

### Business Review

Winton Holdings (Bermuda) Limited (the "Company") and its subsidiaries (the "Group") recorded a profit after tax and minority interests of HK\$35.6 million for the financial year ended 31 December 2002, as compared to a profit after tax and minority interests of HK\$73.0 million in the previous year.

The decrease in the Group's net profit of 51.2% or HK\$37.4 million was mainly attributed to a decrease of 65.8% or HK\$81.2 million in interest income due to lower volume of new taxi financing loans and early settlement of taxi financing loans during the year. The decrease in net profit was also due to the decline in gross profit which fell by 36.2% or HK\$11.8 million mainly due to lower commission income earned from lower number of taxi financing loans referred to the Group's panel of financiers. However, the reduction in the Group's finance costs by 95.4% or HK\$28.8 million and the decrease in provision for bad and doubtful debts by 69.2% or HK\$17.5 million helped to narrow the above decrease in net profit.

During the year, the prices of taxi licences have remained stable although taxi trading activities remained relatively quiet. In the year 2002, provision for bad and doubtful debts fell by HK\$17.5 million to HK\$7.8 million, mainly due to lower defaults in taxi financing loans as takings from driving taxis and/or rental income from leasing out of taxis were relatively stable.

During the year, the Group repaid all of its bank borrowings resulting in a reduction of finance costs by HK\$28.8 million. The Group also disposed of its interest in an associated company which resulted in an income of HK\$3.6 million from reversal of provisions made in the preceding year.

The Group's loans and advances net of provision for bad and doubtful debts decreased by 20.3% or HK\$97.3 million to HK\$381.0 million as at 31 December 2002 from HK\$478.3 million in the previous year mainly due to lower volume of new taxi financing loans booked, lower number of early settlement of taxi financing loans, and write off of defaulted taxi financing loans of HK\$15.4 million during the year.

### Prospects

The taxi trading and taxi financing activities are expected to remain slow as Hong Kong's economy recovers gradually in year 2003. Competition for trading of taxi licences amongst taxi dealers is expected to remain keen as trading activities remain relatively quiet.

The government in Hong Kong has implemented new measures to promote the tourism industry, and the number of tourist arrivals to Hong Kong is expected to increase further. A pick up in the tourism industry bodes well for the taxi industry as it will result in higher takings from taxi operations. With low interest rates on taxi financing loans and low operating expenses from using liquefied petroleum gas, the taxi operators and taxi hirers are expected to benefit from lower loan instalment amounts and operating expenses.

With a well established panel of financiers and network of taxi dealers, the Group is positioned to grow its taxi trading and taxi financing businesses in year 2003.

### 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 support to the Group.

**Tan Sri Dato' Sri Dr. Teh Hong Piow**  
*Chairman*