,478	4,896
	5,056,728	3,061,037



**3 OTHER OPERATING INCOME**

	<i><b>2000</b></i>	<i><b>1999</b></i>
	<i><b>\$'000</b></i>	<i><b>\$'000</b></i>
Interest income from listed debt securities	2,216	-
Other interest income	26,637	14,651
Dividend income		
- listed investments	607	243
- unlisted investments	866	846
Gain on disposal of fixed assets	4,551	3,678
Gain on disposal of investment properties	237,856	-
Others	3,890	5,756
	<u>276,623</u>	<u>25,174</u>

**4 OTHER OPERATING EXPENSES**

	<i><b>2000</b></i>	<i><b>1999</b></i>
	<i><b>\$'000</b></i>	<i><b>\$'000</b></i>
Provision for other than temporary declines in value of equity investments	50,664	7,414
Deficit on revaluation of investment properties	19,740	-
Bad debts and bank charges	1,588	2,172
Pre-operating expenses	-	9
Others	90	141
	<u>72,082</u>	<u>9,736</u>

**5 FINANCING COSTS**

	<i><b>2000</b></i>	<i><b>1999</b></i>
	<i><b>\$'000</b></i>	<i><b>\$'000</b></i>
Interest expenses		
- on bank loans	9,062	11,690
- on bank overdrafts	1,369	1,282
	<u>10,431</u>	<u>12,972</u>

**6 PROFIT BEFORE TAXATION AND MINORITY INTERESTS**

Profit before taxation and minority interests is arrived at after charging:

	<i><b>2000</b></i>	<i><b>1999</b></i>
	<i><b>\$'000</b></i>	<i><b>\$'000</b></i>
Depreciation	46,772	39,003
Auditors' remuneration	1,629	1,612
Operating lease rental expense	10,800	8,624

**7 PERSONNEL EXPENSES**

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Wages and salaries	105,112	99,618
Retirement benefit costs	10,145	8,482
Others	3,705	6,299
	118,962	114,399

The number of employees at the end of 2000 was 681 (1999: 649).

**8 DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION**

Details of executive directors' remuneration are as follows:

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Fees	1,293	1,550
Basic salaries, allowances and other benefits	9,969	5,581
Bonus	3,570	2,325
Retirement plan contributions	1,471	232
	16,303	9,688

Fees in respect of independent non-executive directors for the year ended 31 December 2000 amounted to \$120,000 (1999: \$190,000).

The number of directors whose remuneration falls within the following designated bands is set out below:

	<i>2000</i>	<i>1999</i>
\$Nil - \$1,000,000	3	3
\$1,000,001 - \$1,500,000	-	1
\$1,500,001 - \$2,000,000	1	-
\$2,000,001 - \$2,500,000	1	2
\$2,500,001 - \$3,000,000	-	-
\$3,000,001 - \$3,500,000	1	1
\$3,500,001 - \$4,000,000	1	-
\$4,000,001 - \$4,500,000	-	-
\$4,500,001 - \$5,000,000	1	-
	8	7

**8 DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION (continued)**

The details of the remuneration for the five highest paid individuals (including directors) and the number of individuals (including directors) whose remuneration from the Group falls within the following designated bands are set out below.

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Basic salaries, allowances and other benefits	10,569	9,108
Bonus	3,570	3,395
Retirement plan contributions	1,471	368
	15,610	12,871
	2000	1999
\$Nil - \$1,000,000	-	-
\$1,000,001 - \$1,500,000	-	1
\$1,500,001 - \$2,000,000	1	-
\$2,000,001 - \$2,500,000	1	2
\$2,500,001 - \$3,000,000	-	-
\$3,000,001 - \$3,500,000	1	1
\$3,500,001 - \$4,000,000	1	1
\$4,000,001 - \$4,500,000	-	-
\$4,500,001 - \$5,000,000	1	-
	5	5

**9 TAXATION****(a) Income tax expense:**

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>		
Current year	171,713	70,490
Under provided in prior years	10,501	1,810
	182,214	72,300
<b>Deferred tax expense</b>		
Originating and reversal of temporary differences	1,567	2,879
(Reduction)/increase in tax rate	(495)	3,568
Benefit of tax losses written off/(recognised)	4,369	(56)
	5,441	6,391
<b>Total income tax expense in profit and loss account</b>	<b>187,655</b>	<b>78,691</b>

**9 TAXATION (continued)****(a) Income tax expense: (continued)**

The analysis of income tax expense is as follows:

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Hong Kong	1,188	668
Singapore	179,410	73,155
Elsewhere	362	139
Associates	6,695	4,729
	187,655	78,691

The Group's applicable tax rate represents the weighted average of the statutory corporate income tax rates, which mainly range between 16% (1999: 16%) and 25.5% (1999: 26%), in the tax jurisdictions in which the Group operates.

The following is a reconciliation of income taxes calculated at the applicable tax rate with income tax expense:

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounting profit before tax	674,192	263,134
Computed tax using the applicable corporation tax rate		
- in Hong Kong	(1,094)	(2,158)
- in Singapore	175,197	71,920
Difference in Group companies' tax rates relative to Hong Kong tax rate	955	493
Adjustments resulting from:		
- Non-deductible expenses	22,550	7,176
- Non-taxable income	(24,823)	(494)
- Effect of tax loss written off/(utilised)	4,369	(56)
- Other underprovision in respect of prior years	10,501	1,810
Income tax expense	187,655	78,691

**(b) Deferred tax credit/(debit) recognised directly in equity**

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Relating to investment properties	(116,259)	(13,616)

**9 TAXATION (continued)****(c) Deferred tax assets and liabilities**

Deferred tax assets and deferred tax liabilities at 31 December 2000 and 1999 are attributable to the items detailed in the table below:

	<b>2000</b>			<b>1999</b>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Fixed assets	1,088	(10,295)	(9,207)	3,783	(13,567)	(9,784)
Investment properties	-	(100,704)	(100,704)	2,240	(216,963)	(214,723)
Stocks	11,998	-	11,998	10,497	(5)	10,492
Trade debtors	4,787	-	4,787	6,279	-	6,279
Other debtors and prepayments	35	(24)	11	1,121	-	1,121
Amount due from subsidiaries	132	-	132	-	-	-
	<b>2000</b>			<b>1999</b>		
	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Net</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Cash and cash equivalents	58	(23)	35	-	(679)	(679)
Creditors and accruals	7,557	(34)	7,523	8,219	-	8,219
Provisions	1,488	-	1,488	1,637	-	1,637
Tax value of loss carry -forward	3,797	-	3,797	6,209	-	6,209
Other items	-	-	-	-	(14)	(14)
Tax assets/(liabilities)	30,940	(111,080)	(80,140)	39,985	(231,228)	(191,243)
Set-off within legal tax units and jurisdictions	(3,170)	3,170	-	(8,223)	8,223	-
Net tax assets/ (liabilities)	27,770	(107,910)	(80,140)	31,762	(223,005)	(191,243)

**10 PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

The profit attributable to shareholders included a profit of \$83,904,000 (1999: \$190,098,000) which has been dealt with in the accounts of the Company.

**11 DIVIDENDS**

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
(i) At balance sheet date the following dividends have been approved and declared:		
Interim dividend paid of 1.5 cents (1999: 1.5 cents) per share	30,200	30,240
Final dividend paid in respect of the prior year	50,400	40,320
	80,600	70,560
(ii) After the balance sheet date the following dividend was proposed by the Directors.		
The dividend has not been provided for:		
Final proposed dividend of 3 cents (1999: 2.5 cents) per share	60,399	50,400

**12 EARNINGS PER SHARE**

The calculation of basic earnings per share is based on net profit for the year attributable to ordinary shareholders of \$486,753,000 (1999: \$185,273,000) and weighted average number of ordinary shares outstanding during the year (after adjusting for the average number of repurchased shares) of 2,013,450,000 shares (1999: 2,016,000,000 shares).

The number of ordinary shares can be specified as follows:

	<i>2000</i>	<i>1999</i>
Issued ordinary shares at the beginning of the year	2,016,000,000	2,016,000,000
Adjustment for own shares repurchased	(2,691,000)	-
Issued ordinary shares as at 31 December 2000	2,013,309,000	2,016,000,000

The amount of diluted earnings per share is not presented as there were no dilutive shares outstanding during 1999 and 2000.

**13 INVESTMENT PROPERTIES**

	<i>Freehold land and buildings</i>	<i>Leasehold land and buildings</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At 1 January 2000	1,392,092	378,651	1,770,743
Exchange adjustments	(21,313)	(8,930)	(30,243)
Disposals	(799,149)	-	(799,149)
Deficit on revaluation	(46,182)	(36,863)	(83,045)
At 31 December 2000	525,448	332,858	858,306

The analysis of the valuation of land and buildings is as follows:

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Freehold		
- Held outside Hong Kong	525,449	1,392,092
Leasehold		
- In Hong Kong under long lease	70,000	88,000
- Outside Hong Kong under long lease	250,357	276,411
- Outside Hong Kong under medium-term lease	5,000	5,840
- Outside Hong Kong under short lease	7,500	8,400
	858,306	1,770,743

The investment properties of the Group were revalued at 31 December 2000 by an external independent valuer, at their open market value on an existing use basis. The revaluation deficit of \$439,692,000 net of deferred tax of \$116,259,000 has been transferred to the investment properties revaluation reserve. The net deficit of \$323,433,000 includes the transfer out of a revaluation surplus of \$376,387,000 net of deferred tax of \$97,861,000 on the disposal of an investment property.

Leasehold property with a carrying value of \$5 million (1999: \$5.8 million) is located in the PRC and its building ownership certificate has not yet been obtained by the Group.

Investment properties comprise a number of commercial properties that are leased to external customers. Each of the leases contains an initial non-cancellable period of ten years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Refer note 30(b) for further information.

**14 FIXED ASSETS**  
**(a) The Group**

	<i>Freehold land</i>	<i>Leasehold land</i>	<i>Buildings</i>	<i>Plant, machinery and equipment</i>	<i>Furniture, fixtures, fittings and office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost or valuation:</b>							
At 1 January 2000	183,129	44,174	197,142	101,040	67,101	89,402	681,988
Exchange adjustments	(5,983)	(881)	(5,753)	(2,783)	(2,090)	(2,868)	(20,358)
Additions	-	41,948	45,045	29,768	5,780	50,582	173,123
Disposals	-	-	-	(19,152)	(12,699)	(20,743)	(52,594)
At 31 December 2000	177,146	85,241	236,434	108,873	58,092	116,373	782,159
<b>Representing:</b>							
Cost	204	76,032	155,572	108,873	58,092	116,373	515,146
Valuation - 1984	176,942	9,209	80,862	-	-	-	267,013
177,146	85,241	236,434	108,873	58,092	116,373	782,159	
<b>Accumulated depreciation:</b>							
At 1 January 2000	-	7,731	56,652	43,035	49,168	40,602	197,188
Exchange adjustments	-	(177)	(1,674)	(1,176)	(1,540)	(1,326)	(5,893)
Charge for the year	-	1,274	7,030	17,580	8,699	12,189	46,772
Written back on disposal	-	-	-	(13,523)	(7,239)	(13,293)	(34,055)
At 31 December 2000	-	8,828	62,008	45,916	49,088	38,172	204,012
<b>Net book value:</b>							
At 31 December 2000	177,146	76,413	174,426	62,957	9,004	78,201	578,147
At 31 December 1999	183,129	36,443	140,490	58,005	17,933	48,800	484,800



**14 FIXED ASSETS (continued)****(a) The Group (continued)**

The analysis of net book value of land and buildings is as follows:

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
In Hong Kong		
- Long lease	-	11,273
- Medium term lease	11,005	-
- Short lease	192	1,040
Outside Hong Kong		
- Freehold	232,875	242,503
- Long lease	53,480	56,854
- Medium-term lease	129,596	47,412
- Short lease	837	980
	427,985	360,062

Certain land and buildings were revalued by the directors based on independent professional valuations in 1984. These properties are carried at the respective revalued amounts (or deemed cost) totalling \$267,013,000 as the amount of the adjustments relating to prior periods could not be reasonably determined when IAS was adopted for the purpose of preparing accounts prior to listing. The requirements of IAS 16 "Property, plant and equipment" with respect to carrying assets at amounts other than cost less accumulated depreciation are therefore not applicable.

**(b) The Company**

	<b>Office equipment</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost:</b>				
At 1 January 2000	38	254	431	723
Additions	44	1	-	45
At 31 December 2000	82	255	431	768
<b>Accumulated depreciation:</b>				
At 1 January 2000	37	74	172	283
Charge for the year	13	38	86	137
At 31 December 2000	50	112	258	420
<b>Net book value:</b>				
At 31 December 2000	32	143	173	348
At 31 December 1999	1	180	259	440

**15 INVESTMENTS IN SUBSIDIARIES**

	<i><b>2000</b></i>	<i><b>1999</b></i>
	<i><b>\$'000</b></i>	<i><b>\$'000</b></i>
Unlisted shares, at cost	2,292,080	2,292,080
Loan to a subsidiary	47,000	47,000
	-----	-----
	2,339,080	2,339,080

The loan to a subsidiary is unsecured, interest free and has no fixed repayment terms.

The following list contains the particulars of subsidiaries as at 31 December 2000 which principally affected the results or assets of the Group:

<i><b>Name</b></i>	<i><b>Place of incorporation and operation</b></i>	<i><b>Particulars of issued and paid up capital (All being ordinary unless otherwise stated)</b></i>	<i><b>Percentage of equity held by subsidiary</b></i>	<i><b>Principal activities</b></i>
Tan Chong & Sons Motor Company (Singapore) Private Limited	Singapore	SGD100,000,000 Redeemable preference SGD50,000,000	100%	Distribution of motor vehicles
Singapore Automotive Industries Private Limited	Singapore	SGD2,000,000	100%	Distribution of auto spare parts
Tan Chong Industrial Machinery (Pte) Ltd	Singapore	SGD4,000,000 Redeemable preference SGD12,500,000	100%	Distribution of heavy commercial vehicles and industrial equipment, rental of machinery and provision of workshop services
Motor Image Enterprises Pte Ltd	Singapore	SGD8	100%	Distribution of motor vehicles
Tan Chong Credit Private Ltd	Singapore	SGD34,100,000 Redeemable preference SGD12,500,000	100%	Hire-purchase financing and insurance agency

**15 INVESTMENTS IN SUBSIDIARIES (continued)**

<i>Name</i>	<i>Place of incorporation and operation</i>	<i>Particulars of issued and paid up capital (All being ordinary unless otherwise stated)</i>	<i>Percentage of equity held by subsidiary</i>	<i>Principal activities</i>
Tan Chong Realty (Private) Limited	Singapore	SGD32,900,000 Redeemable preference SGD25,000,000	100%	Property holding and development
Advance Pacific Holdings Limited	Hong Kong	HKD8,500,000	100%	Investment holding
Motor Image (H.K.) Limited	Hong Kong	HKD8,000,000	100%	Distribution of motor vehicles

**16 INTEREST IN ASSOCIATES**

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Unlisted shares, at cost	73,397	73,397
Share of post-acquisition gains and losses	131,973	115,690
Amounts due from associates	9,045	7,604
	141,018	123,294

Details of the major associates are as follows:

<i>Name of company</i>	<i>Place of incorporation</i>	<i>Percentage of equity held by the group</i>	<i>Principal activity</i>
Orix Car Rentals Pte Ltd	Singapore	50%	Car rental
Tyre Pacific (HK) Limited	Hong Kong	50%	Distribution of tyres
PT Tifa Mutual Finance Corporation	Indonesia	48%	Leasing and finance

**17 INVESTMENTS**

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
(i) Non-current investments		
Equity investments - unlisted	24,288	77,369
- listed	75,114	64,546
	99,402	141,915
Debt securities investments - listed	38,704	-
	138,106	141,915
Market value of listed equity investments	74,352	53,211
Market value of listed debt securities	40,910	-
(ii) Current investments		
Debt securities - unlisted	385,690	-

**18 STOCKS**

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials	4,614	4,132
Work-in-progress	470	330
Spare parts and others	75,046	57,983
Finished goods and trading stocks	366,767	255,574
Goods in transit	1,758	443
	448,655	318,462
Stocks stated at net realisable value	410,111	287,850

**19 TRADE DEBTORS**

Included in trade debtors are debtors (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

**(a) The Group**

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	155,737	128,750
1 to 3 months overdue	32,959	18,641
More than 3 months overdue but less than 12 months overdue	4,464	(298)
	193,160	147,093

**19 TRADE DEBTORS (continued)****(b) Credit policy**

Debts are due within 1 month from the date of billing. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

**20 HIRE PURCHASE DEBTORS**

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Hire purchase debtors	443,047	317,180
Unearned interest charges	(68,116)	(54,673)
	-----	-----
	374,931	262,507
Provision for doubtful debts	(15,334)	(14,595)
	-----	-----
	359,597	247,912
	-----	-----
Balance due		
- within one year	120,530	103,503
- between one year and five years	219,661	135,731
- more than five years	19,406	8,678
	-----	-----
	359,597	247,912
	-----	-----

**21 OTHER DEBTORS, DEPOSITS AND PREPAYMENTS**

Other debtors, deposits and prepayments include an option premium paid during the year to acquire a property (refer to note 36) of HK\$4,499,400 less amortisation for the period of HK\$437,441.

**22 CASH AND CASH EQUIVALENTS**

	<i>The Group</i>		<i>The Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Bank deposits	569,966	526,248	4,937	101
Bank balances	33,388	37,652	759	516
Cash on hand	269	228	-	-
Cash and cash equivalents	603,623	564,128	5,696	617
Bank overdrafts (unsecured)	(36,869)	(82,254)	-	-
Cash and cash equivalents in the statement of cash flows	566,754	481,874	5,696	617

The effective interest rates of deposits ranged from 1.5% to 6.25% (1999: 1.05% to 8.5%) per annum. The tenor of such deposits ranged from 1 day to 3 months.

Bank overdrafts bear interest ranging from 5% to 6.5% (1999: 5% to 6.75%) per annum.

**23 BANK LOANS (UNSECURED)**

At 31 December 2000, the bank loans were payable as follows:

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Within 1 year	67,799	75,779
After 1 year but within 2 years	11,613	11,609
After 2 years but within 5 years	34,843	34,827
After 5 years	23,226	34,840
	69,682	81,276
	137,481	157,055

\$81,295,000 (1999: \$92,890,000) of the bank loans bears interest at the Hong Kong Inter Bank Offered Rate plus 1.5% per annum or at the bank's cost of funds plus 1.5% per annum, whichever is the higher.

The remaining portion of the bank loans bears interest ranging from 6.9% to 9% (1999: 5.4% to 7.5%) per annum.

**24 TRADE CREDITORS**

Included in trade creditors are creditors with the following ageing analysis:

	<i>The Group</i>	
	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Due within one month or on demand	121,349	141,708
Due after 1 month but within 3 months	38,780	61,733
Due after 3 months but within 6 months	3,788	20,405
Due after 6 months but within 12 months	1,650	828
	165,567	224,674

**25 AMOUNTS DUE TO RELATED COMPANIES**

	<i>The Group</i>		<i>The Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Trading balances	6,725	3,717	52	171

**26 PROVISIONS**

	<i>The Group</i>
	<i>2000</i>
	<i>\$'000</i>
<i>Provision for Warranties</i>	
Balance at 1 January	6,298
Provisions made	2,837
Provisions used	(893)
Provisions reversed	(2,168)
Balance at 31 December	6,074

As at 31 December 2000, the provision for warranties was payable as follows:

	<i>The Group</i>
	<i>2000</i>
	<i>\$'000</i>
Within 1 year	3,964
After 1 year but within 2 years	1,359
After 2 years but within 3 years	751
	2,110
	6,074

**26 PROVISIONS (continued)**

The provision for warranty relates mainly to motor vehicles sold during 1997 to 2000. The provision is based on estimates made from historical warranty data associated with similar products and services.

**27 SHARE CAPITAL**

	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>
Authorised:		
3,000,000,000 ordinary shares of \$0.50 each	1,500,000	1,500,000
Issued and fully paid:		
At 1 January	1,008,000	1,008,000
Shares repurchased	(1,345)	-
At 31 December	1,006,655	1,008,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year, the company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

<i>Month/year</i>	<i>Number of shares purchased</i>	<i>Highest price paid per share</i>	<i>Lowest price paid per share</i>	<i>Aggregate price paid</i>
				<i>\$</i>
January 2000	999,000	1.40	-	1,398,600
February 2000	1,692,000	1.38	1.28	2,275,909
	2,691,000			3,674,509

The repurchased shares were cancelled and accordingly the issued share capital of the company was reduced by the nominal value of these shares. However, pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of \$1,345,500 was transferred from the retained profits to the capital redemption reserves. The premium paid on the repurchase of the shares of \$2,329,009 was charged to retained profits (refer note 28).



**28 RESERVES****(a) The Group**

	<i>Note</i>	<i>Share premium</i>	<i>Capital reserve</i>	<i>Investment properties revaluation reserve</i>	<i>Translation reserve</i>	<i>Contributed surplus</i>	<i>Retained profits</i>	<i>Total</i>
		<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at 1 January 1999		550,547	9,549	579,547	(338,894)	377,690	676,212	1,854,651
Change in accounting policy	35							
- transfer reversed		-	-	-	-	40,320	(40,320)	-
- dividend proposed		-	-	-	-	-	40,320	40,320
Restated balance								
at 1 January 1999		550,547	9,549	579,547	(338,894)	418,010	676,212	1,894,971
Total recognised gains and losses		-	-	38,754	(11,804)	-	185,273	212,223
Transfer (change in accounting policy)		-	-	-	-	(40,320)	40,320	-
Dividends to shareholders	11	-	-	-	-	-	(70,560)	(70,560)
Balance at 31 December 1999		550,547	9,549	618,301	(350,698)	377,690	831,245	2,036,634
Balance at 1 January 2000		550,547	9,549	618,301	(350,698)	377,690	780,845	1,986,234
Change in accounting policy	35	-	-	-	-	-	50,400	50,400
Restated balance								
at 1 January 2000		550,547	9,549	618,301	(350,698)	377,690	831,245	2,036,634
Total recognised gains and losses		-	-	(323,433)	(79,755)	-	486,753	83,565
Own shares repurchased	27	-	-	-	-	-	(2,329)	(2,329)
Dividends to shareholders	11	-	-	-	-	-	(80,600)	(80,600)
Balance at 31 December 2000		550,547	9,549	294,868	(430,453)	377,690	1,235,069	2,037,270

**28 RESERVES (continued)**

<i>(b) The Company</i>	<i>Note</i>	<i>Share premium \$'000</i>	<i>Contributed surplus \$'000</i>	<i>Retained profits \$'000</i>	<i>Total \$'000</i>
Balance at 1 January 1999		550,547	623,313	1,276	1,175,136
Change in accounting policy	35				
- transfer reversed		-	40,320	(40,320)	-
- dividend proposed		-	-	40,320	40,320
Restated balance					
at 1 January 1999		550,547	663,633	1,276	1,215,456
Total recognised gains and losses		-	-	190,098	190,098
Transfer (change in accounting policy)		-	(40,320)	40,320	-
Dividends to shareholders	11	-	-	(70,560)	(70,560)
Balance at 31 December 1999		550,547	623,313	161,134	1,334,994
Balance at 1 January 2000		550,547	623,313	110,734	1,284,594
Change in accounting policy	35	-	-	50,400	50,400
Restated balance					
at 1 January 2000		550,547	623,313	161,134	1,334,994
Total recognised gains and losses		-	-	83,904	83,904
Own shares repurchased	27	-	-	(2,329)	(2,329)
Dividends to shareholders	11	-	-	(80,600)	(80,600)
At 31 December 2000		550,547	623,313	162,109	1,335,969

***Capital reserve***

The capital reserve mainly comprises revaluation surplus arising on revaluation in 1984 of land and buildings other than investment properties.

***Investment properties revaluation reserve***

The investment properties revaluation reserve comprises the net cumulative increase in the fair value of investment properties that has been recognised in the accounts.

***Translation reserve***

The translation reserve mainly comprises all foreign exchange differences arising from the translation of the accounts of foreign operations that are not integral to the operation of the Company.

**28 RESERVES (continued)*****Contributed surplus***

The excess of the value of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange was credited to contributed surplus. Under the Companies Act of Bermuda, contributed surplus is available for distribution to shareholders, except if there are reasonable grounds for believing that:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company's reserves available for distribution to shareholders at 31 December 2000 are as follows:

	<b>2000</b>	<b>1999</b>
	<b>\$'000</b>	<b>\$'000</b>
Contributed surplus	623,313	623,313
Retained profits (restated, refer to note 28(b))	162,109	161,134
	-----	-----
	785,422	784,447

**29 FINANCIAL INSTRUMENTS**

Financial assets of the Group include cash, equity and debt securities investments, trade, hire purchase and other receivables. Financial liabilities of the Group include loans, borrowings, trade and other payables. Accounting policies for financial assets and liabilities are set out in note 1.

***(a) Interest rate risk***

The interest rates and terms of repayment of loans and borrowings of the Group are disclosed in notes 22 and 23.

The contractual repricing period for cash and cash equivalents, bank overdrafts and unsecured bank loans are all within 6 months.

**29 FINANCIAL INSTRUMENTS (continued)****(b) Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The Group does not have a significant exposure to any individual customer or counterparty. The Group invests available cash and cash equivalents with various banks with high credit ratings.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

**(c) Foreign currency risk**

The Group has exposures to foreign currencies as its major operations and income are derived mainly in Singapore dollars (“SGD”). Depreciation and appreciation of SGD against Hong Kong dollars can affect the Group’s results.

The Group’s operating subsidiaries regularly monitor their exchange exposure and may hedge their position discriminately, depending on the size of the exposure and the future outlook of the particular currency unit.

**(d) Fair value**

The fair value of listed investments is shown in note 17.

The fair values of unlisted equity investments, debt securities investments, cash, trade, hire purchase and other receivables, trade and other payables, loans and borrowings are not materially different from their carrying amounts.

**30 COMMITMENTS****(a) Capital commitments outstanding at 31 December 2000 not provided for in the accounts were as follows:**

	<i>The Group</i>	
	<i>2000</i>	<i>1999</i>
	<i>\$’000</i>	<i>\$’000</i>
Authorised and contracted for:		
- Purchase of assets	11,578	-
Authorised but not contracted for	-	-
	-----	-----
	11,578	-

**30 COMMITMENTS (continued)*****(b) Operating lease commitments***

Minimum lease payments under non-cancellable operating leases, not provided for:

	<b><i>The Group</i></b>	
	<b><i>2000</i></b>	<b><i>1999</i></b>
	<b><i>\$'000</i></b>	<b><i>\$'000</i></b>
not later than one year	14,138	8,071
between one and two years	8,392	7,814
between two and three years	3,172	2,279
between three and four years	2,182	2,279
between four and five years	2,178	2,279
later than five years	42,339	39,059
	<b>72,401</b>	<b>61,781</b>

**31 CONTINGENT LIABILITIES**

At 31 December 2000, the Group had contingent liabilities in respect of unsecured guarantees amounting to \$12,424,000 (1999: \$8,934,000) to banks in respect of credit facilities extended to related companies, out of which \$266,000 (1999: \$Nil) was utilised at 31 December 2000.

**32 RETIREMENT BENEFITS**

The Group makes the mandatory contributions to the employee provident funds which are defined contribution plans in Singapore and Brunei.

In Hong Kong, the Group operates a defined contribution plan whereby the Group contributes to the plan at a rate of 5% of basic salary each month.

**32 RETIREMENT BENEFITS (continued)**

The Group has no obligation for the payment of retirement benefits beyond the contributions described above. For any forfeited amount due to resignation prior to vesting of the benefits, the amount will be used to reduce the contributions made in that corresponding financial year.

Contributions to the retirement plan are charged to the profit and loss account as and when incurred.

**33 RELATED PARTY TRANSACTIONS**

The following is a summary of significant transactions carried out in the normal course of business between the Group and its related companies during the year:

	<i>Note</i>	<b>2000</b> <i>\$'000</i>	<b>1999</b> <i>\$'000</i>
Sales of goods and services to TCMH Group	(i)	2,802	1,576
Sales of goods and services to Ultima Group	(i)	4,866	6,158
Purchase of stocks from TCMH Group	(i)	22,984	17,083
Purchase of stocks from Ultima Group	(i)	3,201	12,484
Purchase of fixed assets from Ultima Group	(i)	303	291
Sale of fixed assets to Ultima Group	(i)	2	-
Services rendered by Ultima Group	(i)	110	92
Rentals received from Ultima Group	(ii)	720	2,518
Commission received from Ultima Group	(ii)	-	1
Hire purchase financing income from Ultima Group	(iii)	651	595
Management fee paid to TCMH Group	(iv)	295	626

**Notes:**

- (i) Dato' Tan Kim Hor and Tan Eng Soon are the chairman and managing director of TCMH, respectively and the Ultima Group is controlled by the Tan family. All the sales and purchases and services rendered between the Group, the TCMH Group and the Ultima Group were on normal commercial terms.
- (ii) Rentals and commission income received from Ultima Group for the leasing of premises and vehicles were on normal commercial terms.
- (iii) Hire purchase financing income represents interest charges on hire purchase financing on motor vehicles to Ultima Group. Interest on the hire purchase financing was charged at a fixed interest rate with a fixed repayment term usually of 7 years.
- (iv) The Group received technical support from TCMH Group in respect of its manufacturing operations in the PRC and a management fee was charged.

### 34 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

#### ***Business segments***

The Group comprises the following main business segments:

(i) Motor vehicle distribution

The Group is the exclusive distributor for Nissan vehicles in Singapore and for Subaru vehicles in Singapore and Hong Kong. It distributes all models of Nissan passenger and light commercial vehicles exported to Singapore and all models of Subaru passenger vehicles exported to Singapore and Hong Kong by the respective manufacturers.

(ii) Heavy commercial vehicle and industrial equipment distribution

The Group is the sole distributor for Nissan Diesel heavy commercial vehicles and Nissan forklift trucks in Singapore and Brunei. The Group markets and distributes a wide range of both Nissan Diesel heavy commercial vehicles and industrial equipment.

(iii) Sales of telecommunication products

The Group engages in retail of Motorola and other brands of cellular phones and accessories and also provides cellular phone network connection services for phone customers.

(iv) Properties rental

The Group has significant property interest in Singapore and engages in the gradual development of various operating and investment properties in order to meet the property needs of the Group as well as for sales and rental income.

### **34 SEGMENT REPORTING (continued)**

#### ***Geographical segments***

The business segments detailed above operate in three principal geographical areas. Singapore is a major market for main kinds of Group business. In Hong Kong, the Group is engaged in the distribution of Subaru vehicles, provision of workshop services and investment in property in return for rental income and in the PRC, the Group manufactures vehicle seats and shock absorbers targeting at the growing domestic market.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.



## 34 SEGMENT REPORTING (continued)

	<i>Motor vehicle distribution</i>		<i>Heavy commercial vehicle and industrial equipment distribution</i>		<i>Sales of telecommunication products</i>		<i>Properties rental</i>		<i>Other operations</i>		<i>Consolidated</i>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers:												
- sales	4,366,186	2,473,836	304,670	192,494	79,498	94,076	-	-	32,189	32,698	4,782,543	2,793,104
- services	87,809	81,606	52,609	57,819	-	-	3,918	3,369	24,851	22,494	169,187	165,288
- finance	-	-	-	-	-	-	-	-	28,820	25,177	28,820	25,177
- rentals	2,240	6,423	325	-	-	-	31,574	35,686	596	1,070	34,735	43,179
- others	26,800	18,558	2,976	3,520	63	499	5,514	5,585	6,090	6,127	41,443	34,289
Total revenue	4,483,035	2,580,423	360,580	253,833	79,561	94,575	41,006	44,640	92,546	87,566	5,056,728	3,061,037
Segment result:												
Profit from operations	367,209	190,680	42,522	20,660	898	2,428	241,363	24,112	8,045	14,794	660,037	252,674
Net financing												
income/ (costs)	1,936	3,221	(167)	(548)	(5)	(124)	(12,972)	(17,886)	777	2,365	(10,431)	(12,972)
Income from associates	21,750	15,039	-	-	-	-	-	-	2,836	8,393	24,586	23,432
Income tax expense	(116,703)	(63,040)	(13,155)	(4,880)	(424)	(553)	(43,744)	(3,667)	(13,629)	(6,551)	(187,655)	(78,691)
Minority interests	-	-	-	-	-	-	-	-	216	830	216	830
Net profit for the year	274,192	145,900	29,200	15,232	469	1,751	184,647	2,559	(1,755)	19,831	486,753	185,273
Segment assets	1,756,330	1,594,390	230,279	205,343	2,083	4,516	591,724	1,476,743	1,133,581	606,420	3,713,997	3,887,412
Interest in associates	104,715	88,262	-	-	-	-	-	-	36,303	35,032	141,018	123,294
Consolidated total assets	1,861,045	1,682,652	230,279	205,343	2,083	4,516	591,724	1,476,743	1,169,884	641,452	3,855,015	4,010,706
Consolidated total liabilities	428,083	499,576	55,397	47,706	3,591	8,042	206,603	302,080	105,992	96,390	799,666	953,794
Capital expenditure	59,103	5,805	74,280	20,385	58	172	391	391	39,291	12,929	173,123	39,682
Depreciation and amortisation expense	12,011	10,100	20,401	16,825	266	206	2,110	2,775	11,984	9,097	46,772	39,003

**34 SEGMENT REPORTING (continued)**

In addition to the information on business segments based on the structure of the Group, the figures below present information for geographical segments.

	<i>Singapore</i>		<i>Hong Kong</i>		<i>PRC</i>		<i>Other</i>		<i>Consolidated</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Revenue from external customers	4,869,081	2,877,966	90,907	90,624	24,690	19,338	72,050	73,109	5,056,728	3,061,037
Segment assets	2,800,690	3,455,596	212,937	254,401	68,903	61,879	631,467	115,536	3,713,997	3,887,412
Capital expenditure	171,549	37,556	389	557	495	816	690	753	173,123	39,682

**35 CHANGE IN ACCOUNTING POLICY**

During the year the Group adopted IAS 10 Events after the balance sheet date retrospectively.

The adoption of IAS 10 has resulted in the Group and the Company reversing a proposed dividend that did not meet the recognition criteria of the standard. This change was accounted for by adjusting the opening balance of retained profits and proposed dividend at 1 January 2000; and for comparative figures, the opening balance of contributed surplus and proposed dividend at 1 January 1999.

**35 CHANGE IN ACCOUNTING POLICY (continued)**

Impact of change in accounting policy

The change in accounting policy, when applied consistently to 2000 and 1999, had the following impact on the reserves of the Group and the Company:

	<i>The Group</i>				<i>The Company</i>			
	<i>Proposed dividend</i>		<i>Retained profits</i>		<i>Proposed dividend</i>		<i>Retained profits</i>	
	2000	1999	2000	1999	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balances as previously reported	50,400	40,320	780,845	676,212	377,690	377,690	50,400	40,320
Impact of adopting IAS 10	(50,400)	(40,320)	50,400	-	-	40,320	(50,400)	(40,320)
Opening balances as adjusted	-	-	831,245	676,212	377,690	418,010	161,134	1,276
							623,313	623,313
							663,663	663,663

**36 OPTION TO ACQUIRE A PROPERTY**

In connection with the sale of an investment property under an asset securitisation arrangement, a subsidiary has been granted a call option (“the option”) at a consideration of HK\$4.5 million to acquire the entire ordinary share capital of the company (“the property company”) which acquired the property. The exercise price of the option is HK\$5 million and the exercisable period is within 30 to 42 months from the date of grant of the option. Upon exercising the option, the subsidiary will be required to repay all the outstanding loan and accrued interest incurred by the property company under the securitisation arrangement. At 31 December 2000, the amount of loan outstanding was HK\$778 million.

**37 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current year’s presentation.

**GROUP PROPERTIES**

<i><b>Location</b></i>	<i><b>Description</b></i>	<i><b>Land area (sq feet)</b></i>	<i><b>Tenure</b></i>	<i><b>Expiry date</b></i>	<i><b>Age of building (years)</b></i>
1/F Centro-Sound Industrial Building 6A Kung Ngam Village Road Shau Kei Wan Hong Kong	Offices and workshop (own use)	9,719	Leasehold	22 October 2051	24
Unit A on Ground Floor, Phase 1 Nan Fung Industrial Building 431-487 Avenida do Dr FranciscoVieira Machado and 354-408 Rua dos Pescadores Macau	Showroom and workshop (investment)	8,805	Leasehold	29 November 2002	28
30/F Shui On Centre 6-8 Harbour Road Wanchai Hong Kong	Offices (investment)	13,770	Leasehold	20 May 2060	15
Villa House No 203 Phase 1 River Garden Villa North of Jingshun Highway Shunyi County Beijing China	Residential bungalow (investment)	5,335	Leasehold	14 December 2063	5
Unit Nos B1701, B1702 and B1703 Level 17, Tower B Vantone New World Plaza 2 Funchengmen Outer Avenue Xicheng District Beijing China	Offices (investment)	3,682	Leasehold	2 November 2043	5
Jiangyin Chengchang-kunpeng Auto Parts Factory Liwangli Village Qingyang Town Jiangyin Jiangsu Province China	Office, factory and warehouse (own use)	268,277	Leasehold	24 March 2046	3

<i>Location</i>	<i>Description</i>	<i>Land area (sq feet)</i>	<i>Tenure</i>	<i>Expiry date</i>	<i>Age of building (years)</i>
Unit Nos 201 and 202 No. East 1, Block No.18 Hongqiao 4th Village Jiangyin Jiangsu Province China	Residential apartment (own use)	1,823	Leasehold	unspecified term	4
No 230 Jingyang South Road Qingyang Town Jiangyin Jiangsu Province China	Residential terraced house (own use)	1,422	Leasehold	unspecified term	3
Xijin Minor District Qingyang Town Jiangyin Jiangsu Province China	Residential terraced house (own use)	1,744	Leasehold	unspecified term	3
Unit 301 Block No 48 Huayuan 5th Village Jiangyin Jiangsu Province	Residential apartment (own use)	945	Leasehold	unspecified term	4
911 and 913 Bukit Timah Road Tan Chong Motor Centre Singapore 589622	Showroom, workshop and office (own use)	198,606	Freehold	-	18
14 Upper Aljunied Road Singapore 367843	Car yard for rental (investment)	222,876	Freehold	-	38
700 Woodlands Road Singapore 738664	Workshop and office (own use)	233,188	Freehold	-	15
25 Leng Kee Road Singapore 159097	Showroom, workshop and office (own use)	23,998	Leasehold	10 April 2059	5
15 Queen Street Tan Chong Tower Singapore 188537	Office, showroom and apartments for rental (investment)	22,193	Freehold	-	18

<i>Location</i>	<i>Description</i>	<i>Land area (sq feet)</i>	<i>Tenure</i>	<i>Expiry date</i>	<i>Age of building (years)</i>
798 & 800 Upper Bukit Timah Road Singapore 678138/139	Factory and warehouse for rental (investment)	44,794 1,141 168,046	Freehold Leasehold Leasehold	- 16 April 2874 6 April 2082	10
210 New Upper Changi Road #01-703 Singapore 460210	Showroom and office (investment)	4,058	Leasehold	1 July 2078	21
23 Jalan Buroh Singapore 619479	Showroom, workshop, office and warehouse (own use)	161,631	Leasehold	1 October 2027	16
15 Tuas Avenue 3 Singapore 639412	Workshop and office (own use)	110,790	Leasehold	16 November 2013	17
584-588 Doncaster Road Victoria 3018 Doncaster Australia	Land for development (investment)	62,313	Freehold	-	-
Portion 2034 Milinoh of Granville Corner of Islander & Waigani Drive Waigani Port Moresby Papua New Guinea	Showroom and office (investment)	31,129	Leasehold	14 April 2087	10
Unit 4.01 Block A Greenview Apartments Jalan Sekolah Kencana IV Pondok Indah Jakarta 12310 Indonesia	Residential apartment (own use)	2,045	Leasehold	24 August 2024	7
17 Lorong 8, Toa Payoh Singapore 319254	Showroom, workshop and office (own use)	58,737	Leasehold	28 February 2023	5
MK 23 Lot 4771 PT Ubi Road 4 Singapore	Land for development (own use)	59,379	Leasehold	1 October 2030	-