

Chairman's Statement

Business Review

Winton Holdings (Bermuda) Limited and its subsidiaries (the "Group") recorded a profit after tax and minority interests of HK\$73.0 million for the year ended 31 December 2001 as compared to a profit after tax and minority interests of HK\$4.9 million recorded in the previous year.

The marked improvement in the Group's profit for 2001 was mainly attributed to a reduction in finance costs by 64.5% or HK\$54.9 million due to repayment of bank borrowings and lower interest rates, a decrease in provisions for bad and doubtful debts by 64.0% or HK\$45.1 million due to lower default in taxi financing loans, an increase in commission income from referral of taxi financing loans to the Group's panel of financiers by 18.8% or HK\$3.9 million, and a decrease in commission expenses by 98.0% or HK\$12.9 million as a result of a lower amortisation and write-off of commission expenses.

During the year, the Group continued to focus on trading of taxi licences and taxi cabs, and taxi financing activities.

As a result of loans repayment and early settlement, the Group's taxi loans instalment receivables net of provisions for bad and doubtful debts declined by 59.4% or HK\$679.2 million to HK\$463.7 million at the end of 2001 from HK\$1,142.9 million at the end of year 2000.

Funds generated from loan repayments and early settlements of taxi financing loans were used to reduce bank borrowings. Consequently, the Group's bank borrowings were further reduced to HK\$200.0 million from HK\$764.9 million at the end of year 2000.

Prospects

The year 2002 is expected to be another challenging year with the continued slowdown in the Hong Kong economy and high unemployment rate.

The Government's effort in promoting the local tourism industry and the relaxation of the Chinese Government for mainland tourists to visit Hong Kong should have a positive impact on the industry, and on the economy of Hong Kong.

Also, Hong Kong's strategic location will provide one of the prime gateways for international businesses to expand into China's enormous economy following its successful accession into the WTO, hence indirectly benefiting the local economy from its role as a logistics hub and service center for business people, goods and services.

The taxi industry has benefited from low interest rates for taxi financing loans and lower LPG fuel cost which have improved the cash flow of taxi operators and their taxi loan repayment capability, thus improving the quality of taxi financing loans. The authority has also been reviewing and opening up restricted zones for taxis to pick-up and drop-off passengers, and such added convenience will attract more passengers and improve the earnings of taxi drivers. These favourable factors will contribute to the stability of the price of taxi licences.

The Group will continue to focus on its taxi trading and taxi financing businesses, and will continue to refer taxi financing loans to its panel of financiers in generating fee income.

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. I also wish to thank our customers for their invaluable patronage and the shareholders for their continued confidence and support to the Group.

Tan Sri Dato' Dr. TEH Hong Piow

Chairman