



WINTON HOLDINGS (BERMUDA) LIMITED

(Incorporated in Bermuda with limited liability)
(Website : www.wintonholdings.com.hk)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002

ANNUAL RESULTS

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Notes	2002 HK\$'000	2001 HK\$'000
Turnover	215,428	167,620
Cost of sales	(194,726)	(135,168)
GROSS PROFIT	20,702	32,452
Interest income	42,168	123,349
Other operating income	2,782	7,725
Operating expenses	(30,213)	(53,618)
PROFIT FROM OPERATING ACTIVITIES	35,439	109,908
Finance costs	(1,389)	(30,212)
Gain on disposal of an associate	1,565	–
Share of results of associates	–	(5,932)
PROFIT BEFORE TAX	35,615	73,764
Tax	–	(737)
PROFIT BEFORE MINORITY INTERESTS	35,615	73,027
Minority interests	9	10
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	35,624	73,037
DIVIDENDS	15,866	16,862
Convertible preference shares – paid	–	29,400
Ordinary shares – proposed	15,866	46,262
EARNINGS PER SHARE (CENTS)	4.4	13.4
Basic	2.7	5.4
Diluted		
CONSOLIDATED BALANCE SHEET	31 December 2002	31 December 2001
Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS	49,268	51,399
Fixed assets	32,960	35,602
Investment properties	–	–
Interests in associates	352,101	438,602
Long-term loan instalment receivables	–	257
Deferred expenditure	434,329	525,860
CURRENT ASSETS	25,143	25,138
Loan instalment receivables	3,717	14,534
Loan receivables	37,674	18,300
Inventories	93,286	114,027
Other receivables	3,954	2,281
Tax recoverable	469,380	582,315
Cash and cash equivalents	633,154	756,595
CURRENT LIABILITIES	20,024	26,683
Other payables and accruals	613,130	729,912
NET CURRENT ASSETS	1,047,459	1,255,772
TOTAL ASSETS LESS CURRENT LIABILITIES	1,033,089	1,041,369
NON-CURRENT LIABILITIES	–	200,000
Interest-bearing bank borrowings	4,611	4,575
Provision for long service payments	9,630	9,690
Deferred tax	14,241	214,265
MINORITY INTERESTS	129	138
	14,370	214,403
CAPITAL AND RESERVES	134,209	134,400
Issued capital	898,880	877,569
Reserves	–	29,400
Proposed final dividend	1,033,089	1,041,369

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

	2002 HK\$'000	2001 HK\$'000
TOTAL EQUITY	1,041,369	985,194
Balance at beginning of year	1,041,369	985,194
Translation reserves	1,992	–
Redemption of convertible preference shares	(191)	–
Share premium on redemption of convertible preference shares	(439)	–
Net profit not recognised in the consolidated profit and loss account	1,362	–
Net profit from ordinary activities attributable to shareholders	35,624	73,037
Dividends paid on convertible preference shares	(15,866)	(16,862)
Ordinary dividend paid	(29,400)	–
Balance at end of year	1,033,089	1,041,369

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Segment Information

Business segments

The Group's operating businesses are organised and managed separately, according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets:

- Financing and related businesses include the provision of financing for licensed public vehicles such as taxis and public light buses.
- Taxi trading and related operations include the trading of taxi cabs and taxi licences and the leasing of taxis.
- Other segments include general trading, property investment and automobile repairs.

The following tables represent revenue and profit information on each of the above business segments for the years ended 31 December 2002 and 2001.

	Financing and related businesses HK\$'000	Taxi trading and related operations HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
2002					
Segment revenue:					
Turnover	–	211,778	3,650	–	215,428
Interest income	42,168	–	–	–	42,168
Other operating income	1,736	455	591	–	2,782
Inter-segment transactions	209	–	–	(209)	–
Total revenue	<u>44,113</u>	<u>212,233</u>	<u>4,241</u>	<u>(209)</u>	<u>260,378</u>
Segment results	24,862	10,126	451		35,439
Finance costs					(1,389)
Gain on disposal of an associate					1,565
Share of results of associates					–
Profit before tax					<u>35,615</u>
2001					
Segment revenue:					
Turnover	–	163,980	3,640	–	167,620
Interest income	123,349	–	–	–	123,349
Other operating income	–	2,775	4,950	–	7,725
Inter-segment transactions	–	–	–	–	–
Total revenue	<u>123,349</u>	<u>166,755</u>	<u>8,590</u>	<u>–</u>	<u>298,694</u>
Segment results	79,059	26,105	4,744		109,908
Finance costs					(30,212)
Gain on disposal of an associate					–
Share of results of associates					(5,932)
Profit before tax					<u>73,764</u>

Geographical segment

Over 90% of the Group's revenue, results, assets and capital expenditures are derived from operations carried out in the Hong Kong SAR. Accordingly, further geographical segment information is not presented in the financial statements.

2. Interest Income

Included in interest income was HK\$3,138,000 (2001: HK\$41,000) from the ultimate holding company, and HK\$3,266,000 (2001: HK\$12,279,000) from fellow subsidiaries.

3. Profit From Operating Activities

Profit from operating activities is arrived at

	2002 HK\$'000	2001 HK\$'000
after charging:		
Amortisation and write-off of commission expenses	178	260
Staff costs:		
Salaries and related costs	8,498	7,697
Pension contributions	297	276
Auditors' remuneration	635	714
Depreciation	2,135	2,257
Provision against an amount due from an associate	–	7,339
Provisions for bad and doubtful debts	7,763	25,324
Loss on revaluation of investment properties	2,642	–
Loss on redemption of preference shares	463	–
and after crediting:		
Gain on disposal of fixed assets	15	35
Gross rental income less outgoings	3,541	3,181
Surplus on revaluation of investment properties	–	3,656

Salaries and related costs included operating lease rental on land and buildings paid to a fellow subsidiary of HK\$213,000 (2001: HK\$234,000).

4. Finance Costs

The finance costs represent the followings:

	2002 HK\$'000	2001 HK\$'000
Interest expense on:		
Bank loans and overdrafts	–	392
Loans from fellow subsidiaries wholly repayable within five years	1,084	29,088
Others	305	732
	<u>1,389</u>	<u>30,212</u>

5. Tax

	2002 HK\$'000	2001 HK\$'000
Group:		
Hong Kong-profits tax	60	1,737
Deferred tax credit	(60)	(1,000)
	<u>–</u>	<u>737</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 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 or elsewhere during the year (2001: Nil).

6. Dividends

	2002 Cents per convertible preference share	2001 Cents per convertible preference share	2002 HK\$'000	2001 HK\$'000
Convertible preference shares				
1st semi-annual	0.8901	0.9050	7,800	8,362
2nd semi-annual	0.9249	0.9199	8,066	8,500
	<u>1.8150</u>	<u>1.8249</u>	<u>15,866</u>	<u>16,862</u>

Subject to the Companies Act 1981 of Bermuda and the bye-laws of the Company, the holders of the convertible preference shares are entitled 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 a daily basis.

Ordinary shares

	2002 Cents per ordinary share	2001 Cents per ordinary share	2002 HK\$'000	2001 HK\$'000
Proposed final dividend	–	7	–	29,400

No interim dividend of the Company was declared for the year (2001: Nil).

7. Earnings Per Share

(a) Basic earnings per share

The calculation of earnings per share is based on the net profit attributable to shareholders (after deduction of dividends on convertible preference shares) for the year of HK\$19,758,000 (2001: HK\$56,175,000) and the weighted average number of 449,401,704 (2001: 420,000,000) ordinary shares in issue throughout the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2002 is based on the net profit attributable to shareholders for the year of HK\$35,624,000 (2001: HK\$73,037,000). The weighted average number of ordinary shares used in the calculation is the weighted average number of 449,401,704 (2001: 420,000,000) ordinary shares in issue during the year and the weighted average number of 892,686,645 (2001: 924,000,000) ordinary shares deemed converted at no consideration from the exercise of all convertible preference shares to ordinary shares during the year.

8. Loan Instalment Receivables And Loan Receivables

Loan instalment receivables and loan receivables, which represent the amounts receivable from the Group's financing business in Hong Kong, including interest receivable, are shown net of unearned interest. The balance was mainly secured by taxi licences and taxi cabs. Amounts receivable within one year are shown under current assets.

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:

	2002 HK\$'000	2001 HK\$'000
Maturing:		
Within one year	30,532	46,159
Over one to three years	37,941	48,342
Over three to five years	35,254	45,460
Over five years	310,851	376,612
	<u>414,578</u>	<u>516,573</u>
Less:		
Provisions	33,617	38,299
	<u>380,961</u>	<u>478,274</u>

9. Trade Receivables

Included in other receivables were trade receivables of HK\$6,000 (2001: HK\$19,000) after nil provision (2001: HK\$605,000). As the trade receivables were immaterial to the Group, the maturity profile thereof is not disclosed. The Group allows an average credit of 90 days to its trade debtors.

10. Cash And Cash Equivalents

	2002 HK\$'000	2001 HK\$'000
Cash and balances with banks and other financial institutions	1,918	3,325
Money at call and short notice	344,094	78,990
Placements with banks and financial institutions	123,368	500,000
	<u>469,380</u>	<u>582,315</u>

Money at call and short notice includes fixed deposits placed with Public Bank amounted to HK\$161,587,000 (2001: HK\$22,036,000).

Placements with banks and financial institution are deposits placed with Public Bank (2001: HK\$500,000,000 are deposits placed with fellow subsidiaries, one of which is a bank).

11. Trade Payables

Trade payables included in other payables and accruals are immaterial to the Group, and the maturity profile thereof is not disclosed.

12. Interest-Bearing Bank Borrowings

	2002 HK\$'000	2001 HK\$'000
Unsecured loans from a fellow subsidiary repayable in the second year	–	200,000

The bank loans obtained in the prior year were from a fellow subsidiary which is a bank, and were unsecured, interest-bearing at Hong Kong prevailing market rates and were repayable after one year.

One of the Group's banking facilities is secured by a first legal charge on:

- Certain leasehold land and buildings of the Group with an aggregate carrying amount of approximately HK\$45,618,000 (2001: HK\$47,979,000), and
- Certain investment properties of the Group situated in Hong Kong with an aggregate carrying amount of HK\$23,000,000 (2001: HK\$28,760,000).

13. Operating Lease Arrangements

a) The Group leased its investment properties under operating lease arrangements. The term of the leases vary from one to five years.

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

	2002 HK\$'000	2001 HK\$'000
Within one year	3,063	3,009
In the second to fifth years, inclusive	2,204	2,965
	<u>5,267</u>	<u>5,974</u>

b) The Group entered into a non-cancellable operating lease arrangement with a fellow subsidiary for a lease term of two years.

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

	2002 HK\$'000	2001 HK\$'000
Within one year	192	117
In the second to fifth years, inclusive	96	-
	<u>288</u>	<u>117</u>

14. Contingent Liabilities

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

15. Post Balance Sheet Event

The Company issued an announcement on 3 December 2002 concerning the proposed privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act 1981 of Bermuda. A scheme document detailing the Group's privatisation scheme was issued on 13 January 2003. A Court Meeting and a Special General Meeting have been scheduled on 27 February 2003 for purpose of considering, and if thought fit, passing a resolution to approve the proposal.

16. Comparative Figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

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 mainly due to lower volume of early settlements of taxi financing loans and a contraction in its loans and advances, and a decrease of 36.2% or HK\$11.8 million in gross profit mainly due to a decrease in commission income from lower number of taxi financing loans referred to the Group's panel of financiers for taxi financing loans. A reduction in the Group's finance costs of 95.4% or HK\$28.8 million following full repayment of the Group's bank borrowings and a decrease in provision for bad and doubtful debts of 69.2% or HK\$17.5 million due to lower default in taxi financing loans helped to narrow the above decrease in net profit for the year.

The Directors do not recommend the payment of a final dividend to the ordinary shareholders for the year ended 31 December 2002 (2001: 7 HK cents).

Business Performance

In 2002, taxi financing activities of the Group have slowed down considerably when compared to the previous year during which a majority of the taxi owners and hirers converted their diesel taxis to liquefied petroleum gas taxis. The conversion to liquefied petroleum gas taxis in the previous year had generated a significant volume of taxi financing business to the Group then.

During the year, the prices of taxi licences have remained stable, and the hirers have benefited from fuel costs savings after converting their diesel taxis to liquefied petroleum gas taxis, and from lower interest rates on taxi financing loans upon re-financing such loans. Coupled with the relatively stable takings from driving taxis and/or rental income from leasing taxis, taxi owners and hirers were capable and have been servicing their taxi financing loans, and resulted in fewer defaults in the taxi financing loans of the Group in 2002. Consequently, provision for bad and doubtful debts fell by HK\$17.5 million to HK\$7.8 million.

However, during the year, the Group's gross profit decreased by HK\$11.8 million mainly due to decrease in commission income from lower number of referrals of taxi financing loans to the Group's panel of financiers. The Group's interest income fell by HK\$81.2 million mainly due to lesser early settlements of taxi financing loans and decline in loans and advances by HK\$97.3 million.

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 and recorded 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 a year ago. The decrease was mainly due to the low volume of new taxi financing loans booked during the year which was insufficient to offset the decline arising from early settlements of taxi financing loans as well as bad debts write-off of HK\$15.4 million for defaulted taxi financing loans at the end of 2002.

Liquidity and Capital Expenditure

The Group's shareholders' fund stood at HK\$1,033.1 million as at 31 December 2002.

The Group has fully repaid its bank borrowings of HK\$200.0 million from its internally generated funds in the first half of the year, giving rise to a nil gearing ratio as at 31 December 2002 as compared to 0.19 at the end of 2001.

At the end of 2002, the cash and cash equivalents of the Group amounted to HK\$469.4 million, of which HK\$89.6 million has been earmarked for the Group's proposed privatisation of the Company under the scheme of arrangement. The remaining available funds will be used for the Group's future general working capital.

During the year, the Group did not create additional charges on its assets to secure banking facilities nor incur any material capital expenditure commitment.

The Group's principal business 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 exposure.

Human Resources

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

Contingent Liabilities

Under the co-financing arrangements, the Group has extended guarantees to its co-financing banks for certain taxi financing loans. As at 31 December 2002, the outstanding guarantees given to the co-financing banks decreased to HK\$0.8 million as compared to HK\$1.7 million at the end of 2001.

The Group has also issued letters of undertaking to one of its panel of financiers of taxi financing loans to refund surplus sale proceeds from disposal of taxi licences and taxi cabs which were repossessed from defaulted taxi hirers under the security arrangement for term loans granted to these hirers. At the end of 2002, the letters of undertaking issued by the Group remained unchanged at HK\$2.0 million.

Corporate Development

The Company had announced on 3 December 2002 a proposed privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act 1981 of Bermuda (the "Proposal"). The Court Meeting and Special General Meeting have been scheduled on 27 February 2003 for purpose of considering, and if thought fit, passing a resolution to approve the Proposal. Upon the Proposal becoming effective, the Company will become a wholly-owned subsidiary of JCG Holdings Limited, and the listing of the Company on The Stock Exchange of Hong Kong Limited would be withdrawn accordingly.

DIVIDEND

The Board of Directors do not recommend the payment of final dividend to the ordinary shareholders for the year ended 31 December 2002 (2001: 7 cents).

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.

PUBLICATION OF ANNUAL REPORT ON THE EXCHANGE'S WEBSITE

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

By Order of the Board
Tan Yoke Kong
Director