



(incorporated in Bermuda with limited liability)

(Website: www.jcg.com.hk)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002

ANNUAL RESULTS

The Board of Directors of JCG Holdings Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2002 with comparative figures are as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 31 December	
		2002	2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income		800,349	928,711
Interest expense		(29,189)	(89,612)
NET INTEREST INCOME		771,160	839,099
Other operating income	1	167,958	199,774
OPERATING INCOME		939,118	1,038,873
Operating expenses	2	(200,203)	(213,509)
OPERATING PROFIT BEFORE PROVISIONS		738,915	825,364
Provisions for bad and doubtful debts	7	(477,213)	(312,770)
OPERATING PROFIT		261,702	512,594
Gain on disposal of an associate		3,557	–
Share of results of associates		–	(5,932)
PROFIT BEFORE TAX		265,259	506,662
Tax	3	(28,438)	(61,967)
PROFIT BEFORE MINORITY INTERESTS		236,821	444,695
Minority interests		517	(15,863)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		237,338	428,832
DIVIDENDS	4		
Interim		32,005	60,097
Proposed final		95,547	166,162
		127,552	226,259
EARNINGS PER SHARE (cents)	5		
Basic		33.5	60.7
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

		31 December 2002	31 December 2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Cash and short term placements		1,444,612	523,497
Placements with banks and financial institutions maturing between one and twelve months		128,368	305,000
Loans and advances	6	3,134,806	3,341,461
Other assets	8	279,341	267,785
Long term investment		7,889	9,540
Investment properties		60,080	73,602
Interest in an associate		–	–
Fixed assets		296,515	294,521
TOTAL ASSETS		<u>5,351,611</u>	<u>4,815,406</u>
LIABILITIES			
Customer deposits		1,774,336	1,033,546
Interest-bearing bank borrowings		–	200,000
Other liabilities	9	85,134	109,780
TOTAL LIABILITIES		<u>1,859,470</u>	<u>1,343,326</u>
CAPITAL RESOURCES			
Share capital		70,776	70,707
Reserves	11	3,110,295	3,029,501
Proposed final dividend	4	95,547	166,162
Shareholders' funds		3,276,618	3,266,370
Minority interests		215,523	205,710
TOTAL CAPITAL RESOURCES		<u>3,492,141</u>	<u>3,472,080</u>
TOTAL LIABILITIES AND CAPITAL RESOURCES		<u>5,351,611</u>	<u>4,815,406</u>

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

	Year ended 31 December	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
TOTAL EQUITY		
Balance at beginning of year	3,266,370	3,071,943
Deficit on revaluation of long term equity investments	(1,651)	(4,870)
Loss on diluted shareholding of a subsidiary, net of gain on redemption of minority interests	(30,534)	–
Net losses not recognised in the consolidated profit and loss account	(32,185)	(4,870)
Net profit from ordinary activities attributable to shareholders	237,338	428,832
Ordinary dividends paid	(198,167)	(229,783)
Issue of shares	3,262	248
	42,433	199,297
Balance at end of year	<u>3,276,618</u>	<u>3,266,370</u>

The privatisation scheme of Winton Holdings (Bermuda) Limited (“Winton”), a non-wholly owned subsidiary of the Company, via a scheme of arrangement and withdrawal of its listing, which was proposed on 3 December 2002, had not been completed in 2002. The privatisation scheme has been scheduled for approval by its independent shareholders in February 2003. As a result, a net loss of HK\$30,534,000 arising from the temporary dilution of the Group’s shareholding in Winton and its subsidiaries (“Winton Group”) together with any gains arising on completion of the said privatisation scheme will be accounted for as negative goodwill in the first half of 2003.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OTHER OPERATING INCOME

	Year ended 31 December	
	2002	2001
	HK\$'000	HK\$'000
Fees and commission income	154,185	182,872
Gross rental income	5,283	5,238
Less: Outgoing expenses	(446)	(450)
Net rental income	4,837	4,788
Loss on disposal of fixed assets	(137)	(67)
Net profit from trading activities	5,573	4,753
Dividends from listed investments	266	266
Others	3,234	7,162
	<u>167,958</u>	<u>199,774</u>

Net profit from trading activities has been arrived at after netting off the cost of inventories sold in the amount of HK\$194,726,000 (2001: HK\$135,168,000).

2. OPERATING EXPENSES

	Year ended 31 December	
	2002	2001
	HK\$'000	HK\$'000
Staff costs:		
Salaries and other staff costs	83,739	94,251
Pension contributions	6,449	6,421
Less: Forfeited contributions	(245)	(766)
Net pension contributions	6,204	5,655
	<u>89,943</u>	<u>99,906</u>
Other operating expenses:		
Operating lease rentals on land and buildings	20,697	20,417
Depreciation	9,859	9,701
Amortisation of intangible assets	25	25
Auditors’ remuneration	1,742	1,848
Deficit / (surplus) on revaluation of investment properties	4,022	(2,806)
Amortisation and write off of commission expenses	3,287	347
Provision against an amount due from an associate	–	7,339
(Write back) / provisions for other doubtful debts	(2,068)	13,176
Administrative and general expenses	15,775	15,892
Others	56,921	47,664
	<u>200,203</u>	<u>213,509</u>

As at 31 December 2002, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2001: Nil). The current year credits arose in respect of staff who left the scheme during the year.

3. TAX

	Year ended 31 December	
	2002 HK\$'000	2001 HK\$'000
Hong Kong – profits tax	29,503	62,967
Attributable share of estimated profits tax losses arising from investment in partnership, net of impairment of HK\$14,194,000 (note 8)	(5,006)	–
Deferred tax charge/ (credit)	3,941	(1,000)
	<u>28,438</u>	<u>61,967</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in the Hong Kong SAR 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 or elsewhere during the year (2001: Nil).

4. DIVIDENDS

	Year ended 31 December			
	2002 Cents per ordinary share	2001 Cents per ordinary share	2002 HK\$'000	2001 HK\$'000
Interim	4.5	8.5	32,005	60,097
Proposed final	13.5	23.5	95,547	166,162
	<u>18.0</u>	<u>32.0</u>	<u>127,552</u>	<u>226,259</u>

5. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$237,338,000 (2001: HK\$428,832,000) and the weighted average number of 707,661,541 (2001: 707,052,900) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2002 and 31 December 2001 has not been shown as the convertible preference shares of Winton outstanding during the year had an anti-dilutive effect on basic earnings per share, and the exercise of share options under the Company's share option scheme had nil dilutive effect on basic earnings per share.

6. LOANS AND ADVANCES

(a) Advances to customers

	31 December 2002 HK\$'000	31 December 2001 HK\$'000
Loans and advances to customers	3,466,228	3,675,770
Provisions for bad and doubtful debts (note 7):		
Specific	(123,151)	(128,687)
General	(208,271)	(205,622)
	<u>(331,422)</u>	<u>(334,309)</u>
	<u>3,134,806</u>	<u>3,341,461</u>

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

	31 December 2002	31 December 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Repayable:		
On demand	51,352	41,685
Three months or less	680,971	686,973
One year or less but over three months	1,249,638	1,355,133
Five years or less but over one year	649,102	769,939
After five years	631,789	621,537
Undated	203,376	200,503
	<u>3,466,228</u>	<u>3,675,770</u>

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

	31 December 2002		31 December 2001	
	Gross amount	Percentage of total loans and advances	Gross amount	Percentage of total loans and advances
	<i>HK\$'000</i>		<i>HK\$'000</i>	
Gross advances to customers which have been overdue for over three months on which interest has ceased to be accrued:				
Six months or less but over three months	96,980	2.8	57,375	1.6
One year or less but over six months	43,241	1.2	35,821	1.0
Over one year	56,133	1.6	134,212	3.6
	<u>196,354</u>	<u>5.6</u>	<u>227,408</u>	<u>6.2</u>
Taxi financing loans terminated and fully provided for	6,141	0.2	24,230	0.6
	<u>202,495</u>	<u>5.8</u>	<u>251,638</u>	<u>6.8</u>
Gross advances to customers which have been overdue for three months or less, but interest on which has ceased to be accrued	33,624	1.0	28,436	0.8
Total non-performing loans and advances	236,119	<u>6.8</u>	280,074	<u>7.6</u>
Specific provisions	(123,151)		(128,687)	
	<u>112,968</u>		<u>151,387</u>	

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

Under the co-financing arrangements, the taxi financing loans are jointly financed by the co-financing banks and the Winton Group. The Winton Group is entitled to receive certain monthly instalments (hereinafter referred to as "Winton Portion") and the co-financing banks are entitled to receive certain monthly instalments (hereinafter referred to as the "Bank Portion"). The Bank Portion, other than those co-financed by JCG Finance Company, Limited ("JCG Finance"), does not form part of the Group's gross advances to customers. Accordingly, taxi financing loans

with overdue instalments payable to the co-financing banks were not included in the Group's overdue advances. As at 31 December 2002 and at 31 December 2001, there were no taxi financing loans which were overdue for more than three months under the Group's gross advances to customers.

(c) Rescheduled loans

	31 December 2002		31 December 2001	
	Gross amount HK\$'000	Percentage of total loans and advances	Gross amount HK\$'000	Percentage of total loans and advances
Gross advances to customers which have been rescheduled	<u>62,968</u>	<u>1.8</u>	<u>-</u>	<u>-</u>

7. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	Specific HK\$'000	General HK\$'000	Total HK\$'000
At 1 January 2001	134,533	204,328	338,861
Recoveries	9,898	-	9,898
Charge for the year	321,374	1,294	322,668
Amounts released	(9,898)	-	(9,898)
<i>Net charge to the profit and loss account</i>	311,476	1,294	312,770
Amounts written off	(327,220)	-	(327,220)
At 31 December 2001 and 1 January 2002	<u>128,687</u>	<u>205,622</u>	<u>334,309</u>
Recoveries	12,091	-	12,091
Charge for the year	486,655	2,649	489,304
Amounts released	(12,091)	-	(12,091)
<i>Net charge to the profit and loss account</i>	474,564	2,649	477,213
Amounts written off	(492,191)	-	(492,191)
At 31 December 2002	<u>123,151</u>	<u>208,271</u>	<u>331,422</u>

8. OTHER ASSETS

	31 December 2002 HK\$'000	31 December 2001 HK\$'000
Inventories	37,674	18,300
Interest receivable	89,291	119,336
Tax recoverable	15,827	-
Other debtors, deposits and prepayments	130,388	129,690
Deferred expenditure	5,984	257
Intangible assets	177	202
	<u>279,341</u>	<u>267,785</u>

Other assets are shown net of provisions.

Included in other debtors, deposits and prepayments were HK\$89,147,000 (2001: HK\$98,505,000) which were secured by taxi licences, cash and a property. Full provisions have been made for the unsecured portion.

Included in other debtors, deposits and prepayments were investment in a partnership, net of impairment, of HK\$28,051,000 (2001: Nil).

Also, included in other debtors, deposits and prepayments were trade receivables of HK\$6,000 (2001: HK\$19,000). As the trade receivables are immaterial to the Group, the maturity profile thereof has not been disclosed. The Group allows an average credit of 90 days to its trade debtors.

Included in interest receivable was HK\$223,000 (2001: HK\$5,000) for deposits placed with the ultimate holding company.

9. OTHER LIABILITIES

	31 December 2002 HK\$'000	31 December 2001 HK\$'000
Creditors, accruals and interest payable	66,854	89,639
Amount due to the ultimate holding company	38	44
Tax payable	–	5,832
Provision for long service payments	4,611	4,575
Deferred tax (<i>Note 10</i>)	13,631	9,690
	<u>85,134</u>	<u>109,780</u>

In the prior year, included in creditors, accruals and interest payable was interest payable of HK\$50,000 for a long term loan from a fellow subsidiary.

As the trade payables are immaterial to the Group, the maturity profile thereof has not been disclosed.

10. DEFERRED TAX

	31 December 2002 HK\$'000	31 December 2001 HK\$'000
Balance at beginning of year	9,690	10,690
Charge / (credit) for the year (<i>note 3</i>)	3,941	(1,000)
Balance at end of year	<u>13,631</u>	<u>9,690</u>

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

	Provided		Unprovided	
	31 December 2002 HK\$'000	2001 HK\$'000	31 December 2002 HK\$'000	2001 HK\$'000
Commission expenses claimed over amount amortised and interest receivable	12,830	9,690	–	–
Tax benefit arising from investment in partnership	801	–	–	–
Unutilised tax losses	–	–	(38,053)	(100,000)
	<u>13,631</u>	<u>9,690</u>	<u>(38,053)</u>	<u>(100,000)</u>

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

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

11. RESERVES

	31 December 2002 HK\$'000	31 December 2001 HK\$'000
Share premium account:		
At 1 January	1,206,400	1,206,157
Premium arising on share options exercised	3,193	243
	1,209,593	1,206,400
Capital redemption reserve	829	829
Contributed surplus	96,116	96,116
Capital reserve:		
At 1 January	85,567	85,567
Loss on diluted shareholding of a subsidiary, net of gain on redemption of minority interests	(30,534)	–
	55,033	85,567
Translation reserve	428	428
Long term investment revaluation reserve:		
At 1 January	9,277	14,147
Deficit on revaluation at market value	(1,651)	(4,870)
	7,626	9,277
Retained profits:		
At 1 January	1,630,884	1,428,311
Retained profit for the year	237,338	428,832
Dividend	(127,552)	(226,259)
	1,740,670	1,630,884
	<u>3,110,295</u>	<u>3,029,501</u>

The privatisation scheme of Winton via a scheme of arrangement and withdrawal of its listing, which was proposed on 3 December 2002, had not been completed in 2002. The privatisation scheme has been scheduled for approval by its independent shareholders in February 2003. As a result, a net loss of HK\$30,534,000 arising from the temporary dilution of the Group's shareholding in Winton Group together with any gains arising on completion of the said privatisation scheme will be accounted for as negative goodwill in the first half of 2003.

12. OPERATING LEASE ARRANGEMENTS

- (a) The Group leases its investment properties under operating lease arrangements, and the terms of the leases range from one to five years.

As at 31 December 2002, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	31 December 2002 HK\$'000	31 December 2001 HK\$'000
Within one year	4,431	4,337
In the second to fifth years, inclusive	2,907	3,300
	<u>7,338</u>	<u>7,637</u>

- (b) The Group entered into non-cancellable operating lease arrangements with landlords, and the terms of the leases range from one to five years.

As at 31 December 2002, the Group had total future minimum lease rental payables under non-cancellable operating leases falling due as follows:

	31 December 2002	31 December 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	16,493	17,519
In the second to fifth years, inclusive	10,214	9,004
	<u>26,707</u>	<u>26,523</u>

13. COMMITMENTS

	31 December 2002	31 December 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitments:		
Contracted for, but not provided in the financial statements:		
Purchases of fixed assets	–	–
Others	125	113
	<u>125</u>	<u>113</u>

The Company had no material outstanding commitments at the balance sheet date (2001: Nil).

14. UNDRAWN LOAN FACILITIES

The undrawn loan facilities related to customers of JCG Finance.

	31 December 2002		31 December 2001	
	Contractual amount	Risk weighted amount	Contractual amount	Risk weighted amount
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
With an original maturity of under one year or which are unconditionally cancellable	<u>29,112</u>	<u>–</u>	<u>36,130</u>	<u>–</u>

Undrawn loan facilities of HK\$20,000,000 (2001: HK\$20,000,000) were granted to JCG Securities Limited.

During the year, no derivative activities were transacted (2001: Nil).

15. CONTINGENT LIABILITIES

	31 December 2002	31 December 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees under the co-financing arrangements given to:		
Ultimate holding company	770	770
Other co-financing banks	–	898
	<u>770</u>	<u>1,668</u>
Letter of undertaking in respect of the surplus sale proceeds of taxi licences and cabs received from banks	<u>2,047</u>	<u>2,047</u>
	<u>2,817</u>	<u>3,715</u>

16. COMPARATIVE FIGURES

Due to the adoption of new/ revised Statements of Standard Accounting Practice during the current year, the presentation of the financial statements and certain supporting notes have been revised to comply with the new requirements. Accordingly, certain

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

SUPPLEMENTARY INFORMATION (UNAUDITED)

Segment information

(a) By class of business

	Year ended 31 December 2002		31 December 2002
	Operating income	Profit before tax	Total assets
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Personal and commercial lending	923,548	255,206	5,210,030
Taxi trading and related operations, and other businesses	22,717	6,496	125,754
Gain on disposal of an associate	–	3,557	–
Inter-segments	(7,147)	–	–
Unallocated assets	–	–	15,827
	<u>939,118</u>	<u>265,259</u>	<u>5,351,611</u>
	Year ended 31 December 2001		31 December 2001
	Operating income	Profit before tax	Total assets
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Personal and commercial lending	1,010,172	482,706	4,681,439
Taxi trading and related operations, and other businesses	40,385	29,888	133,967
Share of results of associates	–	(5,932)	–
Inter-segments	(11,684)	–	–
	<u>1,038,873</u>	<u>506,662</u>	<u>4,815,406</u>

(b) By geographical segments

Over 90% of the Group's operating income, results, assets, liabilities, off-balance sheet commitments and exposures are derived from operations carried out in Hong Kong.

(c) Advances to customers by industry sectors and basis of classification

	Gross advances to customers	
	31 December	31 December
	2002	2001
	HK\$'000	HK\$'000
Loans for use in Hong Kong		
Industrial, commercial and financial:		
– Property development	12,715	14,772
– Property investment	50,287	67,469
– Wholesale and retail trade	246	3,137
– Manufacturing	2,303	2,710
– Licensed public vehicles	723,784	676,130
– Others	5,508	21,020
Individuals:		
– Loans for the purchase of residential properties	44,803	68,521
– Credit card advances	6,560	9,512
– Others	2,530,358	2,719,411
Loans for use outside Hong Kong	89,664	93,088
	<u>3,466,228</u>	<u>3,675,770</u>

The advances to customers are classified by industry sectors based on the industry in which the loans granted were used. In those cases where loans cannot be classified with reasonable certainty, they are classified according to the known principal activity of the borrowers or by reference to the assets financed according to the loan documentation.

Capital adequacy and liquidity ratios

	2002	2001
	Unadjusted ratio	Unadjusted ratio
Capital adequacy ratio as at 31 December	<u>38.96%</u>	<u>37.74%</u>
Average liquidity ratio for the year	<u>127.17%</u>	<u>170.12%</u>

The components of JCG Finance's total capital base after deductions include the following items:

	31 December	31 December
	2002	2001
	HK\$'000	HK\$'000
Core capital:		
Paid up ordinary share capital	258,800	258,800
Share premium account	412,238	412,238
Reserves (eligible for inclusion in core capital)	557,420	558,849
	<u>1,228,458</u>	<u>1,229,887</u>
Eligible supplementary capital:		
Reserve on revaluation of securities not held for trading purposes	5,338	6,494
General provisions for doubtful debts	42,634	44,056
	<u>47,972</u>	<u>50,550</u>

Total capital base before deductions	1,276,430	1,280,437
Deductions from total capital base	(10)	(10)
Total capital base after deductions	<u>1,276,420</u>	<u>1,280,427</u>

The above unadjusted capital adequacy ratio, being that of JCG Finance, is computed on a consolidated basis (including JCG Securities Limited and Funds Fit Limited) in accordance with the Third Schedule of the Banking Ordinance.

The adjusted capital adequacy ratio is not disclosed herein as the market risk arising from JCG Finance's trading book is regarded as immaterial. JCG Finance meets all of the de minimis exemption criteria for reporting market risk as set out in "Maintenance of Adequate Capital Against Market Risk" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority ("HKMA") and has relied on such criteria in considering the materiality of market risk arising from its trading book.

The above average liquidity ratio for the year, being that of JCG Finance, is computed in accordance with the Fourth Schedule of the Banking Ordinance.

COMPLIANCE WITH SUPERVISORY POLICY MANUAL

The Group has followed the guidelines on "Financial Disclosure by Locally Incorporated Authorised Institutions" and "Corporate Governance of Locally Incorporated Authorised Institutions" under the Supervisory Policy Manuals issued by the HKMA.

DIVIDENDS

The directors have recommended a final dividend of 13.5 cents (2001: 23.5 cents) per share to shareholders whose names appear on the register of members of the Company on 24 April 2003. Together with the interim dividend paid of 4.5 cents (2001: 8.5 cents) per share, the total dividend per share for the year is 18.0 cents (2001: 32.0 cents). Subject to the approval by shareholders at the forthcoming annual general meeting, the final dividend will be paid on 9 May 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 16 April 2003 to 24 April 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 15 April 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Amidst a difficult operating environment and a challenging year in 2002, the Group recorded a profit after tax and minority interests of HK\$237.3 million, representing a decrease of 44.7% or HK\$191.5 million when compared to HK\$428.8 million in the previous year. The Group's earnings per share decreased to 33.5 HK cents per share from 60.7 HK cents per share. The directors recommended the payment of a final dividend of 13.5 HK cents per share, and together with the interim dividend of 4.5 HK cents per share already paid, the total dividends for the year of 2002 was 18.0 HK cents per share.

The decrease in net profit of the Group was mainly attributed to a higher than expected increase in bad debts charge of JCG Finance as a result of a sharp

increase in the number of personal bankruptcies from its consumer loans. During the year, the Group's provisions for bad and doubtful debts increased sharply by 52.6% or HK\$164.4 million to HK\$477.2 million from HK\$312.8 million in the previous year. The Group's other operating subsidiary, Winton Group, also recorded a decline in profit after tax by 51.2% or HK\$37.4 million to HK\$35.6 million when compared to the previous year, attributed mainly to a decrease in revenue income from taxi financing activities.

For the year ended 31 December 2002, the Group's net interest income decreased by 8.1% or HK\$67.9 million to HK\$771.2 million. The Group's interest income decreased by 13.8% or HK\$128.4 million mainly due to a decrease in gross loans and advances. The Group's interest expense fell by 67.4% or HK\$60.4 million to HK\$29.2 million mainly due to the general decline in interest rates for customer deposits of JCG Finance and full settlement of the bank borrowings by Winton Group in the first half of 2002.

The Group's other non-interest operating income decreased by 15.9% or HK\$31.8 million to HK\$168.0 million mainly attributed to the decrease in loans processing and related fees from lower volume of consumer loans transacted by JCG Finance during the year.

The Group's operating expenses decreased by 6.2% or HK\$13.3 million to HK\$200.2 million for the year when compared to the previous year mainly due to the decrease in provision for other debtors of Winton Group by HK\$15.2 million. The Group's cost to operating income remained relatively low at 21.3% in 2002.

As at 31 December 2002, the Group's total gross loans and advances decreased by 5.7% or HK\$209.6 million to HK\$3,466.2 million from HK\$3,675.8 million at the end of December 2001. JCG Finance's gross loans and advances decreased by 4.4% or HK\$141.1 million to HK\$3,100.7 million from HK\$3,241.8 million at the end of December 2001, following an aggressive write-off of bad debts of HK\$476.7 million mainly due to personal bankruptcies, and lower volume of consumer loans transacted during the year. Winton Group's gross loans and advances also declined by 15.8% or HK\$68.5 million to HK\$365.5 million at the end of December 2002 mainly due to write-off of taxi financing loans, early settlements and lower volume of taxi financing loans.

Segment information

The Group's business comprised mainly of two segments, personal and commercial lending, and taxi trading. Over 90% of the Group's operating income and profits before tax were contributed from personal and commercial lending. When compared to 2001, the Group's operating income of personal and commercial lending decreased by 8.6% to HK\$923.5 million. However, profit before tax decreased by 47.1% to HK\$255.2 million in personal and commercial lending caused mainly by a significant increase in provisions for bad debts from its consumer loans as a result of escalating personal bankruptcies in Hong Kong.

Asset quality

The Group's non-performing loans (excluding rescheduled loans) to total gross loans and advances improved to 6.8% at the end of December 2002 when compared to 7.6% at the end of December 2001. The non-performing loans at the end of 2002 included property mortgage loans and taxi financing loans of HK\$39.8 million and HK\$6.1 million, respectively, which were secured by properties, taxi cabs and taxi licences. The said non-performing secured loans represented 1.3% of the Group's total gross loans and advances. Specific provisions of HK\$25.9 million and HK\$2.6 million have been made against these property mortgage loans and taxi financing loans, respectively.

The consolidated capital adequacy ratio of JCG Finance increased by 1.22% to 38.96% at the end of 2002 when compared to 37.74% at the end of December 2001.

Funding and capital management

The main objectives of the Group's funding and capital management are to ensure the availability of funds at reasonable costs to meet all contractual financial commitments, to fund business growth and to generate reasonable returns from available funds. The Group also encourages its subsidiaries to be independent and self-reliant on funding their business growth.

JCG Finance relied principally on its internally generated capital and customer deposits to fund its business. The principal source of internally generated capital is from retained earnings. JCG Finance's average liquidity ratio stood high at 127.2% in 2002.

Winton Group funded its loans and advances through its internally generated capital and bank borrowings. During the year, Winton Group repaid its bank borrowings through its internally generated funds, mainly from loan repayments and early settlements of taxi financing loans. Winton Group's gearing ratio fell to nil from 0.2 at the end of 2001 based on bank borrowings to shareholders' funds (excluding the proposed dividend).

During 2002, the Group did not incur any material capital expenditure commitment. There were also no significant changes in charges over the Group's assets.

The Group's principal operations are transacted and recorded in Hong Kong Dollar. During the year, the Group has neither engaged in any derivative activities nor committed to any financial instruments to hedge its balance sheet exposures.

Human resources management

The objectives of the Group's human resources management are to recognise and reward performing and competent staff by providing a competitive remuneration package and implementing a sound performance appraisal scheme, and to earmark them for their future career development.

Staff has been encouraged and sponsored to enroll in external training courses, seminars, and professional and technical courses to update their technical knowledge and job skills, to increase their awareness of market and technological changes, and to improve their business acumen.

Social activities and staff integration programs have been organised to enhance staff moral and foster closer team spirit amongst them. Periodical discussions and dialogues between branch personnel and management were held to improve customer service, to increase operational efficiencies, and to identify and launch new business promotions for consumer loans. With a competent, cohesive and well-trained work force, the Group is well positioned to meet new opportunities and challenges ahead.

As at end of December 2002, the Group has a relatively stable staff force of around 480 people. For the year ended 31 December 2002, the Group's staff costs amounted to HK\$89.9 million.

Contingent liabilities

Winton Group has provided guarantees to its co-financing banks for joint financing of taxi financing loans under the co-financing arrangements. At the

end of December 2002, the outstanding guarantees given to the co-financing banks decreased further to HK\$0.8 million from HK\$1.7 million as at the end of 2001.

Post balance sheet events

On 3 December 2002, Winton had announced a proposed privatisation by way of a scheme of arrangement and withdrawal of listing from The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The privatisation of Winton has not been completed at the end of 2002. The results of the privatisation of Winton will be known following the Court Meeting and Special General Meeting scheduled on 27 February 2003. If the privatisation of Winton becomes effective, Winton will become a wholly owned subsidiary of the Company and its listing would be withdrawn from the Stock Exchange accordingly.

Prospects

The operating environment in Hong Kong is expected to continue to be very competitive and challenging in 2003. Unemployment rate and number of personal bankruptcies are expected to remain high in the near term, and demand for consumer financing is anticipated to remain weak. Amidst such difficult conditions, the Group will continue to focus on marketing and promoting consumer loans to selected market segments to attract new and better quality customers to expand its customer base. The Group will continue to relocate some of the branches to improve their visibility and accessibility and enhance customer service quality to meet the changing demands of customers. At the same time, the Group will continue to strengthen its credit risk management and stringent credit assessment and prudent loan limits for its consumer loans business in light of the high level of personal bankruptcies in Hong Kong.

The Group will continue to focus on developing its taxi financing and taxi trading businesses. With taxi license price and earnings of taxi hirers and/or taxi owners expected to remain stable, the Group is positioned to further grow its taxi financing and taxi trading businesses in 2003.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company and/or any of its subsidiaries did not conduct any purchase, sale or redemption of its listed shares during the year ended 31 December 2002.

PUBLICATION OF ANNUAL REPORT ON THE EXCHANGE'S WEBSITE

The Annual Report of the Company containing all the information required by the Listing Rules will be published on the website of The Hong Kong Exchanges and Clearing Limited in due course.

By Order of the Board
Tan Sri Dato' Sri Dr. Teh Hong Piow
Chairman

Hong Kong, 22 January 2003

FIVE YEAR FINANCIAL HIGHLIGHTS

<i>HK\$Million</i>	2002	Year ended 31 December			
		2001	2000	1999	1998
Total assets	5,351.6	4,815.4	5,502.2	5,414.7	5,330.6
Customer deposits	1,774.3	1,033.5	1,318.8	1,304.4	1,003.4
Deposits from a financial institution	–	–	–	–	313.0
Loans and advances (net)	3,134.8	3,341.5	3,773.0	3,756.8	4,173.0
Shareholders' funds	3,276.6	3,266.4	3,071.9	2,757.4	2,533.2
Net profit attributable to shareholders	237.3	428.8	446.6	365.3	254.3
Basic earnings per share (cents)	33.5	60.7	63.2	51.7	36.0

Please also refer to the published version of this announcement in The Standard dated on 23-1-2003.