

# FINANCIAL REVIEW

## THE COMPANY

### TOTAL AND ATTRIBUTABLE TURNOVER UNDER MANAGEMENT

The following table summarises the total and attributable turnover under the Company's management. This table includes 100% of the turnover of all of the businesses we have invested in, whether as subsidiaries, associates or jointly controlled entities, and is designed to give you a fuller picture of the range and size of our activities.

	<b>TOTAL</b>		<b>Group</b>	<b>ATTRIBUTABLE</b>	
	<i>US\$ million</i>	%	<b>Ownership</b>	<i>US\$ million</i>	%
			%		
PRC agri-business	2,281.2	84.0	33-100	1,535.1	86.9
Turkey agri-business	131.4	4.8	83-100	118.7	6.7
PRC industrial business	286.5	10.6	14-38	96.2	5.5
Investment properties/ Investment holding	16.0	0.6	100	16.0	0.9
	<u>2,715.1</u>	<u>100.0</u>		<u>1,766.0</u>	<u>100.0</u>

**NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS  
BY ACTIVITY AND GEOGRAPHICAL LOCATION**

	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>
Agri-business operations		
PRC	(25,812)	(8,246)
Thailand	17,048	108
Indonesia	–	5,436
Turkey	(4,194)	3,326
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	(12,958)	624
Industrial operations	2,394	6,470
Trading	–	(2,800)
Retail and distribution	–	(3,507)
Investment properties	(4,334)	1,322
Investment holding*	(36,256)	(15,788)
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	<b>(51,154)</b>	<b>(13,679)</b>
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\* including Hong Kong headquarters' general expenses

**BALANCE SHEET**

**GEOGRAPHICAL BREAKDOWN OF TOTAL ASSETS**

	2000		1999	
	<i>US\$ million</i>	%	<i>US\$ million</i>	%
PRC				
Hong Kong	134.5	10.0	118.0	8.8
Elsewhere	1,068.4	79.7	1,101.9	82.2
	<hr/>	<hr/>	<hr/>	<hr/>
	1,202.9	89.7	1,219.9	91.0
Thailand	66.7	5.0	58.2	4.3
Turkey	70.9	5.3	63.2	4.7
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	<b>1,340.5</b>	<b>100.0</b>	<b>1,341.3</b>	<b>100.0</b>
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## KEY RATIOS

	2000	1999
	%	%
Debt to equity ratio*	643	522
Long term debt to equity ratio	241	198
Working capital ratio	65	55
Quick ratio	44	37
Net asset value per share	3.57 US cents	4.84 US cents

\* *Debt to equity ratio = Total debt/Net asset value*

## ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

The following, prepared on a combined 100% basis, presents the combined financial position and results of operations of all associates and jointly controlled entities involving in agri-business and industrial business as at the balance sheet date accounted for by the Group, using the equity method, for the year ended 31st December, 2000:

	<b>PRC</b>		
	<b>Agri- business</b>	<b>Industrial business</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Balance Sheet Data:</b>			
Deferred costs and other intangible assets	5,808	7,768	13,576
Tangible fixed assets	311,545	105,300	416,845
Long term investments	13,127	6,261	19,388
Long term receivables and other assets	1,612	827	2,439
Current assets	331,167	150,378	481,545
Creditors: amounts falling due within one year	<u>(422,184)</u>	<u>(123,905)</u>	<u>(546,089)</u>
Net current assets/(liabilities)	<u>(91,017)</u>	<u>26,473</u>	<u>(64,544)</u>
Creditors: amounts falling due after one year	<u>(1,559)</u>	<u>(8,704)</u>	<u>(10,263)</u>
	<u>239,516</u>	<u>137,925</u>	<u>377,441</u>
Shareholders' funds	224,524	135,295	359,819
Minority interests	14,992	2,630	17,622
	<u>239,516</u>	<u>137,925</u>	<u>377,441</u>
<b>Profit and Loss Account Data:</b>			
Turnover	<u>893,596</u>	<u>286,489</u>	<u>1,180,085</u>
Profit before tax	19,509	24,318	43,827
Tax	(3,224)	(7,744)	(10,968)
Minority interests' share of profits	<u>(2,135)</u>	<u>–</u>	<u>(2,135)</u>
Profit attributable to shareholders	<u>14,150</u>	<u>16,574</u>	<u>30,724</u>
Group's proportionate share of profit after tax for the year	<u>6,778</u>	<u>7,561</u>	<u>14,339</u>

## DIVISIONAL PERFORMANCE

### CT AGRO AND CT INVESTMENT

The combined consolidated profit and loss account and balance sheet of CT Agro and CT Investment are set out as follows:

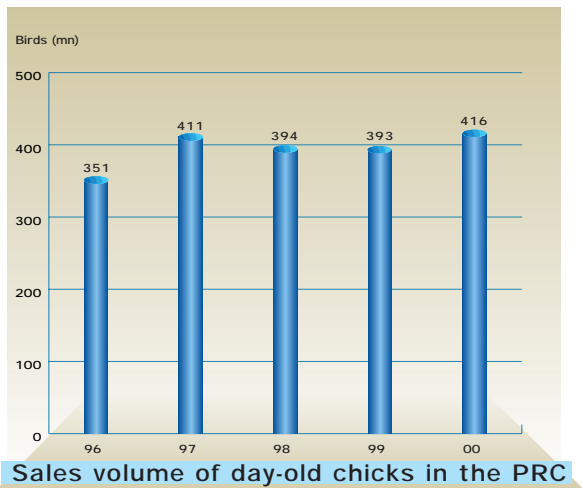
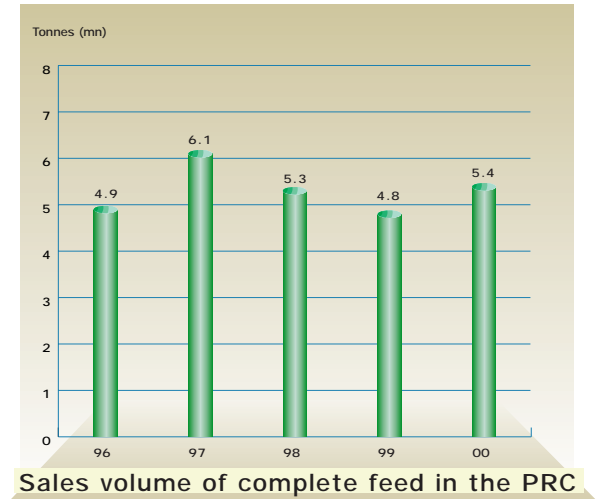
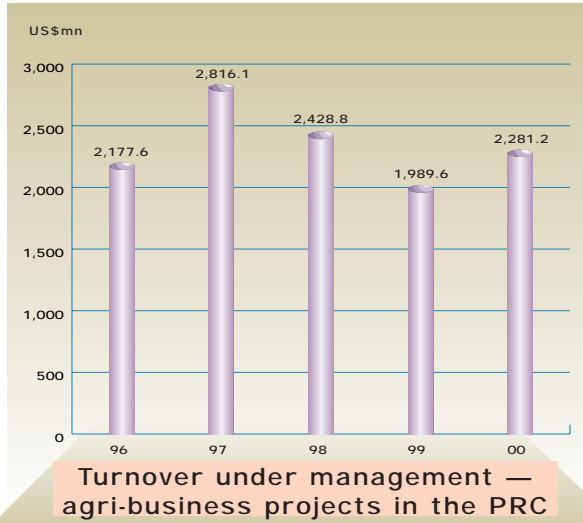
#### COMBINED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<b>2000</b>	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Turnover	<b>1,291,285</b>	1,043,749
Operating costs	<b>(1,320,408)</b>	(1,053,103)
Operating loss	<b>(29,123)</b>	(9,354)
Share of profits less losses of associates and jointly controlled entities	<b>8,204</b>	9,068
Loss before tax	<b>(20,919)</b>	(286)
Tax	<b>(5,836)</b>	(7,677)
Loss after tax	<b>(26,755)</b>	(7,963)
Minority interests' share of losses/(profits)	<b>943</b>	(283)
Net loss attributable to shareholders	<b><u>(25,812)</u></b>	<b><u>(8,246)</u></b>

## COMBINED CONSOLIDATED BALANCE SHEET

	2000 <i>US\$ million</i>	1999 <i>US\$ million</i>
Tangible fixed assets	585.5	611.3
Associates and jointly controlled entities	91.7	105.5
Other investments	1.3	1.4
Goodwill	5.3	3.4
Current assets	276.8	261.3
Current liabilities	(508.8)	(507.3)
Net current liabilities	(232.0)	(246.0)
Term loans	(49.2)	(57.9)
Net operating assets	<u>402.6</u>	<u>417.7</u>
Share capital	30.1	30.1
Reserves	(98.0)	(71.5)
Amount due to holding company	424.0	410.3
Minority interests	356.1	368.9
	46.5	48.8
	<u>402.6</u>	<u>417.7</u>

## AGRI-BUSINESS PERFORMANCE SUMMARY



## TOTAL UNIT SALES OF MAJOR PRODUCTS

For the year ended 31st December, 2000

Complete feed	Concentrate	Premix	Day-old chicks	Broiler meat
(tonnes)	(tonnes)	(tonnes)	('000 birds)	(tonnes)
5,444,550	741,236	87,664	416,059	337,746

## ANALYSIS OF PRC AGRI-BUSINESS SALES AND PROFITABILITY

<b>Category</b>	<b>Number of Projects</b>	<b>Sales</b> <i>RMB million</i>
1. Projects which were profitable in both 1999 and 2000	45	11,845
2. Projects which became profitable in 2000	6	451
3. Projects which incurred a loss in 2000	49	6,578
4. Projects which commenced operation in 2000	3	60
Total	<u>103</u>	<u>18,934</u>

<b>Category</b>	<b>Number of Projects</b>	<b>Net profit/(loss)</b> <i>RMB million</i>
1. Projects which were profitable in both 1999 and 2000	45	496
2. Projects which became profitable in 2000	6	23
3. Projects which incurred a loss in 2000	49	(410)
4. Projects which commenced operation in 2000	3	2
Total	<u>103</u>	<u>111</u>

### EK CHOR CHINA

The following information is extracted from the 2000 audited financial statements and annual report of Ek Chor China:



## CONSOLIDATED STATEMENT OF INCOME

	For the years ended 31st December,		
	2000	2000	1999
	US\$'000	RMB'000	RMB'000
Share of net income of joint ventures and associated companies	7,467	61,829	71,809
Gain on sale of investments in PRC joint ventures	–	–	25,117
Interest income	866	7,171	6,067
Other income	435	3,605	1,350
	<u>8,768</u>	<u>72,605</u>	<u>104,343</u>
Amortisation of goodwill	–	–	(4,776)
General and administrative expenses	(3,722)	(30,816)	(34,070)
Foreign exchange gains/(losses), net	13	104	(1)
Provision for investments	(1,722)	(14,263)	(2,756)
	<u>(5,431)</u>	<u>(44,975)</u>	<u>(41,603)</u>
Income before income taxes and minority interests	3,337	27,630	62,740
Minority interests	42	348	1,154
Net income	<u>3,379</u>	<u>27,978</u>	<u>63,894</u>
Basic and diluted earnings per share ( <i>Note 1</i> )	<u>US\$0.19</u>	<u>RMB1.60</u>	<u>RMB3.68</u>

*Note:*

### 1 Basic earnings per share

The calculation of basic earnings per share is based on the weighted average number of shares outstanding during the applicable period.

The weighted average number of shares of Common Stock outstanding for each of the years ended 31st December, 1999 and 2000 were 17,363,364 and 17,526,000 respectively.

## CONSOLIDATED BALANCE SHEET

	2000 <i>US\$'000</i>	2000 <i>RMB'000</i>	1999 <i>RMB'000</i>
<b>ASSETS</b>			
Current assets:			
Cash	20,250	167,669	200,484
Prepayments, deposits and other receivables	249	2,061	2,218
Total current assets	<u>20,499</u>	<u>169,730</u>	202,702
Amounts due from related parties	11,515	95,341	94,362
Property and equipment, net	5,541	45,879	47,269
Investments in PRC joint ventures	50,739	420,121	424,832
Investments in associated companies	8,664	71,740	78,368
Total assets	<u><u>96,958</u></u>	<u><u>802,811</u></u>	<u><u>847,533</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable and accrued expenses	904	7,482	7,277
Total current liabilities	904	7,482	7,277
Amounts due to a related party	741	6,134	6,482
Shareholders' equity:			
Capital stock – Common stock, par value US\$0.10 each, 25,000,000 shares authorized; 17,526,000 shares outstanding	1,286	10,652	10,652
Additional paid-in capital	89,472	740,828	740,828
Retained earnings	4,555	37,715	82,294
Total shareholders' equity	<u>95,313</u>	<u>789,195</u>	833,774
Total liabilities and shareholders' equity	<u><u>96,958</u></u>	<u><u>802,811</u></u>	<u><u>847,533</u></u>

## SUMMARY OF FINANCIAL INFORMATION

	<b>For the years ended 31st December,</b>		
	<b>2000</b>	<b>2000</b>	1999
	<i>US\$'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Ek Chor China</b>			
Share of net income of joint ventures and associated companies	<b>7,467</b>	<b>61,829</b>	71,809
Provision for investments	<b>(1,722)</b>	<b>(14,263)</b>	(2,756)
Income before income taxes and minority interests	<b>3,337</b>	<b>27,630</b>	62,740
Net income	<b>3,379</b>	<b>27,978</b>	63,894
Basic earnings per share	<b>US\$0.19</b>	<b>RMB1.60</b>	RMB3.68
<b>Luoyang Motorcycle</b>			
Net sales	<b>101,887</b>	<b>843,623</b>	914,337
Operating income/(loss)	<b>(523)</b>	<b>(4,328)</b>	14,066
Income before taxes	<b>811</b>	<b>6,717</b>	8,508
Net income	<b>80</b>	<b>664</b>	13,817
<b>Shanghai Machinery</b>			
Net sales	<b>115,302</b>	<b>954,698</b>	920,418
Operating income	<b>21,193</b>	<b>175,478</b>	184,169
Income before taxes	<b>19,420</b>	<b>160,793</b>	166,941
Net income	<b>12,733</b>	<b>105,430</b>	131,337
<b>Deni Carburetor</b>			
Net sales	<b>27,803</b>	<b>230,209</b>	199,326
Operating income	<b>4,791</b>	<b>39,668</b>	13,957
Income before taxes	<b>3,732</b>	<b>30,897</b>	6,388
Net income	<b>3,248</b>	<b>26,894</b>	4,636
<b>ECI Metro</b>			
Net sales	<b>34,532</b>	<b>285,927</b>	177,172
Operating income	<b>1,184</b>	<b>9,800</b>	14,521
Income before taxes	<b>1,041</b>	<b>8,621</b>	12,601
Net income	<b>884</b>	<b>7,323</b>	11,172

## UNIT SALES

	Unit sales for the		% Increase/ (Decrease) over 1999
	years ended 31st December, 2000	1999	
Luoyang Motorcycle – 36cc model	–	2	N/A
– 50cc model	<b>5,934</b>	5,566	6.6
– 70cc model	–	2	N/A
– 90cc model	<b>128,415</b>	165,467	(22.4)
– 100cc model	<b>36,811</b>	63,199	(41.8)
– 110cc model	<b>33,456</b>	–	N/A
– 125cc model	<b>26,479</b>	10,576	150.4
– 150cc model	<b>156</b>	936	(83.3)
	<b>231,251</b>	<b>245,748</b>	<b>(5.9)</b>
Shanghai Machinery – Air conditioner compressors	<b>599,751</b>	494,465	21.3
– Receiver-dryers	<b>417,669</b>	397,411	5.1
Deni Carburetor – Motorcycle carburetors	<b>2,003,597</b>	1,260,659	58.9
– Automotive carburetors	<b>38,228</b>	73,487	(48.0)