



**WINTON HOLDINGS (BERMUDA) LIMITED**



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# Corporate Information

## **Board of Directors**

### **Chairman**

Y. Bhg. Tan Sri Dato' Dr. TEH Hong Piow  
President and Chief Executive Officer  
Public Bank Berhad

TAN Yoke Kong  
Y. Bhg. Datuk TAY Ah Lek  
WONG Kong Ming  
LEE Huat Oon

### **Independent non-executive directors**

GEH Cheng Hooi, Paul  
CHEAH Cheng Hye

## **Joint Secretaries**

CHAN Sau Kuen  
KWOK Mei Po

## **Registered Office**

Clarendon House, Church Street  
Hamilton HM11, Bermuda

## **Head Office and Principal Place of Business**

Room 1101-1110, 11th Floor  
Phase 1, Argyle Centre  
688 Nathan Road, Mongkok  
Kowloon, Hong Kong  
Telephone : (852) 2391 9388  
Facsimile : (852) 2391 5366  
Web site : [www.wintonholdings.com.hk](http://www.wintonholdings.com.hk)

## **Principal Registrar and Transfer Office**

Butterfield Corporate Services Limited  
Rosebank Centre, 11 Bermudiana Road  
Pembroke, Bermuda

## **Hong Kong Registrar and Transfer Office**

Central Registration Hong Kong Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## **Auditors**

Ernst & Young  
Certified Public Accountants

## **Legal Advisers**

Charles Yeung Clement Lam Liu & Yip  
Conyers Dill & Pearman  
Deacons

## **Principal Bankers**

Citibank N.A.  
JCG Finance Company, Limited  
Keppel TatLee Bank Limited  
Liu Chong Hing Bank Limited  
Public Bank (L) Ltd  
The Development Bank of Singapore Limited

## ***Business Review***

Winton Holdings (Bermuda) Limited (the "Company") and its subsidiaries (the "Group") recorded a profit from operating activities before finance costs of HK\$93.3 million for the year ended 31 December 2000, as compared to HK\$26.7 million recorded in the previous financial year. After taking into account finance costs of HK\$85.1 million, the Group achieved a profit after tax and minority interests of HK\$4.9 million for the year ended 31 December 2000, a significant improvement as compared to a loss after tax and minority interests of HK\$65.6 million recorded in the previous year.

The turnaround in the Group's performance was mainly attributed to lower default in taxi financing loans, lower finance costs in its bank borrowings, lower amortisation and write off of commission expenses, and increase in commission income arising from a higher volume of taxi financing loans referred to the Group's panel of financiers. The overall improvement in the market conditions of the taxi industry and income level of the taxi hirers have contributed to the lower default in the taxi financing loans. Provision for bad and doubtful debts for the year ended 31 December 2000 declined by HK\$39.0 million or 35.6% to HK\$70.4 million from HK\$109.4 million a year earlier.

The decrease in bank borrowings had contributed to the lower finance costs of the Group by 7.2% to HK\$85.1 million for the year 2000.

Amidst a gradual recovery of Hong Kong's economy, turnover from taxi trading and related operations increased 27.5% from HK\$94.8 million in 1999 to HK\$120.9 million in 2000.

As at 31 December 2000, the Group's taxi loan instalment receivables net of provision for bad and doubtful debts declined by 20.0% over last year to HK\$1,142.9 million mainly due to loan repayments and early settlements. Approximately HK\$91.0 million of bad debts have been written off in the year.

## ***Prospects***

With Hong Kong's economy expected to further improve in the new year and with a steady growth in tourist arrivals in Hong Kong as a result of the economic recovery in the region, the market sentiment in the taxi industry is expected to improve further. The Government's efforts to improve the environmental pollution issues through the implementation of a special subsidy scheme to assist taxi owners to convert their diesel taxis to LPG taxis and the introduction of lower priced LPG-fuel, had contributed to a lower operating costs for the taxi operators. With these favourable developments and positive measures taken by the Government, the market sentiment in the taxi industry is set to improve further.

The Group will continue to focus on its taxi financing and taxi trading businesses, and will continue to refer taxi financing loans to its panel of financiers as well as co-finance new taxi financing loans with its co-financing banks in the coming year.

# Chairman's Statement

## ***Acknowledgement***

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On behalf of the Board of Directors, I wish to express our appreciation to the management and staff of the Group for their commitment and dedication to the Group. I also wish to thank the customers for their invaluable patronage and the shareholders for their continued support to the Group.

**Tan Sri Dato' Dr. TEH Hong Piow**

*Chairman*

# Management Discussion and Analysis

## Financial Results

For the year ended 31 December 2000, Winton Holdings (Bermuda) Limited and its subsidiaries (the "Group") recorded a profit from operating activities before finance costs of HK\$93.3 million, as compared to HK\$26.7 million recorded in the previous financial year.

After taking into account finance costs of HK\$85.1 million, the Group achieved a profit after tax and minority interests of HK\$4.9 million for the year ended 31 December 2000, a sharp rebound from a loss after tax and minority interests of HK\$65.6 million in the previous financial year.

The turnaround in profits was mainly attributed to a sharp decline in provisions for bad and doubtful debts by 35.6% or HK\$39.0 million to HK\$70.4 million, a reduction in finance costs by 7.2% or HK\$6.6 million to HK\$85.1 million, and a sharp decrease in amortisation and write off of commission expenses by 66.4% or HK\$26.0 million to HK\$13.1 million.

The Directors do not recommend the payment of a final dividend to the ordinary shareholders for the year ended 31 December 2000.

## Business Performance

The gradual recovery of Hong Kong's economy and the continued improvement in the market conditions of the taxi industry have contributed to the improvement in the taxi licence prices during the year. Coupled with the improvement in the income level of the taxi hirers under the taxi financing loans, the Group recorded lower default on its taxi financing loans. As a result, the Group's provisions for doubtful debts fell to HK\$70.4 million in 2000, from HK\$109.4 million in 1999.

During the year, the Group also focused on its taxi trading operations and increased its commission income by referring taxi financing loans to its panel of financiers.

During the year, the Group wrote off HK\$91.0 million in defaulted taxi financing loans. After netting off provisions for bad and doubtful debts, and taking into account loan repayments and early settlements, the Group's taxi loan instalment receivables stood at HK\$1,142.9 million as at 31 December 2000, a decrease of HK\$286.6 million when compared with HK\$1,429.5 million as at 31 December 1999. The Group's interest income declined to HK\$163.6 million in 2000 from HK\$176.5 million in 1999 mainly due to the decline in taxi loan instalment receivables. Interest income derived from the proceeds of the convertible preference shares issued during the year narrowed the decrease of interest income to 7.3% or HK\$12.9 million.

As at 31 December 2000, the Group's bank borrowings fell to HK\$764.9 million from HK\$984.2 million as at end of 1999. Consequently, the Group's finance costs decreased to HK\$85.1 million in 2000 from HK\$91.7 million in 1999.

General and administration expenses of the Group were also reduced by HK\$1.5 million in 2000 when compared to 1999 mainly through further cost rationalisation, while the Group's amortisation and write off of commission expenses dropped by HK\$26.0 million to HK\$13.1 million in 2000 from HK\$39.1 million in 1999, as the volume of new taxi financing loans continued to contract in the year.

# Management Discussion and Analysis

## **Liquidity and Funding Requirements**

During the year, the Group issued 924,000,000 convertible preference shares at a subscription price of HK\$0.33 per convertible preference share. Accordingly, the Group's shareholders' funds was increased to HK\$985.2 million as at 31 December 2000 as compared to HK\$690.3 million as at 31 December 1999.

Taking into account the net proceeds from the issuance of convertible preference shares, loan repayments and early settlements of taxi financing loans, the Group's cash and cash equivalents increased to HK\$368.7 million at the end of year 2000 from HK\$1.5 million at the end of 1999. The Group's cash and cash equivalents increased despite having repaid HK\$219.3 million of its bank borrowings. As at 31 December 2000, the Group's bank borrowings declined to HK\$764.9 million, of which HK\$749.4 million were classified as long term, repayable after one year.

Based on the total bank borrowings and shareholders' funds, the Group's gearing ratio improved to 0.78 in 2000 as compared to 1.43 in 1999.

The holders of the convertible preference shares are entitled to receive a fixed cumulative preferential dividend at the rate of 5.5% per annum on the notional value of HK\$0.33 per convertible preference share up to the maturity date of the said share, which is the fifth anniversary from the date of issue on 3 March 2000. With the net cash proceeds of approximately HK\$303 million in place, the Group is well positioned to grow its taxi trading and taxi financing businesses.

During the year, other than those disclosed in the financial statements in 1999, the Group did not create additional charges on its assets to secure new banking facilities. During the same period, the Group also did not incur any material capital expenditure commitment.

The Group's principal operations are conducted and recorded in Hong Kong dollars. During the year, the Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposures.

## **Human Resources**

The Group adopts a competitive remuneration package for its employees. In addition, based on the Group's business performance and individual performance, discretionary bonus may be granted to eligible staff. Social activities are organised to foster team spirit amongst the staff. Staff training and development programmes are also conducted from time to time.

## **Contingent Liabilities**

Under the co-financing arrangements, the Group provides guarantees to its co-financing banks for certain taxi financing loans. At the end of 2000, the outstanding guarantees given to the co-financing banks decreased to HK\$10.0 million from HK\$30.2 million as at the end of 1999.

As at 31 December 2000, the Company's corporate guarantees extended to certain banks as security for banking facilities to the Group decreased to HK\$599.0 million from HK\$1,138.2 million as at the end of 1999.

During the year, various ex-employees of the restaurants formerly operated by four subsidiaries of the Group had served summonses to these subsidiaries seeking to file their respective statements of claim. The ex-employees (save for one ex-employee in one of the subsidiaries) are seeking declarations against the subsidiaries rather than claiming for specific amounts. In view of the financial position of the subsidiaries, the directors of three of the above subsidiaries have resolved to put their respective companies into creditors' voluntary liquidation. As regards to the claims against the remaining subsidiary, based on legal advice, these will continue to be defended.

During the year, a subsidiary of the Group was named as second defendant in a legal action brought by an individual who sustained injuries in a traffic accident involving a taxi owned and leased by the said subsidiary to a taxi hirer at the time of the accident. The said subsidiary had taken a third party insurance, and the claim is being attended by the insurance company.

# Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2000.

## Principal activities

The Company acted as an investment holding company during the year. Its major subsidiaries are engaged in the provision of finance to purchasers of licensed public vehicles such as taxis and public light buses, the provision of personal and short term loans, trading of taxi cabs and taxi licences, and leasing of taxis. There were no significant changes in the nature of the Group's activities during the year.

Details of the activities of the Company's subsidiaries are set out in note 14 to the financial statements.

## Segmental information

### (a) By geographical area

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

### (b) An analysis of the Group's turnover and contribution to profit from operating activities by principal activity for the year is as follows:

	<b>Turnover HK\$'000</b>	<b>Contribution to profit from operating activities HK\$'000</b>
Taxi trading and related operations	120,887	29,411
Others	4,824	2,612
	<u>125,711</u>	32,023
Financing and related business		80,278
Expenses:		
General and administrative		(19,026)
Finance costs		(85,107)
Contribution after general and administrative, and finance costs		<u>8,168</u>



# Report of the Directors

## ***Qualitative Information on Management of Risks***

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### **Credit risk**

Credit risk is the risk associated with a customer or counterparty being unable to meet a commitment when it falls due, and arises from the lending activities undertaken.

The Group has established policies and systems for the monitoring and control of credit risk. The directors and the senior management of the Company are responsible for the formulation of credit policies and management of credit risk through reviews of regular reports on credit exposures and the level of bad debt provisions.

Winton Financial Limited and Winton Financial (Factoring) Limited, both wholly-owned subsidiaries of the Group, maintain a system of controls on loan assessments and approvals and will continue to pursue a conservative and prudent policy in granting loans.

### **Market risk**

Market risk is the risk associated with changes in interest rates, foreign exchange rates, equity prices and commodity prices, and the effect such changes have on positions taken on market risk related financial instruments, including both on and off balance sheet instruments, which may result in profits or losses.

The Group adopts a conservative view on exposure to market risk related financial instruments. During the year, the Group did not trade in any market risk related financial instruments.

### **Liquidity management**

The main objectives of the Group's liquidity management are to ensure the availability of funds at reasonable costs to meet all contractual financial commitments, to fund loan growth and to generate reasonable returns from available funds.

## ***Results and dividends***

The Group's results for the year ended 31 December 2000 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 49.

A semi-annual convertible preference share dividend in the amount of HK\$5,467,675.10 was paid to convertible preference shareholders on 30 June 2000 and a further semi-annual convertible preference share dividend in the amount of HK\$8,362,326.62 was paid to convertible preference shareholders on 29 December 2000. The said dividends are calculated on daily basis and are included in the financial statements.

No interim dividend on the Company's ordinary shares was declared in respect of the year (1999: Nil). The directors do not recommend the payment of final dividend to the ordinary shareholders of the Company in respect of the year (1999: Nil).

A summary of the results and of the assets and liabilities of the Group for the last six financial periods is set out on page 50.

## ***Fixed assets and investment properties***

Details of movements in the fixed assets and investment properties of the Group are set out in note 13 to the financial statements.

## ***Subsidiaries***

Particulars of the Company's subsidiaries are set out in note 14 to the financial statements.

## ***Associates***

Particulars of the Group's associates are set out in note 15 to the financial statements.

## ***Major suppliers and customers***

Income attributable to the five largest customers accounted for less than 30% of the Group's total turnover for the year.

Purchases from the five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

## ***Bank loans, overdrafts and other borrowings***

Details of the Group's borrowings as at 31 December 2000 are set out in notes 21 and 22 to the financial statements.

# Report of the Directors

## ***Directors' remuneration and the five highest paid individuals***

Details of directors' remuneration and those of the five highest paid individuals in the Group are set out in notes 7 and 8 to the financial statements, respectively.

## ***Reserves***

Details of movements in the reserves of the Company and the Group during the year are set out in note 25 to the financial statements.

## ***Distributable reserves***

At 31 December 2000, the Company's reserves available for cash distribution and/or distribution in specie amounted to HK\$286,976,000 as computed in accordance with the Companies Act 1981 of Bermuda. In addition, the Company's share premium account in the amount of HK\$627,270,000 may be distributed in the form of fully paid bonus shares.

## ***Share capital and share options***

Details of movements in the Company's share capital and share options are set out in note 24 to the financial statements.

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## ***Directors***

The directors of the Company during the year were as follows:

### **Non-executive directors:**

Tan Sri Dato' Dr. TEH Hong Piow, Chairman  
Datuk TAY Ah Lek

### **Executive directors:**

TAN Yoke Kong  
WONG Kong Ming  
LEE Huat Oon

### **Independent non-executive directors:**

GEH Cheng Hooi, Paul  
CHEAH Cheng Hye

In accordance with bye-laws 87(1) and 87(2) of the Company, Mr. GEH Cheng Hooi, Paul and Mr. LEE Huat Oon retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The terms of office of the non-executive directors are subject to retirement by rotation in accordance with the bye-laws of the Company.

## **Directors' service contracts**

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

## **Connected transactions**

- (1) The Group's wholly-owned subsidiaries, Winton Financial Limited ("WFL") and Winton Financial (Factoring) Limited ("WFFL") entered into agreements with Public Bank Berhad ("Public Bank"), the Group's ultimate holding company, and WFFL entered into an agreement with JCG Finance Company, Limited ("JCG Finance"), a fellow subsidiary, for the joint provision of hire purchase financing to purchasers of taxis and public light buses (the "Co-Financing Arrangements"). The terms of the Co-Financing Arrangements with Public Bank and JCG Finance are essentially the same as those which the Group has with other co-financing banks.

During the year, no new hire purchase loans were granted by the Group under the Co-Financing Arrangements with Public Bank (1999: Nil) and JCG Finance (1999: Nil). There were no new guarantees (the "Guarantee") provided by the Company to Public Bank (1999: Nil) and JCG Finance (1999: Nil) in respect of borrowers who may default within one year of the loan. However, the Company extended the guarantees to Public Bank for two accounts rescheduled by Public Bank for a total of approximately HK\$770,000 (1999: HK\$770,000) on terms similar to other co-financing banks. Under the Co-Financing Arrangements, no interest was paid by the Group to Public Bank (1999: approximately HK\$40,000) and JCG Finance (1999: approximately HK\$1,736,000). Commission income of approximately HK\$76,000 (1999: HK\$122,000) was received by the Group from Public Bank while no such income was received from JCG Finance (1999: approximately HK\$414,000).

- (2) In addition, pursuant to facility agreements entered into between WFL and Public Bank (L) Ltd, a wholly-owned subsidiary of Public Bank, Public Bank (L) Ltd granted unsecured revolving credit facilities to WFL for a total of HK\$800,000,000 (1999: HK\$800,000,000). The facilities were utilised to the extent of HK\$799,414,000 during the year (1999: HK\$799,414,000), and up to HK\$749,414,000 as at 31 December 2000 (1999: HK\$799,414,000). Interest paid by the Group for the year to Public Bank (L) Ltd in respect of the facilities amounted to approximately HK\$73,306,000 (1999: HK\$64,798,000).
- (3) During the year, pursuant to a facility agreement entered into between JCG Finance and the Company, JCG Finance granted an unsecured revolving credit facility to the Company for a total of HK\$30,000,000 (1999: HK\$100,000,000). The facility was utilised to the extent of HK\$5,000,000 during the year (1999: HK\$55,000,000), and as at 31 December 2000, the facility was not utilised (1999: HK\$5,000,000). Interest and related facility fee paid by the Group for the year to JCG Finance in respect of the facility amounted to approximately HK\$85,000 (1999: HK\$2,134,000).

# Report of the Directors

## Connected transactions (continued)

- (4) The Company was granted a conditional waiver by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), under a letter dated 7 April 2000, from strict compliance with the requirements of Chapter 14 of the Listing Rules in respect of the Guarantee provided by the Company to Public Bank concerning the obligations of WFL and WFFL under the Co-Financing Arrangements summarised in item (1) under the heading "Connected transactions". Mr. GEH Cheng Hooi, Paul and Mr. CHEAH Cheng Hye, the independent non-executive directors of the Company, and the external auditors have reviewed the Guarantee. The respective parties have concluded that the Guarantee met the conditions imposed by the Stock Exchange under the conditional waiver.

## Directors' interests in shares

- (1) As at the balance sheet date, the interests of the directors in the issued share capital of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register required to be kept under Section 29 of the SDI Ordinance were as follows:

Interests in	Name of director	Number of ordinary shares	
		Corporate interests	Personal interests
1. The Company	Tan Sri Dato'		
	Dr. TEH Hong Piow	314,999,925	–
2. JCG Holdings Limited ("JCG"), the immediate holding company	Tan Sri Dato'		
	Dr. TEH Hong Piow	391,582,110	–
	TAN Yoke Kong	–	90,000
	CHEAH Cheng Hye	–	10,000
3. Public Bank, the ultimate holding company	Tan Sri Dato'		
	Dr. TEH Hong Piow	786,926,000	210,000
	Datuk TAY Ah Lek	133,000	136,000
	WONG Kong Ming	–	89,860
4. Public Finance Berhad, a fellow subsidiary	Tan Sri Dato'		
	Dr. TEH Hong Piow	187,319,051	16,500
	Datuk TAY Ah Lek	2,349	1,650
Interests in	Name of director	Number of convertible preference shares	
		Corporate interests	Personal interests
The Company	Tan Sri Dato'		
	Dr. TEH Hong Piow	870,225,121	–

## Directors' interests in shares (continued)

Tan Sri Dato' Dr. TEH Hong Piow, by virtue of his interest in Public Bank, is deemed to be interested in the ordinary shares and convertible preference shares of the Company and the ordinary shares of the associated corporations as disclosed above, to the extent that Public Bank has an interest. Such convertible preference shares are convertible into ordinary shares of the Company at the option of the holders at an initial conversion price of HK\$0.33 each (subject to adjustment) at any time after two years from 3 March 2000, the date of issue of the convertible preference shares, and up to the fifth anniversary from the date of their issue, or until the date prior to the redemption date, whichever is the earlier. The convertible preference shares will be mandatorily converted into ordinary shares of the Company at the initial conversion price (subject to adjustment) on the maturity date, being the fifth anniversary from 3 March 2000, provided that the condition of mandatory redemption, under which the conversion price is below the par value on the said maturity date, is not applicable at that time.

By virtue of his interest in Public Bank, Tan Sri Dato' Dr. TEH Hong Piow is also deemed to be interested in the non wholly-owned subsidiaries of Public Bank and of the Company, to the extent of Public Bank's or the Company's interests in them, respectively. These non wholly-owned subsidiaries have not been itemised on the basis that they are not material in the context of the Group and the list is of excessive length.

- (2) At the balance sheet date, the interests of the directors in any rights to subscribe for ordinary shares in the Company and its associated corporations as recorded in the register required to be kept under Section 29 of the SDI Ordinance were as follows:

Interests in	Notes	Name of director	Options granted in prior years	Options exercised during the year	Options remaining unexercised at end of current year
1. JCG	(i)	TAN Yoke Kong	150,000	–	150,000
	(i)	LEE Huat Oon	136,000	–	136,000
2. Public Bank	(ii)	Tan Sri Dato' Dr. TEH Hong Piow	250,000	–	250,000
	(ii)	Datuk TAY Ah Lek	175,000	–	175,000
	(ii)	WONG Kong Ming	37,500	37,500	–

Notes:

- (i) The options to subscribe for ordinary shares of HK\$0.10 each in JCG were granted on 20 June 1997 under the JCG Share Option Scheme for Employees duly approved on 20 March 1997. 50% of the options are exercisable commencing from two years after 5 July 1997, and the remaining 50% of the options are exercisable commencing from three years after 5 July 1997, at a subscription price of HK\$4.77 per share. The last day to exercise the options is 4 July 2002.

# Report of the Directors

## ***Directors' interests in shares (continued)***

- (ii) The options to subscribe for ordinary shares of RM0.50 each in Public Bank were granted on 10 April 1998 under its Employees' Share Option Scheme. The options are exercisable from 10 April 1998 to 24 February 2003, subject to the terms of Employees' Share Option Scheme, at a subscription price of RM1.66 per share.

During the year, no options to subscribe for ordinary shares in the Company were granted to any of the directors or the spouse or children under 18 years of age of any such director under the share option scheme which was adopted by the Company on 24 July 1992.

During the year, no options to subscribe for ordinary shares in JCG and Public Bank were granted to any of the directors or the spouse or children under 18 years of age of any of the directors.

Save as disclosed above, none of directors had any personal, family, corporate or other beneficial interests in the equity or debt securities of the Company or any of its associated corporations as referred to in the SDI Ordinance.

## ***Directors' rights to acquire shares***

Apart from the share option schemes mentioned above, at no time during the year was the Company or any of its holding companies, subsidiaries and fellow subsidiaries, a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## ***Directors' interests in contracts***

Except as detailed in note 29 to the financial statements and in the section headed "Connected transactions" above, no director had a beneficial interest, whether direct or indirect, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries and fellow subsidiaries was a party at the balance sheet date or at any time during the year.

## ***Directors' interests in competing business***

Tan Sri Dato' Dr. TEH Hong Piow and Datuk TAY Ah Lek are also directors of Public Bank, which is also engaged in the provision of finance to purchasers of licensed public vehicles through its branch in Hong Kong.

Tan Sri Dato' Dr. TEH Hong Piow, Mr. TAN Yoke Kong, Datuk TAY Ah Lek, Mr. WONG Kong Ming and Mr. LEE Huat Oon are also directors of JCG Finance, which is also engaged in the provision of finance to purchasers of licensed public vehicles.

The provision of finance to purchasers of licensed public vehicles undertaken by Public Bank and JCG Finance during the year were referred by the Group.

# Report of the Directors

## **Directors' interests in competing business (Continued)**

Tan Sri Dato' Dr. TEH Hong Piow is also a deemed substantial shareholder of Public Bank and JCG Finance by virtue of his interest in Public Bank.

## **Brief biographical details in respect of directors and senior management staff**

<b>Name</b>	<b>Age</b>	<b>Position held</b>	<b>Number of years of service with the Group</b>	<b>Business experience</b>
Tan Sri Dato' Dr. TEH Hong Piow	70	Chairman	3	He is the founder and controlling shareholder of Public Bank and the Chairman of JCG. He has been in the banking industry for more than 51 years.
TAN Yoke Kong	48	Director/ Chief Executive Officer	5	He is a Director of JCG and has more than 19 years of experience in the banking sector.
Datuk TAY Ah Lek	58	Non-executive Director	3	He is the Executive Director of Public Bank and a Director of JCG, and has more than 36 years of experience in the banking and financial sector.
WONG Kong Ming	47	Director	6	He is the General Manager of Public Bank, Hong Kong Branch and a Director of JCG, and has over 25 years of experience in the banking sector.
LEE Huat Oon	38	Director	3	He is a Director of JCG and has more than 13 years of experience in the banking sector.



# Report of the Directors

## *Brief biographical details in respect of directors and senior management staff (continued)*

<b>Name</b>	<b>Age</b>	<b>Position held</b>	<b>Number of years of service with the Group</b>	<b>Business experience</b>
GEH Cheng Hooi, Paul	66	Independent Non-executive Director	3	He is an Independent Non-executive Director of JCG and a consultant with KPMG, Malaysia. Prior to this, Mr. GEH was with the same firm for 29 years and was the Senior Partner thereof.
CHEAH Cheng Hye	46	Independent Non-executive Director Officer	2	He is an Independent Non-executive Director of JCG and has more than 11 years of experience in the financial sector, prior to which he worked as a financial journalist for 12 years.
NG Chee Khuen	33	Assistant General Manager	3	He was formerly attached to Public Bank and has over 10 years of experience in the banking and financial sector.
TAM Sin Kei	48	Chief Financial Officer	29	He has extensive experience in the taxi financing and taxi trading businesses.

## **Substantial shareholders**

As at 31 December 2000, the only substantial shareholder with a registered interest in the share capital of the Company, recorded in the register required to be maintained under Section 16(1) of the SDI Ordinance, was JCG, which reported a holding of 314,999,925 ordinary shares of HK\$0.10 each, representing approximately a 75% shareholding.

Public Bank was also deemed to be beneficially interested in the same 314,999,925 ordinary shares by virtue of Public Bank's 55.4% shareholding interest in JCG.

As at 31 December 2000, Tan Sri Dato' Dr. TEH Hong Piow was also deemed to be a substantial shareholder of the Company by virtue of his shareholding in Public Bank, the ultimate holding company of JCG.

Save as disclosed herein, the directors of the Company are not aware of any person who is, directly or indirectly, interested in 10% or more of the issued ordinary share capital of the Company or has any rights to subscribe for shares in respect of such capital.

## ***Purchase, redemption or sale of listed securities***

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

## ***Donations***

During the year, the Group made charitable and other donations totalling HK\$18,900.

## ***Post balance sheet events***

Details of the significant post balance sheet events of the Group are set out in note 30 to the financial statements.

## ***Audit committee***

The Company has established an audit committee (the "Audit Committee") in accordance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. The present members of the Audit Committee are Datuk TAY Ah Lek (Chairman of the Audit Committee), Mr. GEH Cheng Hooi, Paul and Mr. CHEAH Cheng Hye. Three meetings were held during the year to consider corporate governance, regulatory compliance, internal control and financial reporting matters which cover the accounting period in this annual report.

## ***Code of Best Practice***

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting year covered by this annual report. The non-executive directors and independent non-executive directors of the Company are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's bye-laws.

# Report of the Directors

## ***Auditors***

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Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**TAN Yoke Kong**

*Director*

Hong Kong

20 January 2001



## To the members

### **Winton Holdings (Bermuda) Limited**

*(Incorporated in Bermuda with limited liability)*

We have audited the financial statements on pages 20 to 49 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2000 and of the results and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong  
20 January 2001

# Consolidated Profit and Loss Account

Year ended 31 December 2000

	Notes	2000 HK\$'000	1999 HK\$'000
Turnover	3	125,711	112,907
Cost of sales		(95,225)	(101,311)
<b>GROSS PROFIT</b>		<b>30,486</b>	11,596
Interest income	4	163,622	176,510
Other operating income		2,773	7,705
Operating expenses		(103,606)	(169,064)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	5	<b>93,275</b>	26,747
Finance costs	6	(85,107)	(91,658)
Share of results of associates		(2,618)	(480)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>5,550</b>	(65,391)
Tax	9	(499)	(201)
<b>PROFIT/(LOSS) BEFORE MINORITY INTERESTS</b>		<b>5,051</b>	(65,592)
Minority interests		(175)	(13)
<b>NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>4,876</b>	(65,605)
Dividends - Convertible Preference Shares	11	(13,830)	-
<b>RETAINED LOSS FOR THE YEAR</b>		<b>(8,954)</b>	(65,605)
<b>LOSS PER SHARE</b>	12		
Basic		(2.1 cents)	(15.6 cents)
Diluted		N/A	N/A

Other than the net profit from ordinary activities attributable to shareholders for the year, the Group had no recognised gains or losses. Accordingly, a Consolidated Statement of Recognised Gains and Losses is not presented in the financial statements.

# Consolidated Balance Sheet

31 December 2000

	Notes	2000 HK\$'000	1999 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	13	<b>85,506</b>	87,704
Interests in associates	15	<b>5,932</b>	8,550
Long term loan instalment receivables	16	<b>1,120,382</b>	1,394,491
Deferred expenditure		<b>2,532</b>	19,606
		<b>1,214,352</b>	1,510,351
<b>CURRENT ASSETS</b>			
Loan instalment receivables	16	<b>22,521</b>	34,960
Loan receivables	16	<b>26,550</b>	43,802
Inventories	17	<b>24,940</b>	31,609
Trade receivables		<b>502</b>	1,675
Other receivables	18	<b>131,804</b>	85,749
Tax recoverable		<b>3,804</b>	4,300
Cash and cash equivalents	19	<b>368,725</b>	1,459
		<b>578,846</b>	203,554
<b>CURRENT LIABILITIES</b>			
Trade payables		<b>10</b>	53
Other payables and accruals	20	<b>25,465</b>	21,716
Interest-bearing bank loans and other loans	21	<b>15,458</b>	113,554
		<b>40,933</b>	135,323
<b>NET CURRENT ASSETS</b>			
		<b>537,913</b>	68,231
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>1,752,265</b>	1,578,582
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other loans	22	<b>749,414</b>	870,647
Provision for long service payments		<b>6,819</b>	6,920
Deferred tax	23	<b>10,690</b>	10,690
		<b>766,923</b>	888,257
Minority interests		<b>148</b>	(12)
		<b>767,071</b>	888,245
		<b>985,194</b>	690,337
<b>CAPITAL AND RESERVES</b>			
Issued capital	24	<b>134,400</b>	42,000
Reserves	25	<b>850,794</b>	648,337
		<b>985,194</b>	690,337

**TAN Yoke Kong**  
Director

**LEE Huat Oon**  
Director

# Consolidated Cash Flow Statement

Year ended 31 December 2000

	Notes	2000 HK\$'000	1999 HK\$'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	26(a)	<b>81,760</b>	6,219
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Dividends paid on convertible preference shares		<b>(13,830)</b>	–
Dividends paid to minority interests		<b>(15)</b>	(30)
Net cash outflow from returns on investments and servicing of finance		<b>(13,845)</b>	(30)
<b>TAX</b>			
Hong Kong profits tax (paid)/refunded		<b>(3)</b>	3,319
<b>INVESTING ACTIVITIES</b>			
Purchases of fixed assets		<b>(92)</b>	(3,363)
Proceeds from disposal of fixed assets		<b>30</b>	–
Net cash outflow from investing activities		<b>(62)</b>	(3,363)
<b>NET CASH INFLOW BEFORE FINANCING ACTIVITIES</b>		<b>67,850</b>	6,145
<b>FINANCING ACTIVITIES</b>	26(b)		
Repayment of mortgage loan		–	(5,000)
Proceeds from issue of convertible preference shares		<b>303,811</b>	–
Net cash inflow/(outflow) from financing activities		<b>303,811</b>	(5,000)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>371,661</b>	1,145
Cash and cash equivalents at beginning of year		<b>(2,936)</b>	(4,081)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>368,725</b>	(2,936)
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	19	<b>368,725</b>	1,459
Bank overdrafts		–	(4,395)
		<b>368,725</b>	(2,936)

# Company Balance Sheet

31 December 2000

	Notes	2000 HK\$'000	1999 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets	13	8	42
Interests in subsidiaries	14	744,158	742,756
		<b>744,166</b>	742,798
<b>CURRENT ASSETS</b>			
Other receivables	18	552	6,910
Cash and cash equivalents	19	305,295	20
		<b>305,847</b>	6,930
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	20	842	888
Loan from a fellow subsidiary	21	–	5,000
Tax payable		525	406
		<b>1,367</b>	6,294
<b>NET CURRENT ASSETS</b>			
		<b>304,480</b>	636
		<b>1,048,646</b>	743,434
<b>CAPITAL AND RESERVES</b>			
Issued capital	24	134,400	42,000
Reserves	25	914,246	701,434
		<b>1,048,646</b>	743,434

**TAN Yoke Kong**  
Director

**LEE Huat Oon**  
Director



# Notes to Financial Statements

31 December 2000

## 1. Corporate Information

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

During the year, the Group's principal activities were the provision of taxi financing loans, the provision of personal and short term loans, trading of taxi cabs and taxi licences, and leasing of taxis. There were no changes in the nature of the Group's principal activities during the year.

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

## 2. Summary Of Significant Accounting Policies

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### Basis of preparation

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

### Basis of consolidation

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

### Subsidiaries

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

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

### Associates

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

## 2. Summary Of Significant Accounting Policies (continued)

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

### Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost less accumulated depreciation.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

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

Long and medium term leasehold land	Over the remaining lease terms
Leasehold buildings	4 % (or over the remaining lease terms, if shorter)
Leasehold improvements, furniture, fixtures and equipment	14 - 20 %
Motor vehicles	20 %

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

### Investment properties

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

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

# Notes to Financial Statements

31 December 2000

## 2. Summary Of Significant Accounting Policies (continued)

### Deferred expenditure

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

### Operating leases

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

### Inventories

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

### Deferred tax

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

### Foreign currencies

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

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

### Retirement benefits scheme

The Group operates a defined contribution retirement benefits scheme for those employees who are eligible to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme, the mandatory contributions are fully vested with the employee.

## 2. Summary Of Significant Accounting Policies (continued)

### Long service payments

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

### Provisions for doubtful debts

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

### Revenue recognition

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

- (a) sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (b) fee income, when earned;
- (c) rental income, on the straight-line basis over the lease terms; and
- (d) interest, commission income and expenses, on the basis as set out under the heading "Financing operations."

### Financing operations

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

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

# Notes to Financial Statements

31 December 2000

## 2. Summary Of Significant Accounting Policies (continued)

### Related parties

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

### Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

## 3. Turnover

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

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

## 4. Interest income

Included in interest income were an amount of HK\$15,756,000 (1999:Nil) from a fellow subsidiary and an aggregate amount of HK\$961,000 (1999:HK\$2,353,000) from associates.

The interest income has been arrived at after netting off interest paid to co-financing banks under joint financing arrangements, as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Ultimate holding company	–	40
A fellow subsidiary	–	1,736
Others	2,452	20,705

# Notes to Financial Statements

31 December 2000

## 5. Profit From Operating Activities

Profit from operating activities is arrived at

	<b>2000</b>	<b>Group</b>
	<b>HK\$'000</b>	1999 HK\$'000
after charging:		
Amortisation and write off of commission expenses	<b>13,128</b>	39,119
Staff costs		
Salaries and related costs	<b>8,800</b>	10,951
Pension contributions	<b>21</b>	–
Auditors' remuneration	<b>813</b>	882
Depreciation	<b>2,290</b>	2,833
Loss on disposal of fixed assets	–	24
Operating lease rentals on land and buildings	–	504
Provision against amount due from an associate	<b>1,054</b>	–
Provision for bad and doubtful debts	<b>70,398</b>	109,448
and after crediting:		
Gain on disposal of fixed assets	<b>30</b>	–
Gross rental income less outgoings	<b>2,567</b>	2,317

Included in salaries and related costs is rent paid to a fellow subsidiary of HK\$117,000 (1999: Nil).

An analysis of the Group's contribution to profit from operating activities by principal activities is disclosed pursuant to Appendix 16 of the Listing Rules as follows:

	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Taxi trading and related operations	<b>29,411</b>	7,554
Others	<b>2,612</b>	10,220
	<b>32,023</b>	17,774
Financing and related business	<b>80,278</b>	29,470
Expenses:		
General and administrative	<b>(19,026)</b>	(20,497)
Contribution after general and administrative expenses	<b>93,275</b>	26,747

# Notes to Financial Statements

31 December 2000

## 6. Finance Costs

The finance costs represent the following:

	<b>2000</b>	<b>Group</b>
	<b>HK\$'000</b>	1999 HK\$'000
Interest expense on:		
Bank loans and overdrafts	<b>11,746</b>	24,826
Loans from fellow subsidiaries wholly repayable within five years	<b>73,361</b>	66,832
	<b>85,107</b>	91,658

## 7. Directors' Remuneration

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	<b>2000</b>	<b>Group</b>
	<b>HK\$'000</b>	1999 HK\$'000
Fees:		
Executive	<b>105</b>	–
Non-executive	<b>140</b>	70
Independent non-executive	<b>140</b>	140
	<b>385</b>	210
Overprovision in prior year	<b>(17)</b>	–
	<b>368</b>	210

The number of directors whose remuneration fell within the band set out below is as follows:

	<b>2000</b>	1999
	<b>Number of</b>	Number of
	<b>directors</b>	directors
Nil – HK\$1,000,000	<b>7</b>	8

# Notes to Financial Statements

31 December 2000

## 8. Five Highest Paid Individuals

The five highest paid individuals in 2000 and 1999 did not include any directors. The remuneration of these five (1999: five) highest paid individuals was analysed and fell within the band set out below.

	<b>2000</b> <b>HK\$'000</b>	1999 HK\$'000
Basic salaries, housing, other allowances and benefits in kind	<b>2,857</b>	2,834
Bonuses paid and payable	<b>231</b>	231
	<b>3,088</b>	3,065
	<b>2000</b> <b>Number of</b> <b>individuals</b>	1999 Number of individuals
Nil – HK\$1,000,000	<b>5</b>	5

## 9. Tax

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the year.

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

## 10. Net Profit From Ordinary Activities Attributable To Shareholders

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$15,231,000 (1999: HK\$6,161,000).

## 11. Dividends

	<b>2000</b>	1999	<b>2000</b>	1999
	<b>Cents per</b> <b>convertible</b>		<b>HK\$'000</b>	
	<b>preference share</b>		<b>HK\$'000</b>	
1st semi-annual	<b>0.5917</b>	–	<b>5,468</b>	–
2nd semi-annual	<b>0.9050</b>	–	<b>8,362</b>	–
	<b>1.4967</b>	–	<b>13,830</b>	–

Subject to the Companies Act 1981 of Bermuda and the Bye-laws of the Company, the holders of convertible preference shares are to be paid dividends semi-annually at 5.5% per annum on the notional value of HK\$0.33 per convertible preference share in arrears on daily basis.

No interim dividend of the Company was declared to the ordinary shareholders for the year (1999: Nil). The Board of Directors does not recommend the payment of final dividend to the ordinary shareholders for the year (1999: Nil).



# Notes to Financial Statements

31 December 2000

## 12. Loss Per Share

(i) Basic loss per share

The calculation of loss per share is based on the net loss attributable to shareholders (after payment of convertible preference shares dividends which have been regarded as an expense) for the year of HK\$8,954,000 (1999: HK\$65,605,000) and 420,000,000 (1999: 420,000,000) ordinary shares in issue throughout the year.

(ii) Diluted loss per share

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

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

## 13. Fixed Assets

Group	Investment properties HK\$'000	Leasehold land and buildings HK\$'000	Leasehold improvements, furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At beginning of year	29,508	63,043	16,048	2,335	110,934
Additions	–	–	92	–	92
Disposals	–	–	–	(1,204)	(1,204)
<b>At 31 December 2000</b>	<b>29,508</b>	<b>63,043</b>	<b>16,140</b>	<b>1,131</b>	<b>109,822</b>
Accumulated depreciation:					
At beginning of year	–	8,195	12,700	2,335	23,230
Provided during the year	–	1,501	789	–	2,290
Disposals	–	–	–	(1,204)	(1,204)
<b>At 31 December 2000</b>	<b>–</b>	<b>9,696</b>	<b>13,489</b>	<b>1,131</b>	<b>24,316</b>
Net book value:					
<b>At 31 December 2000</b>	<b>29,508</b>	<b>53,347</b>	<b>2,651</b>	<b>–</b>	<b>85,506</b>
At 31 December 1999	29,508	54,848	3,348	–	87,704

# Notes to Financial Statements

31 December 2000

## 13. Fixed Assets (continued)

Company	Furniture, fixtures and equipments HK\$'000
Cost:	
At beginning of year	4,903
Additions during the year	–
<b>At 31 December 2000</b>	<b>4,903</b>
Accumulated depreciation:	
At beginning of year	4,861
Provided during the year	34
<b>At 31 December 2000</b>	<b>4,895</b>
Net book value:	
<b>At 31 December 2000</b>	<b>8</b>
At 31 December 1999	42

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

	Group 2000 HK\$'000
At cost:	
Medium term leases	7,233
Long term leases	55,810
	<b>63,043</b>

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

	Group 2000 HK\$'000
At valuation:	
Medium term leases	350
Long term leases	29,158
	<b>29,508</b>

# Notes to Financial Statements

31 December 2000

## 13. Fixed Assets (continued)

The Group's investment properties, which are situated in Hong Kong and are held under medium and long term leases, were revalued on 21 December 2000 by Chung Sen Surveyors Limited, an independent professional valuer at an open market value based on their existing use. Certain of the Group's investment properties, with a carrying value of HK\$29,158,000, were revalued at HK\$29,300,000. As the directors are of the opinion that the revaluation surplus amount is immaterial, the carrying value of the properties has not been adjusted to the revalued amount.

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

Certain of the above leasehold land and buildings and investment properties held by the Group, with an aggregate carrying value of approximately HK\$82,287,000 at the balance sheet date (1999: HK\$83,764,000), were pledged to secure banking facilities granted to the Group (notes 21 and 22).

## 14. Interests In Subsidiaries

	2000 HK\$'000	1999 HK\$'000
Unlisted shares	273,984	273,984
Amount due from a subsidiary	470,174	468,772
	<b>744,158</b>	<b>742,756</b>

The amount due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the Company's subsidiaries are as follows:

Name	Nominal value of issued/ registered ordinary share capital HK\$	Percentage of equity attributable to the Company		Principal activities
		Directly	Indirectly	
Eastwood Overseas Corporation	US\$1	–	100	Investment holding
Eternal Success Company Limited	20	–	100	Property holding
Keytop Investment Limited	2	–	100	Dormant
Lion Crown Company Limited (note 30)	20	–	100	Dormant
Shuning Shing Limited (note 30)	2	–	100	Dormant

# Notes to Financial Statements

31 December 2000

## 14. Interests In Subsidiaries (continued)

Name	Nominal value of issued/ registered ordinary share capital HK\$	Percentage of equity attributable to the Company		Principal activities
		Directly	Indirectly	
Winsure Company, Limited	1,600,000	–	96.9	Dormant
Winton (B.V.I.) Limited	61,773	100	–	Investment and property holding
Winton Financial Limited	4,000,010	–	100	Provision of hire purchase financing and provision of personal and short term loans
Winton Financial (Factoring) Limited	1,000,000	–	100	Provision of hire-purchase financing
Winton Investment Company (China) Limited	1,000,000	–	100	Investment holding
Winton Motors, Limited	78,000	–	100	Trading of taxis and public light buses and leasing of taxis
Winton Motors Trading Company Limited	2	–	100	Trading of taxis and public light buses
Winton Restaurant Limited	20	–	100	Investment holding
Winton Trading Company Limited	20	–	100	Trading of automobile accessories and spare parts
Worthy Park Company Limited (note 30)	20	–	100	Dormant
Wu Shang Mei Winton (China) Investment Company Limited	100	–	90	Investment holding

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

# Notes to Financial Statements

31 December 2000

## 15. Interests In Associates

	<b>Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Share of net assets, other than goodwill	<b>5,932</b>	8,550
Amount due from an associate	–	6,351
	<b>5,932</b>	14,901
Provision against amount due from an associate	–	(6,351)
	<b>5,932</b>	8,550

Particulars of the Group's associates are as follows:

<b>Name</b>	<b>Business structure</b>	<b>Place of registration</b>	<b>Percentage of ownership interest attributable to the Group</b>		<b>Principal activities</b>
			<b>2000</b>	1999	
ZKW Enterprise (Group) Co., Ltd., Zhuhai Special Economic Zone	Corporate	The People's Republic of China	<b>40</b>	40	Investment holding, general trading and automobile repairs centre
Zhangjiagang Rixing Freight & Storage Co., Ltd.	Corporate	The People's Republic of China	<b>45</b>	45	Cargo handling and transportation

The Group's 40% interest in Zhuhai Winton Restaurant Limited was disposed of on 16 November 2000.

## 16. Loan Instalment Receivables And Loan Receivables

Loan instalment receivables, which represent the amounts receivable from the Group's financing business in Hong Kong, are shown net of unearned interest. Amounts receivable within one year are shown under current assets.

Certain of the loan instalment receivables were pledged to secure banking facilities of HK\$145,000,000 (1999: HK\$160,271,000). As at 31 December 2000, no such facilities were utilised (1999: HK\$106,158,000).

# Notes to Financial Statements

31 December 2000

## 16. Loan Instalment Receivables And Loan Receivables (continued)

The maturity profile of loan instalment receivables and loan receivables at the balance sheet date is analysed by the remaining periods to their contractual maturity dates as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Maturing:		
Within one year	49,071	109,019
One year to three years	85,694	79,920
Three years to five years	130,008	132,834
Over five years	948,949	1,235,173
	<b>1,213,722</b>	1,556,946
Less:		
Provision	44,269	83,693
	<b>1,169,453</b>	1,473,253

## 17. Inventories

	Group	
	2000 HK\$'000	1999 HK\$'000
Taxi cabs and taxi licences	24,937	29,280
Others	3	2,329
	<b>24,940</b>	31,609

None of the above inventories is carried at net realisable value (1999: HK\$2,157,000).

At 31 December 2000, the carrying value of inventories of the Group pledged as security for bank borrowings and other loans amounted to HK\$22,496,000 (1999: HK\$20,731,000) (note 21).

## 18. Other Receivables

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Prepayments, deposits and other receivables	124,289	75,459	356	115
Dividend receivable	–	–	–	6,795
Due from fellow subsidiaries	235	–	196	–
Due from an associate	7,280	10,290	–	–
	<b>131,804</b>	85,749	<b>552</b>	6,910

Amount due from fellow subsidiaries comprises an amount of HK\$196,000 being interest receivable in respect of deposits placed with a fellow subsidiary and a rental deposit of HK\$39,000.

The amount due from an associate is unsecured, interest-bearing at the prevailing market rate in Mainland China and is repayable within one year.

# Notes to Financial Statements

31 December 2000

## 19. Cash And Cash Equivalents

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Cash and balances with banks and other financial institutions	4,616	1,459	9	20
Money at call and short notice	64,109	–	5,286	–
Placements with banks and financial institutions	300,000	–	300,000	–
	<b>368,725</b>	1,459	<b>305,295</b>	20

Placements with banks and financial institutions are deposits placed with a fellow subsidiary, which is a bank.

## 20. Other Payables And Accruals

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Accounts payables and other accrued liabilities	24,726	21,481	842	888
Interest payable to a fellow subsidiary	678	–	–	–
Rental deposit received from a fellow subsidiary	26	–	–	–
Due to a fellow subsidiary	35	130	–	–
Due to the immediate holding company	–	105	–	–
	<b>25,465</b>	21,716	<b>842</b>	888

The amount due to a fellow subsidiary is unsecured, interest free and repayable on demand.

In prior year, the amount due to the immediate holding company represented procurement fees for directors payable by the Group. The balance was unsecured, interest-free and was repayable on demand.

## 21. Interest-bearing Bank Loans And Other Loans, Current

	Notes	Group		Company	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank overdrafts	22	–	4,395	–	–
Current portion of bank loans	22	15,458	104,159	–	–
Loan from a fellow subsidiary	22	–	5,000	–	5,000
		<b>15,458</b>	113,554	–	5,000

# Notes to Financial Statements

31 December 2000

## 22. Interest-bearing Bank Loans And Other Loans, Non-current

	Note	Group		Company	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank overdrafts:					
Secured		–	4,395	–	–
Bank loans:					
Secured		<b>15,458</b>	175,392	–	–
Loans from fellow subsidiaries:					
Unsecured		<b>749,414</b>	804,414	–	5,000
		<b>764,872</b>	984,201	–	5,000
Bank overdrafts repayable within one year or on demand		–	4,395	–	–
Bank loans repayable:					
Within one year		<b>15,458</b>	104,159	–	–
In the second year		–	71,233	–	–
		<b>15,458</b>	175,392	–	–
Loans from fellow subsidiaries repayable:					
Within one year		–	5,000	–	5,000
In the second year		<b>749,414</b>	799,414	–	–
		<b>749,414</b>	804,414	–	5,000
		<b>764,872</b>	984,201	–	5,000
Portion classified as current liabilities	21	<b>(15,458)</b>	(113,554)	–	(5,000)
Long term portion		<b>749,414</b>	870,647	–	–

The loans from a fellow subsidiary of HK\$749,414,000 are unsecured, interest-bearing at Hong Kong prevailing market rates and are repayable after one year.

In the prior year, the loans from fellow subsidiaries of HK\$5,000,000 and HK\$799,414,000 were unsecured, interest-bearing at Hong Kong prevailing market rates and were repayable within one year and after one year, respectively.



# Notes to Financial Statements

31 December 2000

## 22. Interest-bearing Bank Loans And Other Loans, Non-current (continued)

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

- (i) First legal charges on certain investment properties of the Group situated in Hong Kong with an aggregate carrying value of approximately HK\$29,508,000 (1999: HK\$29,508,000);
- (ii) First legal charges on certain leasehold land and buildings of the Group with an aggregate carrying value of approximately HK\$52,779,000 (1999: HK\$54,256,000);
- (iii) Fixed charges on certain of the loan instalment receivables of the Group (note 16); and
- (iv) Fixed charges on certain of the inventories with carrying value in total of HK\$22,496,000 (1999: HK\$20,731,000) (note 17).

## 23. Deferred Tax

The principal components of the Group's provision for deferred tax, and the net deferred tax asset position not recognised in the financial statements are as follows:

	Provided		Not recognised	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Commission expenses claimed over amount amortised	10,690	10,690	-	-
Unutilised tax losses	-	-	(134,768)	(117,842)
	<b>10,690</b>	10,690	<b>(134,768)</b>	(117,842)

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

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

# Notes to Financial Statements

31 December 2000

## 24. Share Capital

	2000 HK\$'000	1999 HK\$'000
Authorised:		
2,000,000,000 (1999: 500,000,000) ordinary shares of HK\$0.10 each	<b>200,000</b>	50,000
924,000,000 convertible preference shares of HK\$0.10 each	<b>92,400</b>	–
	<b>292,400</b>	50,000
Issued and fully paid:		
420,000,000 ordinary shares of HK\$0.10 each	<b>42,000</b>	42,000
924,000,000 convertible preference shares of HK\$0.10 each	<b>92,400</b>	–
	<b>134,400</b>	42,000

During the year, the following movements in share capital were recorded:

- (a) Pursuant to an ordinary resolution passed on 10 February 2000, the authorised share capital of the Company was increased from HK\$50,000,000 to HK\$292,400,000 by the creation of 1,500,000,000 additional ordinary shares of HK\$0.10 each, ranking *pari passu* in all respects with the then existing ordinary shares of the Company, and the creation of 924,000,000 convertible preference shares of HK\$0.10 each.
- (b) On 3 March 2000, the Company issued 924,000,000 convertible preference shares of HK\$0.10 each at a subscription price of HK\$0.33 per convertible preference share for a total cash consideration, before expenses, of HK\$304,920,000. The convertible preference shares are non-voting, redeemable and their holders are entitled to a fixed cumulative preferential dividend at the rate of 5.5% per annum on the notional value of HK\$0.33 of each convertible preference share. The convertible preference shares rank in priority to the ordinary shares in the Company as to dividend. The convertible preference shares are convertible into ordinary shares of the Company at the option of the holders at an initial conversion price of HK\$0.33 each (subject to adjustment) at any time after two years from 3 March 2000, the date of issue of the convertible preference shares, and up to the fifth anniversary from the date of their issue or until the date prior to the redemption date, whichever is the earlier. The convertible preference shares will be mandatorily converted into ordinary shares of the Company at the initial conversion price (subject to adjustment) on the maturity date, being the fifth anniversary from 3 March 2000, provided that the condition of mandatory redemption, under which the conversion price is below the par value on the said maturity date, is not applicable at that time. The proceeds were used as general working capital of the Group.

### Share Options

Pursuant to an approved share option scheme for employees, the directors may, at their discretion, invite full-time employees of the Group, including executive directors, to take up options to subscribe for shares in the Company at any time during the ten years from the date of approval of the share option scheme, in accordance with the terms of the scheme. As at the balance sheet date, no options had been granted under the scheme.

# Notes to Financial Statements

31 December 2000

## 25. Reserves

	<b>Share premium account HK\$'000</b>	<b>Contributed surplus HK\$'000</b>	<b>Translation reserve HK\$'000</b>	<b>Retained profits HK\$'000</b>	<b>Total HK\$'000</b>
<b>Group</b>					
At 1 January 1999	415,859	260,007	(1,992)	40,068	713,942
Loss for the year 1999	–	–	–	(65,605)	(65,605)
At 31 December 1999 and at beginning of year	415,859	260,007	(1,992)	(25,537)	648,337
Issue of convertible preference shares	212,520	–	–	–	212,520
Share issue expenses	(1,109)	–	–	–	(1,109)
Loss for the year	–	–	–	(8,954)	(8,954)
<b>At 31 December 2000</b>	<b>627,270</b>	<b>260,007</b>	<b>(1,992)</b>	<b>(34,491)</b>	<b>850,794</b>
Reserves retained by:					
Company and subsidiaries	627,270	260,007	–	(3,385)	883,892
Associates	–	–	(1,992)	(31,106)	(33,098)
<b>At 31 December 2000</b>	<b>627,270</b>	<b>260,007</b>	<b>(1,992)</b>	<b>(34,491)</b>	<b>850,794</b>
Reserves retained by:					
Company and subsidiaries	415,859	260,007	–	2,951	678,817
Associates	–	–	(1,992)	(28,488)	(30,480)
At 31 December 1999	415,859	260,007	(1,992)	(25,537)	648,337

# Notes to Financial Statements

31 December 2000

## 25. Reserves (continued)

	<b>Share premium account HK\$'000</b>	<b>Contributed surplus HK\$'000</b>	<b>Retained profits HK\$'000</b>	<b>Total HK\$'000</b>
<b>Company</b>				
At 1 January 1999	415,859	247,734	31,680	695,273
Profit for the year 1999	–	–	6,161	6,161
At 31 December 1999 and beginning of year	415,859	247,734	37,841	701,434
Issue of convertible preference shares	212,520	–	–	212,520
Share issue expenses	(1,109)	–	–	(1,109)
Profit for the year	–	–	1,401	1,401
<b>At 31 December 2000</b>	<b>627,270</b>	<b>247,734</b>	<b>39,242</b>	<b>914,246</b>

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in July 1992 over the nominal value of the Company's shares issued in exchange therefor.

The contributed surplus of the Company represents the excess of the fair values of the shares of the subsidiaries acquired pursuant to the Group reorganisation in July 1992, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, a Company may make distributions to its shareholders out of the contributed surplus in certain circumstances.

# Notes to Financial Statements

31 December 2000

## 26. Notes To Consolidated Cash Flow Statement

### (a) Reconciliation of profit/(loss) after finance costs to net cash inflow from operating activities

	Group	
	2000 HK\$'000	1999 HK\$'000
Profit/(loss) after finance costs	<b>8,168</b>	(64,911)
Amortisation and write-off of commission expenses	<b>13,128</b>	39,119
Provision for bad and doubtful debts	<b>70,398</b>	109,448
Provision against amount due from an associate	<b>1,054</b>	–
Provision for (gain)/diminution in value of inventories of taxi licences	<b>(24)</b>	24
Depreciation	<b>2,290</b>	2,833
(Gain)/loss on disposal of fixed assets	<b>(30)</b>	24
Decrease in provision for long service payments	<b>(101)</b>	(1,076)
Decrease in amount due from an associate	<b>1,956</b>	608
Decrease in loan instalment receivables	<b>236,976</b>	10,235
Decrease in deferred expenditure	<b>3,946</b>	6,150
Decrease in loan receivables	<b>16,501</b>	35,751
Decrease in trade receivables	<b>811</b>	1,402
Decrease in inventories	<b>6,693</b>	44,064
Increase in prepayments, deposits and other receivables	<b>(68,543)</b>	(49,486)
Decrease in amount due from the ultimate holding company	–	250
Decrease in amount due to the ultimate holding company	–	(96)
Increase/(decrease) in account payables and other accrued liabilities	<b>3,202</b>	(18,328)
Decrease in interest-bearing bank loans and other loans	<b>(214,934)</b>	(94,588)
Increase/(decrease) in amount due to fellow subsidiaries and the immediate holding company	<b>504</b>	(15,204)
Increase in amount due from fellow subsidiaries	<b>(235)</b>	–
Net cash inflow from operating activities	<b>81,760</b>	6,219

# Notes to Financial Statements

31 December 2000

## 26. Notes To Consolidated Cash Flow Statement (continued)

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

	Share capital (including share premium) HK\$'000	Mortgage loan HK\$'000
Balance at 1 January 1999	457,859	5,000
Repayment during the year 1999	–	(5,000)
Balance at 31 December 1999 and at 1 January 2000	457,859	–
Cash inflow/(outflow) from financing activities, net		
Issue of convertible preference shares	304,920	–
Share issue expenses	(1,109)	–
<b>Balance at 31 December 2000</b>	<b>761,670</b>	<b>–</b>

## 27. Commitments

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
(a) Capital commitments:				
Contracted for, but not provided in respect of purchases of fixed assets	–	–	–	–
(b) Annual commitments payable under non-cancellable operating leases in respect of land and buildings expiring in the second to fifth years, inclusive	<b>234</b>	180	<b>234</b>	180

# Notes to Financial Statements

31 December 2000

## 28. Contingent Liabilities

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
(a) Guarantees given to banks to secure credit facilities of subsidiaries	–	–	<b>599,000</b>	1,138,200
Extent of the guaranteed credit facilities utilised at the balance sheet date	–	–	–	136,935
(b) Guarantees under co-financing arrangements given to:				
Ultimate holding company	<b>770</b>	770	<b>770</b>	770
Other co-financing banks	<b>9,186</b>	29,414	–	–
	<b>9,956</b>	30,184	<b>770</b>	770
(c) Various ex-employees of the restaurants formerly operated by four subsidiaries of the Group had served summonses in July 2000 to the subsidiaries seeking to file their respective statements of claim. These and other related matters will come up for hearing in early 2001. In the statements of claim sought to be filed, the ex-employees (save for one ex-employee in one of the subsidiaries) are seeking declarations against the subsidiaries rather than claiming specific amounts. In view of the financial position of the subsidiaries and having considered the advice of legal advisers, the directors of three of the above subsidiaries have resolved to put their respective companies into creditors' voluntary liquidation. As regards the claims against the remaining subsidiary, based on legal advice, these will continue to be defended ( <i>note 30</i> ).				
(d) As at the balance sheet date, a wholly-owned subsidiary of the Group, was named as second defendant in a legal action initiated by an individual claiming a sum of approximately HK\$12,537,952 for damages and loss of future earnings relating to injuries sustained by the said individual in a traffic accident involving a taxi owned by and leased by the said subsidiary to a taxi hirer at the time of the accident. The taxi was covered under a third party insurance policy and the claim is being attended by the insurance company. Accordingly, no provision in respect thereof has been made.				

# Notes to Financial Statements

31 December 2000

## 29. Related Party Transactions

During the year, the Group had the following transactions with related parties:

	Notes	Group	
		2000 HK\$'000	1999 HK\$'000
Interest paid to the ultimate holding company	(a)	–	40
Commission income received from the ultimate holding company	(a)	<b>76</b>	122
Interest paid to a fellow subsidiary	(a)	–	1,736
Commission income received from a fellow subsidiary	(a)	–	414
Interest and related facility fee paid to fellow subsidiaries for unsecured revolving credit facilities	(b)	<b>73,391</b>	66,932
Interest income from associates	(c)	<b>961</b>	2,353
Procurement fees paid to the immediate holding company	(d)	–	105
Provision for loss on amount due from an associate	(e)	<b>1,054</b>	–
Charge for IT support paid to a fellow subsidiary	(f)	<b>152</b>	213
Rent paid to a fellow subsidiary	(g)	<b>117</b>	–
Rent received from a fellow subsidiary	(h)	<b>79</b>	–
Commission income received from a fellow subsidiary	(i)	<b>353</b>	–
Commission income received from the ultimate holding company for referrals of floating rate loans	(j)	<b>28</b>	–
Interest income from a fellow subsidiary	(k)	<b>15,756</b>	–

(a) These transactions arose from the co-financing arrangements with Public Bank, the ultimate holding company of the Company, and JCG Finance Company, Limited ("JCG Finance"), a fellow subsidiary of the Company. During the year, no hire purchase loans were granted by the Group under the co-financing arrangements with Public Bank (1999: Nil) and JCG Finance (1999: Nil). The directors consider that the terms of the co-financing arrangements with Public Bank and JCG Finance are essentially the same as those which the Group has with other co-financing banks. Further details of these transactions are set out under the "Connected transactions" section in the Report of the Directors.

(b) The unsecured revolving loan facilities of HK\$800,000,000 (1999: HK\$800,000,000) granted by Public Bank (L) Ltd, a wholly-owned subsidiary of Public Bank, to a subsidiary of the Company were utilised to the extent of HK\$799,414,000 during the year (1999: HK\$799,414,000), and up to HK\$749,414,000 as at 31 December 2000 (1999: HK\$799,414,000). During the year, the unsecured revolving loan facility granted by JCG Finance to the Company was reduced to HK\$30,000,000 (1999: HK\$100,000,000). The facility was utilised to the extent of HK\$5,000,000 (1999: HK\$55,000,000), and as at 31 December 2000, the facility was not utilised (1999: HK\$5,000,000). The facility fee for the loan facility from JCG Finance, and interests on the loan facilities from Public Bank (L) Ltd and JCG Finance were based on prevailing market rates.



# Notes to Financial Statements

31 December 2000

## 29. Related Party Transactions (continued)

- (c) The interest income from associates arose from loans granted to the associates, further details of which are disclosed in notes 15 and 18 to the financial statements.
- (d) Pursuant to an agreement entered into between the Company and JCG Holdings Limited, the Company has committed to pay an annual procurement fee to JCG Holdings Limited in respect of procuring the services of certain directors for the Company. The basis of the fee was determined by the board of directors of the Company at the end of each financial year. The agreement expired on 31 December 1999.
- (e) The amount related to a provision for estimated losses on the amount due from an associate, the recoverability of which is doubtful. Accordingly, full provision has been made during the year.
- (f) The charge for IT services related to the IT support services provided by the Information Technology Department of JCG Finance which was charged based on cost apportionment per man day.
- (g) The rental expense was paid to JCG Finance for leasing a property to the Company as staff quarters, for a period of two years at a monthly rental of HK\$19,500, commencing from 3 July 2000.
- (h) The rental income was derived from leasing a property to JCG Finance as its storeroom, for a period of two years at a monthly rental of HK\$13,179, commencing from 1 July 2000.
- (i) The commission income received from referrals of floating rate hire-purchase loans to JCG Finance was determined based on market practice.
- (j) The commission income received from referrals of floating rate hire-purchase loans to Public Bank was determined based on market practice.
- (k) The interest income was received from fixed deposits placed with Public Bank (L) Ltd at the prevailing market rates.

# Notes to Financial Statements

31 December 2000

## **30. Post Balance Sheet Events**

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Three subsidiaries of the Group, namely Lion Crown Company Limited, Shuning Shing Limited and Worthy Park Company Limited which have been dormant, resolved on 16 January 2001 to wind up the respective companies under section 241 of the Companies Ordinance. The above is not expected to have a significant impact on the financial position of the Group (*note 28(c)*).

## **31. Comparative Figures**

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

## **32. Approval Of The Financial Statements**

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

# Financial Summary

31 December 2000

## Assets and Liabilities

	<b>2000</b>	<b>31 December</b>				31 March
		1999	1998	1997	1996	1996
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	<b>1,793,198</b>	1,713,905	1,914,793	2,257,324	1,539,035	1,186,045
Total liabilities	<b>(807,856)</b>	(1,023,580)	(1,158,846)	(1,343,050)	(644,746)	(319,432)
Minority interests	<b>(148)</b>	12	(5)	(7)	(815)	(888)
Shareholders' funds	<b>985,194</b>	690,337	755,942	914,267	893,474	865,725

  

	<b>Year ended</b>	Year ended	Year ended	Year ended	Period from	
					1 April	Year ended
	<b>31 December</b>	31 December	31 December	31 December	31 December	31 March
	<b>2000</b>	1999	1998	1997	1996	1996
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net profit/(loss) from ordinary activities attributable to shareholders	<b>4,876</b>	(65,605)	(154,125)	50,193	73,813	78,079
Basic earnings/(loss) per share (note 12)	<b>(2.1 cents)</b>	(15.6 cents)	(36.7 cents)	12.0 cents	17.6 cents	18.6 cents

The summaries of results and assets and liabilities presented above have been extracted from the published financial statements of the Company, after adjusting for the effect of the prior year adjustment in respect of the change in accounting policy relating to the recognition of commission expenses and commission income in the period ended 31 December 1996.