

12. FIXED ASSETS

	Leasehold land and buildings	The Group Plant, machinery and equipment	Machinery and construction in progress	Total	The Company Plant and equipment
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:					
At beginning of year	153,382	199,536	58	352,976	366
Additions	1,332	2,175	2,820	6,327	–
Disposals	–	(453)	–	(453)	–
Disposal of subsidiaries	–	(3,174)	–	(3,174)	–
Impairment in values	(3,646)	(1,209)	–	(4,855)	–
At 31 December 2000	151,068	196,875	2,878	350,821	366
Depreciation:					
At beginning of year	26,860	62,661	–	89,521	107
Provided during the year	5,628	8,068	–	13,696	74
Disposals	–	(110)	–	(110)	–
Disposal of subsidiaries	–	(667)	–	(667)	–
At 31 December 2000	32,488	69,952	–	102,440	181
Net book values:					
At 31 December 2000	118,580	126,923	2,878	248,381	185
At 31 December 1999	126,522	136,875	58	263,455	259

All the Group's leasehold land and buildings are held outside Hong Kong under medium term leases.

Certain of the Group's bank loans are secured by a charge over fixed assets with net book value of approximately HK\$107,746,000 (1999: HK\$112,334,000).

13. INTERESTS IN SUBSIDIARIES

	The Company	
	2000	1999
	HK\$'000	HK\$'000
Unlisted shares, at cost	524,844	524,844
Amounts due from subsidiaries	1,094,725	1,223,324
Amounts due to subsidiaries	(570,263)	(571,993)
	1,049,306	1,176,175
Provision for other-than-temporary impairment in value	(170,000)	(170,000)
	879,306	1,006,175

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The value of the unlisted shares is based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date when the Company became the holding company of the Group pursuant to the group reorganisation in 1991.

Particulars of the Company's principal subsidiaries at 31 December 2000 are set out in note 28 to the financial statements.

14. INTERESTS IN ASSOCIATES

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Share of net assets	216,094	218,429
Amounts due from associates	24	7,590
	216,118	226,019

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the Group's associates at 31 December 2000 are set out in note 29 to the financial statements.

14. INTERESTS IN ASSOCIATES (Cont'd)

Included in the interests in associates at 31 December 1999 and 2000 is a 49% interest in Ermine Silk Company Limited ("Ermine Silk"). Summary of financial information in respect of the Group's interest in Ermine Silk, based on the audited financial statements of Ermine Silk for the year ended 31 December 2000, is as follows:

	2000	1999
	HK\$'000	HK\$'000
Balance sheet		
Total assets	999,934	1,266,385
Total liabilities and minority interests	644,725	899,767
Net assets attributable to shareholders	355,209	366,618
Profit and loss account		
Turnover	3,342,930	3,749,357
Net profit for the year	56,019	44,609
Net profit attributable to the Group	27,449	21,858

15. INVESTMENTS AND ADVANCE TO AN INVESTEE COMPANY
(a) Long term investments and advance to an investee company

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Long term investments:		
Unlisted equity investments, at cost	121,748	121,748
Amortisation of investment cost	(19,365)	(17,965)
Provision for other-than-temporary impairment in value	(51,779)	(64,800)
	50,604	38,983
Advance to an investee company	12,751	12,751

15. INVESTMENTS AND ADVANCE TO AN INVESTEE COMPANY (Cont'd)

(a) Long term investments and advance to an investee company (Cont'd)

The advance to an investee company is unsecured and interest-free. In the opinion of the Directors, no part of the amount will be repayable within the next twelve months and, accordingly, the amount is shown as non-current.

Particulars of the long term unlisted equity investments at 31 December 2000 are as follows:

Name of company	Place of registration	Attributable equity interest to the Group	Principal activities
江蘇江山製藥有限公司 Jiangsu Jiangshan Pharmaceutical Company Limited ("JJP") (Note 1)	PRC	28.6%	Manufacturing and marketing of pharmaceutical products
江蘇江源熱電有限公司 Jiangsu Jiang Yuan Thermal Power Company Limited ("JYTP") (Note 2)	PRC	50%	Thermal power plant operator

Notes:

1. The investment in JJP is not regarded as an associate of the Group because, in the opinion of the Directors, the Group is not in a position to exercise significant influence over the financial and operating policy decisions of JJP.
2. JYTP is a co-operative joint venture for a term of twenty-five years. Sharing of profit during the joint venture period and sharing of net assets at the expiration of the joint venture period are governed by the joint venture contract and are not in proportion to the joint venture partners' equity ratio. In the opinion of the Directors, the Group is not in a position to exercise significant influence over the financial and operating policy decisions of JYTP. Accordingly, JYTP is not regarded as an associate of the Group.

In the opinion of the Directors, the above investments are worth at least their carrying values.

15. INVESTMENTS AND ADVANCE TO AN INVESTEE COMPANY (Cont'd)
(b) Other investments

	The Group	
	2000	1999
	HK\$'000	HK\$'000
<hr/>		
Listed investments in Hong Kong:		
At cost	8,541	6,803
Provision for impairment in value	(407)	–
	8,134	6,803
<hr/>		
At carrying value	3,731	20,023
Provision for impairment in value	(2,803)	(13,786)
	928	6,237
<hr/>		
Total	9,062	13,040
<hr/>		
Unlisted investments:		
At carrying value	15,566	15,566
Amount due from an investee company	50,871	50,871
Provision for impairment in value	(66,437)	(66,437)
	–	–
	9,062	13,040
<hr/>		
Market value of listed investments	8,407	9,526

Included in listed investments at 31 December 1999 was a gross amount of HK\$20,023,000 which was stated at the equity valuation at the date when the status of the investee company was changed from interest in an associate to other investment in the prior year. In prior year, provision of HK\$13,786,000 was made against this investment after taking into account of its market value at the balance sheet date which was HK\$2,723,000 and the reserves attributable to this investee company of HK\$3,514,000 which, upon disposal, would be released and credited to the profit and loss account. During the year, certain listed investments with equity valuation, net of provision for impairment in value, of HK\$5,074,000 were disposed of and the relevant portion of reserve attributable to the investee company was released to the profit and loss account.

15. INVESTMENTS AND ADVANCE TO AN INVESTEE COMPANY (Cont'd)

(b) Other investments (Cont'd)

In addition, the Directors consider that the accumulated provision for the remaining portion of this investment of HK\$2,803,000 as at 31 December 2000 is adequate after taking into account of its market value of HK\$273,000 and the reserve attributable thereto of HK\$655,000.

Particulars of the unlisted investments at 31 December 2000 are as follows:

Name of company	Place of registration	Attributable equity interest to the Group	Principal activities
鄭州三星肉製品有限公司 Zhengzhou Sanxing Meat Industries Co., Ltd. (Note)	PRC	55%	Meat processing, manufacturing and marketing
鄭州鄭榮食品有限公司 Zhengzhou Zhengrong Foods Co., Ltd. (Note)	PRC	55%	Meat processing, manufacturing and marketing
鄭州鄭榮食品有限公司牛肉製品廠 Zhengzhou Zhengrong Beef Products Co., Ltd. (Note)	PRC	30%	Meat processing

Note:

These investments were previously accounted for by the Group as subsidiaries since acquisition up to 31 December 1995. On 1 January 1996, following a hand-over of the management control of these companies to the joint venture partners, the Group is, in the opinion of the Directors, no longer in a position to exercise a significant influence over the financial and operating policy decisions of these companies and it is the intention of the Group to solicit buyers to dispose of these investments. Accordingly, these companies have not been regarded as either subsidiaries or associates of the Group since 1 January 1996, and the investments in these companies have been classified as other investments and carried in the balance sheet of the Group at the carrying value as at 31 December 1995 less provision for impairment in value of the investments, if necessary.

16. INVENTORIES

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Raw materials	32,238	19,445
Work in progress	1,408	64
Finished goods	29,177	91,407
	62,823	110,916

The carrying amount of inventories carried at net realisable value included in the above is HK\$17,724,000 (1999: HK\$85,960,000).

17. TRADE DEBTORS

The trade debtors of the Group includes a trading balance due from a related company of Nil (1999: HK\$12,945,000).

The ageing analysis of trade debtors balance is as follows:

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 6 months	7,915	9,514
Between 7 to 12 months	28	1,057
Between 1 to 2 years	1,852	10,205
Over 2 years	1,698	5,660
	11,493	26,436
Less: Provision for doubtful debts	(3,472)	(3,115)
	8,021	23,321

18. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Cash and bank balances	50,910	109,296	10,626	7,407
Time deposits	1,010,017	796,044	784,493	666,555
	1,060,927	905,340	795,119	673,962

19. ACCOUNTS PAYABLE

The accounts payable of the Group includes a trading balance due to a fellow subsidiary of HK\$1,186,000 (1999: HK\$29,927,000).

The ageing analysis of accounts payable balance is as follows:

	The Group	
	2000 HK\$'000	1999 HK\$'000
Outstanding balances with ages:		
Within 6 months	20,430	28,648
Between 7 to 12 months	587	5,632
Between 1 to 2 years	1,768	10,749
Over 2 years	8,777	11,512
	31,562	56,541

20. BANK BORROWINGS

	The Group	
	2000	1999
	HK\$'000	HK\$'000
Secured bank loans	42,594	38,979
Bank loans repayable:		
Within one year or on demand	34,890	29,562
In the second year	1,712	3,424
In the third to fifth years, inclusive	5,136	5,137
Beyond five years	856	856
	42,594	38,979
Portion classified as current liabilities	(34,890)	(29,562)
Non-current portion	7,704	9,417

The Group's bank loans are secured by:

- (a) a charge over the fixed assets of the Group with net book value of approximately HK\$107,746,000 (1999: HK\$112,334,000); and
- (b) pledge of bank deposits of approximately HK\$9,589,000 (1999: HK\$13,052,000).

21. MINORITY INTERESTS

	2000	1999
	HK\$'000	HK\$'000
Share of net assets attributable to minority interests	39,180	38,106
Advances from minority shareholders	28,356	34,867
	67,536	72,973

Except for an advance from a minority shareholder of Zhengzhou Haijia Food Co., Ltd., a subsidiary of the Company, of HK\$11,682,000 (1999: HK\$11,682,000) which bears interest at 6.4% (1999: 7.6%) per annum, the advances are unsecured, interest-free and have no fixed terms of repayment.

22. SHARE CAPITAL**Shares**

	2000	1999
	HK\$'000	HK\$'000
Authorised:		
900,000,000 ordinary shares of HK\$0.10 each	90,000	90,000
Issued and fully paid:		
660,371,027 ordinary shares of HK\$0.10 each	66,037	66,037

There were no changes in the authorised or issued and fully paid share capital of the Company during the two years ended 31 December 2000.

Subsequent to the balance sheet date, pursuant to an ordinary resolution passed on 19 March 2001, the authorised share capital of the Company was increased from HK\$90,000,000 to HK\$250,000,000 by the creation of an additional 1,600,000,000 shares of HK\$0.10 each.

Share options

Pursuant to the Company's share option scheme adopted by the shareholders on 23 June 1997, the Directors may, at their discretion, grant options to eligible employees, including executive Directors, of the Company and its subsidiaries to subscribe for shares of the Company at a price equal to the higher of the nominal value of the shares and a price not less than 80% of the average of the closing prices of the shares quoted on the Stock Exchange on the five trading days immediately preceding the date the options are offered to eligible employees. The maximum number of shares in respect of which options may be granted under the share option scheme may not exceed 10% of the issued share capital of the Company from time to time. The options granted are exercisable at any time during a period not exceeding five years commencing on the expiry of six months after the date on which the options were accepted.

As at 1 January 2000, there were 17,800,000 share options outstanding which entitled the relevant holders to subscribe for shares of the Company at any time from 5 February 1998 to 12 February 2003. The subscription price payable upon the exercise of each share option is HK\$2.156. 5,400,000 share options lapsed upon the resignation of two Directors and an employee during the year. No share options were granted or exercised during the year and 12,400,000 share options remained outstanding at 31 December 2000.

The exercise in full of all the share options outstanding at 31 December 2000 would result in the issue of additional 12,400,000 shares of the Company and cash proceeds, before the related issue expenses, of HK\$26,734,400.