

## NOTES TO THE FINANCIAL STATEMENTS

(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 financial statements of the Company for the year ended 31 December 2001 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates. The consolidated financial statements were authorised for issue by the Directors on 14 March 2002.

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

The consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) adopted by the International Accounting Standards Board (“IASB”) and interpretations issued by the Standing Interpretations Committee of the IASB. Although it is not required to do so under the Bye-Laws of the Company, the financial statements of the Company and the Group have been prepared so as to comply with the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements 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 financial statements 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 financial statements 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 adoption of IAS 39 on Financial Instruments: Recognition and Measurement and IAS 40 on Investment Property, are consistent with those used in the previous years.

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Investments in subsidiaries in the Company's balance sheet are stated at cost less any impairment losses, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the company in which case, it is stated at fair value with changes in fair value recognised in the income statement when they arise.

#### (ii) *Associates*

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of 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.

Investments in associates in the Company's balance sheet are stated at cost less impairment losses, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor or venturer, in which case, it is stated at fair value with changes in fair value recognised in the income statement as they arise.

#### (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 financial statements. 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.

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### *(i) Individual companies*

Transactions in foreign currencies are translated into the reporting currency at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the reporting currency at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement, except for 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.

#### *(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. Rental income from investment properties is accounted for as described in accounting policy 1(p). Investment properties are stated at their fair value determined annually. Fair value is based on current prices in an active market for similar properties in the same location and condition. 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 gain or loss arising from a change in fair value is recognised in the income statement.

### *(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 and impairment losses.

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 relevant property is disposed of. All other gains and losses arising on disposal of fixed assets are dealt with in the income statement.

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 and impairment losses. 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:

Buildings	2% - 4%
Plant, machinery and equipment	
- engines, construction equipment and forklifts for hire	20% on cost less residual value
- others	10%
Furniture, fixtures, fittings and office equipment	
- computers	100%
- others	10% - 15%
Motor vehicles	12 <sup>1</sup> / <sub>2</sub> % - 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 income statement as an expense as incurred.

Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

### (g) Investments

#### (i) Equity investments

Equity investments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement. Other equity investments are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised in the income statement.

#### (ii) Debt securities investments

Debt securities investments held-to-maturity are stated at cost less impairment losses. Other debt securities investments held as being available-for-sale or for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Investments (continued)

#### (iii) Fair value

The fair value of investments held for trading and investments available for sale is their quoted bid price at the balance sheet date. If a quoted bid price in an active market and other methods of determining fair value are not available, investments are measured at cost less impairment losses.

#### (iv) Dividends

Dividend income from unlisted investments is recognised when the Group's right to receive payment is established. Dividend income from listed investments is recognised when share price of the investment goes ex-dividend.

### (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 interest income.

Interest income implicit in the hire purchase payments are charged to the income statement over the period of the hire purchase contracts so as to produce an approximately constant periodic rate of return on the remaining balance of hire purchase debtors.

### (i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement 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.

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

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

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 an actual cost basis while cost of stocks other than motor vehicle stocks is accounted for on an 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.

(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 income statement in the period in which such impairment occurs.

### **(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 cost.

### **(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.

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

### ***(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 from investment properties is recognised on a straight line basis over the periods of the respective leases. Lease incentives granted are recognised as an integral part of the total rental income.

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

The carrying amount of the Group's assets other than investment properties, deferred tax assets and stocks 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. Impairment losses are recognised in the income statement.

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 and financing costs***

Borrowing costs are expensed in the income statement 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.

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

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

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

Rentals payable under operating leases are accounted for in the income statement on a straight-line basis over the periods of the respective leases. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

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

Contributions to defined contribution retirement plans are recognised as an expense in the income statement as incurred.

### ***(u) 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.

### ***(v) 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.

### ***(w) Dividends***

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

### ***(x) Related parties***

For the purposes of these financial statements, 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, hire purchase financing income, 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>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Sale of goods		
- Vehicles, machinery and spare parts	4,703,710	4,703,043
- Telecommunication products	17,976	79,498
Rendering of services	195,044	169,188
Hire purchase financing income	35,374	28,820
Gross rentals from investment properties	17,502	31,574
Rentals from lease of offices and workshops	3,300	3,161
Management service fee	14,120	14,508
Agency commission and handling fee	26,215	21,458
Warranty reimbursement	7,784	5,478
	<b>5,021,025</b>	<b>5,056,728</b>

**3 OTHER OPERATING INCOME**

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income from listed debt securities	3,054	2,216
Other interest income	47,083	26,637
Dividend income		
- listed investments	526	607
- unlisted investments	1,265	866
Gain on disposal of fixed assets	4,609	4,551
Gain on disposal of investment properties	4,262	237,856
Others	4,602	3,890
	<b>65,401</b>	<b>276,623</b>

**4 OTHER OPERATING EXPENSES**

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Decrease in fair value of listed equity investments	28,999	-
Impairment loss on unlisted equity investments	3,651	50,664
Decrease in fair value of investment properties	82,483	19,740
Provision for bad debts	8,885	-
Reversal of provision for bad debts	-	(4,088)
Bank charges	3,943	5,521
Others	1,505	245
	<b>129,466</b>	<b>72,082</b>

**5 FINANCING COSTS**

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense		
- on bank loans	5,365	9,062
- on bank overdrafts	865	1,369
	<b>6,230</b>	<b>10,431</b>

**6 PROFIT BEFORE TAXATION AND MINORITY INTERESTS**

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

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of goods sold	3,834,316	3,840,473
Depreciation	48,289	46,772
Auditors' remuneration	1,952	1,629
Increase in provision for warranties	8,642	2,837
Direct outgoings for investment properties	4,566	10,979
Operating lease rental expense	13,524	10,800

**7 PERSONNEL EXPENSES**

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	129,107	105,112
Retirement benefit costs	14,913	10,145
Others	4,804	3,705
	<b>148,824</b>	<b>118,962</b>

The number of employees at the end of 2001 was 822 (2000: 715).

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

Details of executive directors' remuneration are as follows:

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Fees	1,275	1,293
Basic salaries, allowances and other benefits	11,162	9,969
Bonus	5,863	3,570
Retirement plan contributions	891	1,471
	<b>19,191</b>	<b>16,303</b>

Fees in respect of independent non-executive directors for the year ended 31 December 2001 amounted to \$120,000 (2000: \$120,000).

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

	<b>2001</b>	<b>2000</b>
\$Nil - \$1,000,000	3	3
\$1,000,001 - \$1,500,000	-	-
\$1,500,001 - \$2,000,000	1	1
\$2,000,001 - \$2,500,000	-	1
\$2,500,001 - \$3,000,000	1	-
\$3,000,001 - \$3,500,000	-	1
\$3,500,001 - \$4,000,000	1	1
\$4,000,001 - \$4,500,000	-	-
\$4,500,001 - \$5,000,000	1	1
\$5,000,001 - \$5,500,000	-	-
\$5,500,001 - \$6,000,000	1	-
	<b>8</b>	<b>8</b>

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

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.

	2001	2000
	\$'000	\$'000
Basic salaries, allowances and other benefits	11,762	10,569
Bonus	5,863	3,570
Retirement plan contributions	891	1,471
	18,516	15,610
	2001	2000
\$Nil - \$1,000,000	-	-
\$1,000,001 - \$1,500,000	-	-
\$1,500,001 - \$2,000,000	1	1
\$2,000,001 - \$2,500,000	-	1
\$2,500,001 - \$3,000,000	1	-
\$3,000,001 - \$3,500,000	-	1
\$3,500,001 - \$4,000,000	1	1
\$4,000,001 - \$4,500,000	-	-
\$4,500,001 - \$5,000,000	1	1
\$5,000,001 - \$5,500,000	-	-
\$5,500,001 - \$6,000,000	1	-
	5	5

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

	2001	2000
	\$'000	\$'000
<i>Current tax expense</i>		
Current year	124,066	171,713
(Over)/under provided in prior years	(6,452)	10,501
	117,614	182,214

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

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Deferred tax expense</i>		
Originating and reversal of temporary differences	4,581	1,567
Reduction in tax rate	(806)	(495)
Benefit of tax losses (recognised)/written off	(1,564)	4,369
	2,211	5,441
<b><i>Total income tax expense in income statement</i></b>	<b>119,825</b>	<b>187,655</b>

The analysis of income tax expense is as follows:

Hong Kong	1,842	1,188
Singapore	111,908	179,410
Elsewhere	134	362
	113,884	180,960
Associates	5,941	6,695
	119,825	187,655

The Group's applicable tax rate represents the weighted average of the statutory corporate income tax rates, which mainly range between 16% (2000: 16%) and 24.5% (2000: 25.5%), prevailing in the relevant 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>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounting profit before tax	438,489	674,192
Computed tax using the applicable corporation tax rate		
- in Hong Kong	(1,214)	(1,094)
- in Singapore	103,449	175,197
Group companies' tax rate differential relative to Hong Kong tax rate	689	955

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

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Adjustments resulting from:		
- Non-deductible expenses	27,455	22,550
- Non-taxable income	(2,538)	(24,823)
- Effect of tax loss (utilised)/written off	(1,564)	4,369
- (Over)/under provision in respect of prior years	(6,452)	10,501
<b>Income tax expense</b>	<b>119,825</b>	<b>187,655</b>

**(b) Deferred tax assets and liabilities**

Deferred tax assets and deferred tax liabilities at 31 December 2001 and 2000 are attributable to the items detailed in the table below:

	<b>2001</b>			<b>2000</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fixed assets	1,217	(12,278)	(11,061)	1,088	(10,295)	(9,207)
Investment properties	-	-	-	-	(100,704)	(100,704)
Stocks	12,521	-	12,521	11,998	-	11,998
Trade debtors	5,629	(2)	5,627	4,787	-	4,787
Other debtors and prepayments	66	(122)	(56)	35	(24)	11
Amount due from subsidiaries	-	-	-	132	-	132
Cash and cash equivalents	53	(211)	(158)	58	(23)	35
Creditors and accruals	6,105	-	6,105	7,557	(34)	7,523
Provisions	3,245	-	3,245	1,488	-	1,488
Tax value of loss carry-forward	2,734	-	2,734	3,797	-	3,797
<b>Tax assets/(liabilities)</b>	<b>31,570</b>	<b>(12,613)</b>	<b>18,957</b>	<b>30,940</b>	<b>(111,080)</b>	<b>(80,140)</b>
Set-off within legal tax units and jurisdictions	(3,021)	3,021	-	(3,170)	3,170	-
<b>Net tax assets/(liabilities)</b>	<b>28,549</b>	<b>(9,592)</b>	<b>18,957</b>	<b>27,770</b>	<b>(107,910)</b>	<b>(80,140)</b>

## 10 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders included a profit of \$100,277,000 (2000: \$83,904,000) which has been dealt with in the financial statements of the Company.

## 11 DIVIDENDS

	2001	2000
	\$'000	\$'000
(i) At the balance sheet date the following dividends have been approved and declared:		
Interim dividend paid of 1.5 cents (2000: 1.5cents) per share	30,200	30,200
Final dividend paid in respect of the prior year	60,399	50,400
	90,599	80,600
(ii) After the balance sheet date the following dividend was proposed by the Directors, which has not been provided for:		
Final proposed dividend of 3.5 cents (2000: 3 cents) per share	70,466	60,399

## 12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on net profit for the year attributable to ordinary shareholders of \$320,143,000 (2000: \$486,753,000) and weighted average number of ordinary shares outstanding during the year of 2,013,309,000 (2000: 2,013,450,000) shares.

The number of ordinary shares can be specified as follows:

	2001	2000
Issued ordinary shares at 1 January	2,013,309,000	2,016,000,000
Adjustment for own shares repurchased	-	(2,691,000)
Issued ordinary shares at 31 December	2,013,309,000	2,013,309,000

The amount of diluted earnings per share is not presented as there were no dilutive shares outstanding during 2000 and 2001.

**13 INVESTMENT PROPERTIES**

	<b>Freehold land and buildings</b>	<b>Leasehold land and buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2001	525,448	332,858	858,306
Exchange adjustments	(32,375)	(15,379)	(47,754)
Disposals	(14,857)	(5,039)	(19,896)
Decrease in fair value on revaluation	(47,830)	(34,653)	(82,483)
At 31 December 2001	430,386	277,787	708,173

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

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Freehold		
- Held outside Hong Kong	430,386	525,448
Leasehold		
- In Hong Kong under long lease	61,600	70,000
- Outside Hong Kong under long lease	204,487	250,358
- Outside Hong Kong under medium-term lease	4,200	5,000
- Outside Hong Kong under short lease	7,500	7,500
	708,173	858,306

The investment properties of the Group were revalued at 31 December 2001 by a director of the Company, who is an Associate of The Royal Institution of Chartered Surveyors, at their open market value on an existing use basis. The decrease in fair value of \$82,483,000 has been dealt with in the income statement.

Leasehold property with a carrying value of \$4.2 million (2000: \$5 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.

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

	Freehold land	Leasehold land	Buildings	Plant, machinery and equipment	Furniture, fixtures, fittings and office equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost or valuation:</b>							
At 1 January 2001	177,146	85,241	236,434	108,873	58,092	116,373	782,159
Exchange adjustments	(11,233)	(4,352)	(13,814)	(5,977)	(3,409)	(7,235)	(46,020)
Additions from acquisition of a subsidiary	-	-	8,217	3,262	332	335	12,146
Additions	-	-	1,883	24,043	7,872	24,655	58,453
Disposals	(135)	-	(3,038)	(17,938)	(4,985)	(3,802)	(29,898)
At 31 December 2001	165,778	80,889	229,682	112,263	57,902	130,326	776,840
<b>Representing:</b>							
Cost	-	72,264	153,947	112,263	57,902	130,326	526,702
Valuation - 1984	165,778	8,625	75,735	-	-	-	250,138
	165,778	80,889	229,682	112,263	57,902	130,326	776,840
<b>Accumulated depreciation:</b>							
At 1 January 2001	-	8,828	62,008	45,916	49,088	38,172	204,012
Exchange adjustments	-	(599)	(3,535)	(2,989)	(3,047)	(2,801)	(12,971)
Additions from acquisition of a subsidiary	-	-	826	1,150	121	132	2,229
Charge for the year	-	7,152	2,950	17,738	4,947	15,502	48,289
Written back on disposal	-	-	(2,259)	(11,980)	(4,840)	(2,838)	(21,917)
At 31 December 2001	-	15,381	59,990	49,835	46,269	48,167	219,642
<b>Net book value:</b>							
At 31 December 2001	165,778	65,508	169,692	62,428	11,633	82,159	557,198
At 31 December 2000	177,146	76,413	174,426	62,957	9,004	78,201	578,147

**14 FIXED ASSETS (continued)**

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

	2001	2000
	\$'000	\$'000
In Hong Kong		
- Medium term lease	10,737	11,005
- Short lease	160	192
Outside Hong Kong		
- Freehold	216,377	232,875
- Long lease	48,665	53,480
- Medium-term lease	125,040	129,596
- Short lease	-	837
	400,979	427,985

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 \$250,138,000 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**

	Office equipment	Furniture and fittings	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
<b>Cost:</b>				
At 1 January 2001	82	255	431	768
Additions	31	9	-	40
At 31 December 2001	113	264	431	808
<b>Accumulated depreciation:</b>				
At 1 January 2001	50	112	258	420
Charge for the year	15	40	86	141
At 31 December 2001	65	152	344	561
<b>Net book value:</b>				
At 31 December 2001	48	112	87	247
At 31 December 2000	32	143	173	348

**15 INVESTMENTS IN SUBSIDIARIES**

	<b>The Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Unlisted shares, at cost	2,292,080	2,292,080
Loan to a subsidiary	47,000	47,000
	<b>2,339,080</b>	<b>2,339,080</b>

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 2001 which principally affected the results or assets of the Group:

<b>Name</b>	<b>Place of incorporation and operation</b>	<b>Particulars of issued and paid up capital (All being ordinary unless otherwise stated)</b>	<b>Percentage of equity indirectly held through subsidiaries</b>	<b>Principal activities</b>
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)**

<b>Name</b>	<b>Place of incorporation and operation</b>	<b>Particulars of issued and paid up capital (All being ordinary unless otherwise stated)</b>	<b>Percentage of equity Indirectly held through subsidiaries</b>	<b>Principal activities</b>
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**

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Share of net assets	147,035	131,973
Amounts due from associates	1,134	9,045
	<b>148,169</b>	<b>141,018</b>

Details of the major associates are as follows:

<b>Name of company</b>	<b>Place of incorporation</b>	<b>Percentage of equity held by the Group</b>	<b>Principal activities</b>
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***(a) Non-current investments*

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Equity investments available for sale - unlisted	30,123	24,288
- listed	46,760	75,114
Debt securities investments held to maturity - listed	76,883	99,402
	38,691	38,704
	115,574	138,106
Fair value of listed equity investments	46,760	74,352
Fair value of listed debt securities	41,271	40,910

With the adoption of IAS 39, the Group now states equity investments available for sale at fair value except for unlisted equity investments. The fair value of the unlisted equity investments cannot be measured reliably because they are not traded in an open market and there were no transactions for the investments during the year. The unlisted equity investments are stated at cost less impairment losses.

*(b) Current investments*

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Debt securities available for sale - unlisted	362,413	385,690

The unlisted debt securities are stated at cost less impairment losses because the fair value of the unlisted debt securities cannot be measured reliably. The unlisted debt securities are not traded in open market and there were no transactions for the securities during the year. As they are the Group's significant investments, the Group monitors them on an ongoing basis.

**18 STOCKS**

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials	5,332	4,614
Work-in-progress	451	470
Spare parts and others	76,812	75,046
Finished goods and trading stocks	356,376	366,767
Goods in transit	13	1,758
	438,984	448,655
Stocks stated at net realisable value	410,136	410,111

**19 TRADE DEBTORS**

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

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	104,677	155,737
1 to 3 months overdue	30,340	32,959
More than 3 months overdue but less than 12 months overdue	2,792	4,464
	137,809	193,160

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**

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Hire purchase debtors	341,780	443,047
Unearned interest charges	(50,872)	(68,116)
	290,908	374,931
Provision for doubtful debts	(18,352)	(15,334)
	272,556	359,597
Balance due		
- within one year	99,449	120,530
- between one year and five years	163,502	219,661
- more than five years	9,605	19,406
	272,556	359,597

**21 CASH AND CASH EQUIVALENTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Bank deposits	867,553	569,966	4,135	4,937
Bank balances	18,712	33,388	1,046	759
Cash on hand	234	269	-	-
Cash and cash equivalents	886,499	603,623	5,181	5,696
Bank overdrafts (unsecured)	(30,248)	(36,869)	-	-
Cash and cash equivalents in the statement of cash flows	856,251	566,754	5,181	5,696

The effective interest rate of deposits ranged from 0.325% to 6.25% (2000: 1.5% to 6.25%) per annum. The tenor of such deposits ranged from 1 day to 3 months.

Bank overdrafts bear interest ranging from 4.5% to 6.25% (2000: 5% to 6.5%) per annum.

**22 BANK LOANS (UNSECURED)**

At 31 December 2001, the bank loans were payable as follows:

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	49,922	67,799
After 1 year but within 2 years	3,870	11,613
After 2 years but within 5 years	11,611	34,843
After 5 years	3,870	23,226
	19,351	69,682
	69,273	137,481

Bank loans totalling \$23,223,000 (2000: \$81,295,000) bear interest at the Hong Kong Inter Bank Offered Rate plus 1.5% per annum or at the bank's cost of funding plus 1.5% per annum, whichever is the higher.

The remaining portion of the bank loans carried floating interest rates ranging from 0.6% to 8.2% (2000: 6.9% to 9%) per annum during the year ended 31 December 2001.

**23 TRADE CREDITORS**

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

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Due within one month or on demand	100,305	121,349
Due after 1 month but within 3 months	44,497	38,780
Due after 3 months but within 6 months	5,669	3,788
Due after 6 months but within 12 months	843	1,650
	151,314	165,567

**24 AMOUNTS DUE TO RELATED COMPANIES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trading balances	2,665	6,725	28	52

**25 PROVISIONS**

	<b>The Group 2001</b>
	<b>\$'000</b>
<i>Provision for warranties</i>	
Balance at 1 January	6,074
Provisions made	8,642
Provisions used	(1,470)
Balance at 31 December	13,246
Current	6,432
Non-current	6,814
	13,246

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

**26 SHARE CAPITAL**

	<b>The Group and the Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Authorised:</i>		
3,000,000,000 ordinary shares of \$0.50 each	1,500,000	1,500,000
<i>Issued and fully paid:</i>		
At 1 January	1,006,655	1,008,000
Shares repurchased	-	(1,345)
At 31 December	1,006,655	1,006,655

**27 RESERVES****(a) The Group**

	Note	Share premium	Capital reserve	Investment properties revaluation reserve	Translation reserve	Contributed surplus	Retained profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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		-	-	-	-	-	(2,329)	(2,329)
Dividends to shareholders		-	-	-	-	-	(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
Balance at 1 January 2001		550,547	9,549	294,868	(430,453)	377,690	1,235,069	2,037,270
Effect on adoption of IAS 40	34	-	-	(294,868)	-	-	395,572	100,704
Restated balance at 1 January 2001		550,547	9,549	-	(430,453)	377,690	1,630,641	2,137,974
Total recognised gains and losses		-	-	-	(198,194)	-	320,143	121,949
Dividends to shareholders		-	-	-	-	-	(90,599)	(90,599)
Balance at 31 December 2001		550,547	9,549	-	(628,647)	377,690	1,860,185	2,169,324

**27 RESERVES (Continued)***(b) The Company*

	Note	Share premium	Con- tributed surplus	Retained profits	Total
		\$'000	\$'000	\$'000	\$'000
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		-	-	(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
Balance at 1 January 2001		550,547	623,313	162,109	1,335,969
Total recognised gains and losses		-	-	100,277	100,277
Dividends to shareholders	11	-	-	(90,599)	(90,599)
At 31 December 2001		550,547	623,313	171,787	1,345,647

***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 financial statements. The reserve was reclassified to retained earnings on 1 January 2001 with the adoption of IAS 40.

***Translation reserve***

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

***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.

**27 RESERVES (Continued)***(b) The Company (continued)*

The Company's reserves available for distribution to shareholders at 31 December 2001 are as follows:

	<b>2001</b>	<b>2000</b>
	<b>\$'000</b>	<b>\$'000</b>
Contributed surplus	623,313	623,313
Retained profits (refer to note 27(b))	171,787	162,109
	<b>795,100</b>	<b>785,422</b>

**28 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 21 and 22.

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

*(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. 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.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**28 FINANCIAL INSTRUMENTS (continued)****(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 cash, trade, hire purchase and other receivables, trade and other payables, loans and borrowings are not materially different from their carrying amounts.

Fair value has been determined either by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments.

**29 COMMITMENTS**

	<b>The Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>\$’000</b>	<b>\$’000</b>
<b>(a) Capital commitments outstanding at 31 December 2001</b>		
<i>not provided for in the financial statements were as follows:</i>		
Authorised and contracted for:		
- Purchase of assets	-	11,578
- Construction of properties	281,760	-
	281,760	11,578
<b>(b) Operating lease commitments</b>		
Minimum lease payments under non-cancellable operating leases, not provided for:		
not later than one year	12,269	14,138
between one and two years	7,164	8,392
between two and three years	5,529	3,172
between three and four years	5,529	2,182
between four and five years	2,225	2,178
later than five years	38,959	42,339
	71,675	72,401

### 30 CONTINGENT LIABILITIES

At 31 December 2001, the Group had contingent liabilities in respect of unsecured guarantees amounting to \$8,415,000 (2000: \$12,424,000) to banks in respect of credit facilities extended to an associate and a related company, out of which \$Nil (2000: \$266,000) was utilised at 31 December 2001.

### 31 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.

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 income statement as and when incurred.

### 32 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:

	Note	2001	2000
		\$'000	\$'000
Sales of goods and services to TCMH Group	(i)	2,069	2,802
Sales of goods and services to Ultima Group	(i)	3,187	4,866
Purchase of stocks from TCMH Group	(i)	14,039	22,984
Purchase of stocks from Ultima Group	(i)	5,595	3,201
Purchase of fixed assets from Ultima Group	(i)	13	303
Rentals received from Ultima Group	(ii)	416	720
Hire purchase financing income from Ultima Group	(iii)	1,338	651
Management fee paid to TCMH Group	(iv)	141	295

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 received from the 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 the 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 the TCMH Group in respect of its manufacturing operations in the PRC and a management fee was charged.

### 33 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 is engaged 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 is engaged 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.

#### *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.

## 33 SEGMENT REPORTING (continued)

	Motor vehicle distribution		Heavy commercial vehicle and industrial equipment distribution		Sales of telecommunication products		Properties rental		Other operations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Revenue from external customers:	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- sales	4,456,756	4,366,186	216,874	304,670	17,976	79,498	-	-	30,080	32,189	4,721,686	4,782,543
- services	88,774	87,809	68,171	52,609	-	-	6,093	3,918	32,006	24,851	195,044	169,187
- finance	-	-	-	-	-	-	-	-	35,374	28,820	35,374	28,820
- rentals	2,422	2,240	313	325	-	-	17,502	31,574	565	596	20,802	34,735
- others	33,887	26,800	2,912	2,976	27	63	5,315	5,514	5,978	6,090	48,119	41,443
Total revenue	4,581,839	4,483,035	288,270	360,580	18,003	79,561	28,910	41,006	104,003	92,546	5,021,025	5,056,728
Segment result												
Profit from operations	397,780	367,209	31,761	42,522	17	898	(38,308)	241,363	23,751	8,045	415,001	660,037
Net financing income/ (costs)	(11,369)	1,936	(104)	(167)	(126)	(5)	3,394	(12,972)	1,975	777	(6,230)	(10,431)
Income from associates	24,756	21,750	-	-	-	-	-	-	4,962	2,836	29,718	24,586
Income tax expense	(95,734)	(116,703)	(8,327)	(13,155)	169	(424)	(2,816)	(43,744)	(13,117)	(13,629)	(119,825)	(187,655)
Minority interests	-	-	-	-	-	-	-	-	1,479	216	1,479	216
Net profit for the year	315,433	274,192	23,330	29,200	60	469	(37,730)	184,647	19,050	(1,755)	320,143	486,753
Segment assets	1,831,596	1,756,330	199,165	230,279	320	2,083	514,784	591,724	1,081,944	1,133,581	3,627,809	3,713,997
Interest in associates	107,933	104,715	-	-	-	-	-	-	40,236	36,303	148,169	141,018
Consolidated total assets	1,939,529	1,861,045	199,165	230,279	320	2,083	514,784	591,724	1,122,180	1,169,884	3,775,978	3,855,015

## 33 SEGMENT REPORTING (continued)

	Motor vehicle distribution		Heavy commercial vehicle and industrial equipment distribution		Sales of telecommunication products		Properties rental		Other operations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Consolidated total liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	385,008	428,083	48,544	55,397	2,586	3,591	51,029	206,603	103,558	105,992	590,725	799,666
Capital expenditure	24,120	59,103	23,287	74,280	5	58	611	391	22,576	39,291	70,599	173,123
Depreciation and amortisation expense	13,044	12,011	18,762	20,401	50	266	796	2,110	15,637	11,984	48,289	46,772
Impairment loss	-	(46,877)	-	-	-	-	-	-	(3,651)	(3,787)	(3,651)	(50,664)
Significant non-cash expenses	(25,074)	-	-	-	-	-	(56,189)	(18,000)	(1,220)	(900)	(82,483)	(18,900)

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

	Singapore		Hong Kong		PRC		Other		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Revenue from external customers	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	4,867,987	4,869,081	89,685	90,907	23,418	24,690	39,935	72,050	5,021,025	5,056,728
Segment assets	2,773,471	2,800,690	182,121	212,937	60,196	68,903	612,021	631,467	3,627,809	3,713,997
Capital expenditure	52,314	171,549	400	389	518	495	17,367	690	70,599	173,123

There is no major disparity in the ratios between turnover and profit in relation to the above geographical locations, hence no analysis is given of the profit contributions from the above geographical locations.

### 34 EFFECT ON ADOPTION OF IAS 40

During the year, the Group adopted IAS 40 on Investment Property.

The adoption of IAS 40 has resulted in the Group adjusting the opening balance of retained profits to include investment properties revaluation reserve of \$294,868,000 and the related deferred tax liability that is no longer required of \$100,704,000 as at 1 January 2001. Comparative figures have not been restated.

	<b>Retained profits</b>
	<b>\$'000</b>
Opening balance as previously reported	1,235,069
Transfer from investment properties revaluation reserve and the related deferred tax liability	395,572
Balance restated at 1 January 2001	1,630,641

### 35 OPTION TO ACQUIRE A PROPERTY

In connection with the sale of an investment property under an asset securitisation arrangement in 2000, a subsidiary has been granted a call option (“the option”) at a consideration of S\$1 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 S\$5 million and the exercisable period is from 15 March 2003 to 15 March 2004. 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.

### 36 COMPARATIVE FIGURES

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

**GROUP PROPERTIES**

Location	Description	Land area (sq feet)	Tenure	Expiry date	building (years)
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	25
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	29
30/F Shui On Centre 6-8 Harbour Road Wanchai Hong Kong	Offices (investment)	13,770	Leasehold	20 May 2060	16
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	6

Location	Description	Land area (sq feet)	Tenure	Expiry date	Age of building (years)
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	6
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	4
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	5
No.230 Jingyang South Road Qingyang Town Jiangyin Jiangsu Province China	Residential terraced house (own use)	1,422	Leasehold	unspecified term	4
Xijin Minor District Qingyang Town Jiangyin Jiangsu Province China	Residential terraced house (own use)	1,744	Leasehold	unspecified term	4

Location	Description	Land area (sq feet)	Tenure	Expiry date	Age of building (years)
Unit 301 Block No 48 Huayuan 5th Village Jiangyin Jiangsu Province	Residential apartment (own use)	945	Leasehold	unspecified term	5
911 and 913 Bukit Timah Road Tan Chong Motor Centre Singapore 589622	Showroom, workshop and office (own use)	198,606	Freehold	-	19
14 Upper Aljunied Road Singapore 367843	Car yard for rental (investment)	222,876	Freehold	-	39
700 Woodlands Road Singapore 738664	Workshop and office (own use)	233,188	Freehold	-	16
25 Leng Kee Road Singapore 159097	Showroom, workshop and office (own use)	23,998	Leasehold	10 April 2059	6
15 Queen Street Tan Chong Tower Singapore 188537	Office, showroom and apartments for rental (investment)	22,193	Freehold	-	19
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	11

Location	Description	Land area (sq feet)	Tenure	Expiry date	Age of building (years)
210 New Upper Changi Road #01-703 Singapore 460210	Showroom and office (investment)	4,058	Leasehold	1 July 2078	22
23 Jalan Buroh Singapore 619479	Showroom, workshop, office and warehouse (own use)	161,631	Leasehold	1 October 2027	17
15 Tuas Avenue 3 Singapore 639412	Workshop and office (own use)	110,790	Leasehold	16 November 2013	18
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	8
17 Lorong 8, Toa Payoh Singapore 319254	Showroom, workshop and office (own use)	58,737	Leasehold	28 February 2023	6
MK 23 Lot 4771 PT Ubi Road 4 Singapore	Land for development (own use)	59,379	Leasehold	1 October 2030	-