

# Chairman's Statement

## 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.

## **ACKNOWLEDGEMENT**

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