

NOTES TO FINANCIAL STATEMENTS

31st December, 2000

1. BASIS OF PRESENTATION

As disclosed in the financial statements, the Group reported net current liabilities of US\$283,226,000 as at 31st December, 2000 (1999: US\$350,394,000) and incurred a net loss of US\$51,154,000 (1999: US\$13,679,000) for the year then ended.

The Group reported in its annual report for the year ended 31st December, 1999 that, since May, 1998, the Company has been negotiating a restructuring plan, which includes asset disposal and debt repayment programmes with its lending banks and the holders of its floating rate notes.

On 28th February, 2001, the Company has entered into a formal Group Restructuring Agreement (the "Agreement") with its lending banks. The Agreement has provided for the Company's indebtedness and the indebtedness of the Company's subsidiaries participating in the restructuring scheme, to be paid down, according to a schedule, over the period to 31st December, 2002 and for any remaining indebtedness to be refinanced thereafter. However, certain features of the restructuring will only take effect upon satisfaction of conditions precedent or conditions subsequent specified in the Agreement.

On 29th March, 2001, a meeting was held by the holders of its floating rate notes and resolved to acknowledge the restructuring and amend the terms and conditions of the floating rate notes in accordance with the terms of the Agreement.

As a result of the successful conclusion of the Agreement, the Group's borrowings, including bank loans and floating rate notes, have been classified in this financial statements in accordance with the revised terms specified in the restructuring documents as at 31st December, 2000.

In order to reduce the overall level of indebtedness, the Group has implemented an asset disposal programme which has been ongoing since 1998. The Group will continue to execute its asset disposal programme with a view to generating cash proceeds to further reduce the Group's indebtedness.

1. BASIS OF PRESENTATION *(continued)*

The financial statements have been prepared on a going concern basis because the directors believe that:

- (a) following certain cost-cutting and asset disposal measures that have been undertaken and planned in the major operating subsidiaries, associates and jointly controlled entities, as part of the restructuring referred to above, the Group will be able to generate sufficient cash inflow to meet its obligations on a timely basis, and will be able to comply with the terms of the Agreement; and
- (b) through certain restructuring and reorganisational measures, including the disposal of certain non-core assets, the Group's debt and liquidity positions will be improved.

Should the Group be unable to successfully complete its asset disposal programme, generate sufficient cash inflow and to comply with the terms of the Agreement, the Group's current year financial statements prepared on a going concern basis may not be appropriate. Accordingly, adjustments would have to be made to restate the values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and long term liabilities as current.

2. CORPORATE INFORMATION

The consolidated financial statements of the Company for the year ended 31st December, 2000 were authorised for issue in accordance with a resolution of the directors on 30th March, 2001. The Company is a limited liability company which is incorporated in Bermuda.

The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

During the year, the Group was involved in the following activities:

- trading of agricultural products
- feedmill and poultry operations
- production and sale of motorcycles and accessories for automotives
- property and investment holding

2. CORPORATE INFORMATION *(continued)*

In February, 2000, the Group disposed of its interest in warehouse distribution outlets. There were no other changes in the nature of the Group's operations during the year.

The Group employed approximately 30,000 employees as at 31st December, 2000.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in United States dollars and in conformity with accounting principles and disclosure requirements set out in the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC"), interpretations issued by the Standing Interpretations Committee of the IASC, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the remeasurement of investment properties and certain tangible fixed assets, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31st December, 2000 together with the Group's share of the post-acquisition results and reserves of its associates and jointly controlled entities. The results of subsidiaries, associates and jointly controlled entities acquired or disposed of during the year are included from or to their effective dates of acquisition or disposal, as applicable. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

Subsidiaries are companies in which the Company, directly or indirectly, controls more than half of their voting power or issued share capital or controls the composition of their board of directors.

In the Company's balance sheet, interests in subsidiaries are stated at cost, unless, in the opinion of the directors, there have been permanent diminutions in values, then they are written down to directors' valuation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Associates

An associate is a company, not being a subsidiary or a jointly controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively, to the extent of post-acquisition profits less losses attributable to the Group. The investments in associates are stated in the consolidated balance sheet at the Group's share of net assets and goodwill recorded in the associates' own financial statements. If the Group's share of losses of an associate equals or exceeds the carrying amount of the investment, the Group will discontinue including its share of further losses and the investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the Group has guaranteed or otherwise committed.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are stated at cost less any provisions for diminutions in values other than those considered to be temporary in nature deemed necessary by the directors.

Jointly controlled entities

A jointly controlled entity is a joint venture which involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The jointly controlled entity operates in the same way as other enterprises, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

The Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's investments in jointly controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint venture companies *(continued)*

Joint venture companies comprise companies operating, directly or indirectly, in the mainland of the People's Republic of China (the "PRC") as independent business entities. The joint venture agreements between the venturers stipulate the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which assets are to be realised upon its dissolution. The profits and losses from operations and any distribution of surplus assets are shared by the venturers either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreements.

A joint venture company is treated as:

- (a) a subsidiary, if the Group has effective control over the joint venture company; or
- (b) a jointly controlled entity, if neither the Group nor its venture partners are in a position to exercise unilateral control over the economic activity of the joint venture company; or
- (c) an associate, if the Group holds between 20% and 50% of the joint venture company's registered capital for the long term and is in a position to exercise significant influence over its management; or
- (d) a long term investment, if the Group holds less than 20% of the joint venture company's registered capital.

Goodwill

Goodwill arising on consolidation of subsidiaries, and on acquisition of associates and jointly controlled entities represents excess of the purchase consideration paid for subsidiaries, associates and jointly controlled entities over the fair values ascribed to their net assets at the date of acquisition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill is amortised on a straight-line basis over its estimated useful life, being the remaining terms of the subsidiary/associate/jointly controlled entity or a period of 20 years, whichever is shorter. In the opinion of the directors, the goodwill arising on the acquisition of a subsidiary/associate/jointly controlled entity will have economic benefits to the Group over the terms of the acquired subsidiary/associate/jointly controlled entity. The majority of the subsidiaries/associates/jointly controlled entities have a term exceeding 30 years.

The Group's share of goodwill recorded in the associates' and jointly controlled entities' own financial statements is amortised over a period not exceeding 20 years.

Tangible fixed assets and depreciation

(i) Office premises

Office premises are stated at their open market values on the basis of annual valuations. Changes in the values of such premises are dealt with as movements in the fixed assets revaluation reserve on an individual premises basis. If the total of the reserve attributable to the individual premises is insufficient to cover a deficit, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

Upon the disposal of the office premises, the relevant portion of the fixed assets revaluation reserve realised in respect of previous valuations is released and transferred directly to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the valuation of the office premises over their estimated useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible fixed assets and depreciation *(continued)*

(ii) Tangible fixed assets in Turkey

The tangible fixed assets in Turkey are stated at valuation made on the basis with reference to the revaluation rate determined by the Turkish government, which has regard to the local inflation rate for the calendar year under review.

Depreciation of these tangible fixed assets is calculated on the straight-line basis to write off the valuation of each asset over its estimated useful life.

The principal annual rates used to achieve the above are as follows:

Freehold land	Nil
Buildings	2% - 4%
Plant and machinery	10% - 20%
Furniture, fixtures and equipment	10% - 20%
Motor vehicles and transport facilities	12½% - 20%

(iii) Other tangible fixed assets

Other tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation of tangible fixed assets in Hong Kong is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life.

Depreciation of tangible fixed assets in the PRC is calculated in accordance with the relevant regulations in the PRC, which require that depreciation be provided on the straight-line basis based on the estimated economic useful life of each category of asset and on an estimated residual value of 10% of the cost thereof.

The principal annual rates used to achieve the above are as follows:

Industrial buildings in the PRC	2% - 4½%
Plant and machinery	6% - 15%
Furniture, fixtures and equipment	10% - 33⅓%
Motor vehicles and transport facilities	9% - 33⅓%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible fixed assets and depreciation *(continued)*

(iii) Other tangible fixed assets (continued)

The rights to the use of sites in the PRC are amortised over the period of the rights.

(iv) Construction in progress

Construction in progress represents the costs incurred in connection with the construction of silos, factories, warehouses and farms, and hatchery facilities. Interest on bank loans used to finance construction costs is capitalised in construction in progress. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to prepare for their intended use, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use. The capitalisation rate for the year is based on the actual cost of the related borrowings.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential. Such properties are not depreciated and are stated at cost or their open market values on the basis of annual valuations. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

Upon the disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Investment properties held on leases with expired periods of 20 years or less are depreciated over the remaining portion of the leases.

Investments

Listed and unlisted investments held on a long term basis are stated at cost less provisions for impairments in values, other than those considered to be temporary in nature, as determined by the directors.

Short term investments are investments in equity securities held for trading purposes and are stated at the lower of cost and market value on an individual investment basis at the balance sheet date. The gains or losses arising from changes in the value of a security are credited or charged to the profit and loss account for the period in which they arise.

The results of investee companies are included only to the extent of dividends received.

Impairment of assets

The carrying amounts of assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed the recoverable amount. If, as a result of the review, it is determined that the carrying amount of an asset exceeds its recoverable amount, an impairment loss is immediately recognised in the profit and loss account. If an asset has been revalued, the impairment loss is debited to the revaluation reserve associated with that asset. If the impairment loss exceeds the revaluation reserve for that asset, any excess is recognised in the profit and loss account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the estimated amount obtainable from the sale of the asset in an arm's length transaction, between knowledgeable and willing parties, less the costs of disposal. The value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, where this is not possible, for the cash-generating unit of which the assets form part.

If there is any indication that an impairment loss recognised for an asset no longer exists or has decreased, the recoverable amount is estimated and compared to the carrying amount. If there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised, the carrying amount of the asset is increased to the recoverable amount, not exceeding the carrying amount the asset would have had if impairment loss had not previously been recognised. Such reversals of impairment losses are credited to the profit and loss account unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost, on the weighted average basis, and net realisable value after making due allowance for any obsolete or slow-moving items. Cost comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less all costs to completion and costs to be incurred in selling and distribution.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged or credited to the profit and loss account on the straight-line basis over the lease terms.

Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into United States dollars at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the assets and liabilities of the Company, its subsidiaries, associates and jointly controlled entities are translated into United States dollars at the applicable rates of exchange ruling at the balance sheet date. The revenue and expenses are translated into United States dollars at exchange rates prevailing at the time of the transactions except when the foreign entity reports in the currency of a hyperinflationary economy, in which case income and expense items are translated at the closing rate. All translation differences arising on consolidation are taken to the exchange equalisation reserve.

In translating the financial statements denominated in Renminbi into United States dollars, the exchange rate used is the rate of exchange as quoted by the People's Bank of China in the PRC.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on fixed assets and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred borrowing expenses

Ancillary costs incurred in connection with the arranging of the floating rate notes and the long term loan facility are capitalised and amortised over the term of the floating rate notes/loan facility.

Deferred restructuring expenses

Restructuring fee incurred in connection with the Group restructuring arrangements based on the total indebtedness to the Lenders are capitalised and amortised over the term of the restructuring period.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on an accrual basis;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

- (c) interest income, on a time proportion basis taking into account the principal outstanding and the effective rate of interest applicable; and
- (d) dividends, when the shareholders' right to receive payment is established.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or to exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

4. TURNOVER

Turnover represents rental income, dividend income and the net invoiced value of sales after allowances for goods returned and trade discounts, and after the elimination of intra-group transactions.

4. TURNOVER (continued)

An analysis of turnover by activity and geographical location is as follows:

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
By activity:		
Sales to/Income from external customers:		
Feedmill and poultry operations	1,402,914	1,142,510
Trading	–	2,741
Investment properties	271	193
Investment holding	15,756	16
	<hr/> 1,418,941	<hr/> 1,145,460
Intra-group transactions:		
Trading	–	559
Elimination	–	(559)
	<hr/> 1,418,941	<hr/> 1,145,460
By geographical location:		
PRC:		
Hong Kong	289	2,950
Elsewhere	1,271,552	1,043,749
	<hr/> 1,271,841	<hr/> 1,046,699
Turkey	131,362	98,761
Thailand	15,738	–
	<hr/> 1,418,941	<hr/> 1,145,460

The above analysis does not include the turnover of the Group's associates and jointly controlled entities. They are summarised in the combined results of associates and jointly controlled entities set out in notes 18 and 19 to the financial statements, respectively.

5. REVENUE

The total revenue for the year is analysed as follows:

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Sales of goods	1,402,914	1,145,251
Dividend income from long term investment	18	16
Dividend income from short term investment	15,738	–
Rental income	271	193
	<hr/>	<hr/>
Turnover	1,418,941	1,145,460
	<hr/>	<hr/>
Interest income	12,871	6,834
	<hr/>	<hr/>
Total revenue for the year	<u>1,431,812</u>	<u>1,152,294</u>

6. OTHER INCOME/(LOSSES), NET

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Provision against investment in an associate	–	(3,507)
Provision against investment in jointly controlled entities	(1,719)	–
Provision for diminution in value of short term investment	(20,054)	–
Amortisation of deferred restructuring expenses	(1,862)	–
Gain on the partial disposal of interest in an associate	–	3,391
Gain on the disposal of jointly controlled entities	–	2,991
Gain on the disposal of listed investments	–	2,597
Gain on the disposal of property	–	1,708
Gain resulting from a waived bank loan of a PRC subsidiary	–	1,500
Interest income	12,871	6,834
	<hr/>	<hr/>
	<u>(10,764)</u>	<u>15,514</u>

7. PROFIT FROM OPERATING ACTIVITIES

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
The Group's profit from operating activities is arrived at after crediting:		
Gain on the partial disposal of interest in an associate	–	3,391
Gain on the disposal of jointly controlled entities	–	2,991
Gain on the disposal of listed investments	–	2,597
Gain on the disposal of property	–	1,708
Gain on the disposal of fixed assets, net	–	942
Gain resulting from a waived bank loan of a PRC subsidiary	–	1,500
Interest income	12,871	6,834
Dividend income from long term investment	18	16
Dividend income from short term investment	15,738	–
Rental income, net of outgoings	271	193
Foreign exchange gains, net	2,429	3,512
and after charging:		
Depreciation	60,221	58,451
Provision against investment in an associate	–	3,507
Provision against investment in jointly controlled entities	1,719	–
Provision for diminution in value of long term investment	107	–
Provision for diminution in value of short term investment	20,054	–
Loss on the disposal of fixed assets, net	828	–
Rent of land and buildings under operating leases	1,917	1,968
Auditors' remuneration	895	895
Staff costs (including directors' remuneration – see note 9)	73,962	65,932
Amortisation of deferred borrowing expenses	333	605
Amortisation of deferred restructuring expenses	1,862	–
Amortisation of goodwill	256	197
	—————	—————

8. FINANCE COSTS

	GROUP	
	2000	1999
	US\$'000	US\$'000
Interest expenses on:		
Bank loans wholly repayable within five years	72,342	68,571
Other loans repayable within five years	337	525
	<u>72,679</u>	<u>69,096</u>

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Executive		Independent non-executive	
	2000	1999	2000	1999
	US\$'000	US\$'000	US\$'000	US\$'000
Fees	–	–	54	51
Other emoluments:				
Basic salaries, housing allowances, other allowances and benefits in kind	2,426	1,892	–	–
	<u>2,426</u>	<u>1,892</u>	<u>54</u>	<u>51</u>

9. DIRECTORS' REMUNERATION *(continued)*

The number of directors whose remuneration fell within the bands set out below is as follows:

	Number of directors	
	2000	1999
Nil – US\$128,000	4	6
US\$192,001 – US\$256,000	1	–
US\$256,001 – US\$321,000	–	1
US\$321,001 – US\$385,000	2	–
US\$513,001 – US\$577,000	1	1
US\$577,001 – US\$641,000	–	1
US\$641,001 or above	1	–
	9	9
	9	9

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals included four (1999: three) directors, details of whose remuneration are set out in note 9 above. The remuneration of the remaining one (1999: two) non-director, highest paid individual is analysed and fell within the band set out below:

	GROUP	
	2000	1999
	US\$'000	US\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	266	523
	266	523
	Number of employee(s)	
	2000	1999
US\$256,001 - US\$321,000	1	2
	1	2

11. SEGMENT INFORMATION

An analysis by activity of loss before tax is as follows:

Group

	Feedmill and poultry operations <i>US\$'000</i>	Industrial business <i>US\$'000</i>	Trading <i>US\$'000</i>	Investment and Warehouse property holdings <i>US\$'000</i>	distribution outlets <i>US\$'000</i>	Total <i>US\$'000</i>
2000						
Segment results	18,571	(3,238)	–	6,386	–	21,719
Other revenue :						
Other losses, net	–	(1,719)	–	(21,916)	–	(23,635)
Interest income	5,079	864	–	6,928	–	12,871
Interest expenses						(72,679)
Share of profits less losses of associates	6,252	–	–	–	–	6,252
Share of profits less losses of jointly controlled entities	2,053	11,364	–	–	–	13,417
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before tax						<u><u>(42,055)</u></u>
1999						
Segment results	43,102	(3,656)	(2,197)	(4,696)	–	32,553
Other revenue :						
Other income/(losses), net	4,891	2,991	–	4,305	(3,507)	8,680
Interest income	1,455	729	275	4,375	–	6,834
Interest expenses						(69,096)
Share of profits less losses of associates	10,972	–	–	–	–	10,972
Share of profits less losses of jointly controlled entities	(1,903)	10,984	–	–	–	9,081
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before tax						<u><u>(976)</u></u>

11. SEGMENT INFORMATION *(continued)*

An analysis by activity of total assets and liabilities is as follows:

Group

	Feedmill and poultry operations <i>US\$'000</i>	Industrial business <i>US\$'000</i>	Trading <i>US\$'000</i>	Investment and Warehouse property holdings <i>US\$'000</i>	Warehouse distribution outlets <i>US\$'000</i>	Total <i>US\$'000</i>
2000						
Interests in associates	76,617	–	–	–	–	76,617
Interests in jointly controlled entities	15,590	66,902	–	–	–	82,492
Other assets	936,966	25,950	1,027	217,489	–	1,181,432
Total assets	<u>1,029,173</u>	<u>92,852</u>	<u>1,027</u>	<u>217,489</u>	<u>–</u>	<u>1,340,541</u>
Total liabilities	<u>612,972</u>	<u>902</u>	<u>46,635</u>	<u>525,831</u>	<u>–</u>	<u>1,186,340</u>
Other segment information:						
Additions to fixed assets during the year	37,324	53	–	29	–	37,406
Depreciation	56,899	216	–	3,106	–	60,221
Amortisation	256	–	–	2,195	–	2,451
1999						
Interests in associates	83,665	–	–	–	2,600	86,265
Interests in jointly controlled entities	24,972	68,041	–	–	–	93,013
Other assets	939,191	30,155	3,866	188,784	–	1,161,996
Total assets	<u>1,047,828</u>	<u>98,196</u>	<u>3,866</u>	<u>188,784</u>	<u>2,600</u>	<u>1,341,274</u>
Total liabilities	<u>584,190</u>	<u>876</u>	<u>49,789</u>	<u>519,164</u>	<u>–</u>	<u>1,154,019</u>
Other segment information:						
Additions to fixed assets during the year	39,870	3	–	724	–	40,597
Depreciation	57,339	234	10	868	–	58,451
Amortisation	197	–	–	605	–	802

11. SEGMENT INFORMATION *(continued)*

An analysis by geographical location of loss before tax is as follows:

Group

	PRC Hong Kong <i>US\$'000</i>	PRC Elsewhere <i>US\$'000</i>	Turkey <i>US\$'000</i>	Thailand <i>US\$'000</i>	Indonesia <i>US\$'000</i>	Total <i>US\$'000</i>
2000						
Segment results	(7,251)	18,106	(6,184)	17,048	–	21,719
Other revenue :						
Other losses, net	(1,862)	(1,719)	–	(20,054)	–	(23,635)
Interest income	6,927	2,213	3,731	–	–	12,871
Interest expenses						(72,679)
Share of profits less losses of associates	–	6,252	–	–	–	6,252
Share of profits less losses of jointly controlled entities	–	13,417	–	–	–	13,417
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Loss before tax						<u>(42,055)</u>
1999						
Segment results	(10,284)	38,898	3,939	–	–	32,553
Other revenue :						
Other income/(losses), net	(1,355)	4,491	–	108	5,436	8,680
Interest income	4,650	2,184	–	–	–	6,834
Interest expenses						(69,096)
Share of profits less losses of associates	–	10,972	–	–	–	10,972
Share of profits less losses of jointly controlled entities	–	9,081	–	–	–	9,081
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Loss before tax						<u>(976)</u>

11. SEGMENT INFORMATION *(continued)*

An analysis by geographical location of total assets and liabilities is as follows:

Group

	PRC Hong Kong US\$'000	PRC Elsewhere US\$'000	Turkey US\$'000	Thailand US\$'000	Total US\$'000
2000					
Interests in associates	–	76,617	–	–	76,617
Interests in jointly controlled entities	–	82,492	–	–	82,492
Other assets	134,494	909,321	70,882	66,735	1,181,432
Total assets	<u>134,494</u>	<u>1,068,430</u>	<u>70,882</u>	<u>66,735</u>	<u>1,340,541</u>
Total liabilities	<u>572,456</u>	<u>558,776</u>	<u>55,108</u>	<u>–</u>	<u>1,186,340</u>
Other segment information:					
Additions to fixed assets					
during the year	29	35,773	1,604	–	37,406
Depreciation	309	51,509	8,403	–	60,221
Amortisation	<u>2,195</u>	<u>256</u>	<u>–</u>	<u>–</u>	<u>2,451</u>
1999					
Interests in associates	2,600	83,665	–	–	86,265
Interests in jointly controlled entities	–	93,013	–	–	93,013
Other assets	115,358	925,239	63,165	58,234	1,161,996
Total assets	<u>117,958</u>	<u>1,101,917</u>	<u>63,165</u>	<u>58,234</u>	<u>1,341,274</u>
Total liabilities	<u>568,954</u>	<u>540,165</u>	<u>44,900</u>	<u>–</u>	<u>1,154,019</u>
Other segment information:					
Additions to fixed assets					
during the year	724	33,161	6,712	–	40,597
Depreciation	327	54,747	3,377	–	58,451
Amortisation	<u>605</u>	<u>197</u>	<u>–</u>	<u>–</u>	<u>802</u>

12. TAX

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
The Company and subsidiaries:		
Provision for tax in respect of profits for the year:		
PRC:		
Hong Kong	–	–
Elsewhere	5,375	6,678
Overseas	386	214
Deferred tax credit (note 24)	(146)	(249)
	<u>5,615</u>	<u>6,643</u>
Under/(Over)provision in prior year:		
PRC:		
Hong Kong	–	7
Elsewhere	(1,067)	(361)
	<u>(1,067)</u>	<u>(354)</u>
Associates:		
PRC:		
Hong Kong	–	49
Elsewhere	1,229	977
	<u>1,229</u>	<u>1,026</u>
Jointly controlled entities:		
PRC:		
Hong Kong	–	–
Elsewhere	4,090	3,325
Deferred tax credit	–	(1,222)
	<u>4,090</u>	<u>2,103</u>
Underprovision in prior year:		
PRC:		
Hong Kong	–	–
Elsewhere	11	18
	<u>11</u>	<u>18</u>
Tax charge for the year	<u>9,878</u>	<u>9,436</u>

12. TAX (continued)

Hong Kong tax is calculated by applying the current rate of tax of 16% (1999: 16%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

In accordance with the relevant tax rules and regulations in the PRC, certain of the Company's PRC subsidiaries, associates and jointly controlled entities enjoy income tax exemptions and reductions. Certain subsidiaries, associates and jointly controlled entities are subject to income taxes at tax rates ranging from 7.5% to 33%.

The overseas tax represents corporation tax payable in Turkey in respect of income earned during the year. The corporation tax in Turkey is calculated at the applicable tax rate of 30% (1999: 30%). An additional 10% of the total tax charge is levied to support a state fund, which results in an effective corporate tax rate of 33% (1999: 33%).

A reconciliation between the provision for profits taxes computed by applying the applicable tax rates to loss before tax and the actual provision for profits taxes is as follows:

	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>
Loss before tax	<u>(42,055)</u>	<u>(976)</u>
Expected tax credit at the domestic tax rates applicable in the countries concerned, net	(8,154)	(1,205)
Non-taxable income, net	(2,702)	(1,983)
Tax exemption or reduction	(4,306)	(6,746)
Tax expenses of subsidiaries, associates and jointly controlled entities	24,712	20,341
Effect of increase in tax rate on timing differences	<u>328</u>	<u>(971)</u>
Actual tax expense	<u>9,878</u>	<u>9,436</u>

13. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The loss for the year of the Company dealt with in the consolidated profit and loss account amounted to US\$15,967,000 (1999: US\$4,971,000).

The Group's share of aggregate profits less losses retained by the associates for the year amounted to US\$36,240,000 (1999: US\$19,576,000).

The Group's share of aggregate profits less losses retained by the jointly controlled entities for the year amounted to US\$17,730,000 (1999: US\$5,813,000).

14. LOSS PER SHARE

The basic loss per share is calculated based on the net loss attributable to shareholders of US\$51,154,000 (1999: US\$13,679,000) and 2,158,480,786 (1999: 2,158,480,786) shares of the Company in issue during the year.

As the exercise price of options outstanding during the year is higher than the average market price of the Company's shares during the respective years, the diluted loss per share for the years ended 31st December, 2000 and 1999 is not presented as the options are unlikely to result in the issuance of any potential ordinary share.

15. TANGIBLE FIXED ASSETS

Group

	2000									1999	
	Office premise in Hong Kong	Office premises in the PRC	Industrial buildings in the PRC	Rights to the use of sites	Freehold land and buildings in Turkey	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles and transport facilities	Construction in progress	Total	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost/valuation:											
At beginning of year	5,313	8,047	256,976	41,363	9,112	447,959	63,563	32,871	3,344	868,548	840,484
Additions	-	-	2,458	897	314	13,553	2,878	2,905	14,401	37,406	40,597
Disposals	(1,149)	-	(5,052)	-	-	(3,297)	(1,209)	(1,731)	-	(12,438)	(15,772)
Revaluation	1,041	-	-	-	4,103	7,026	358	754	-	13,282	5,596
Transfer in/(out)	-	-	3,120	15	-	5,150	1,597	209	(10,091)	-	-
Exchange realignment	-	-	-	-	(1,726)	(2,687)	(165)	(346)	(76)	(5,000)	(2,357)
At end of year	<u>5,205</u>	<u>8,047</u>	<u>257,502</u>	<u>42,275</u>	<u>11,803</u>	<u>467,704</u>	<u>67,022</u>	<u>34,662</u>	<u>7,578</u>	<u>901,798</u>	<u>868,548</u>
Accumulated depreciation:											
At beginning of year	71	928	36,409	2,874	699	126,900	23,340	17,199	-	208,420	154,777
Provided during the year	57	453	13,478	969	151	34,617	6,384	4,112	-	60,221	58,451
Disposals	-	-	(714)	-	-	(488)	(759)	(1,371)	-	(3,332)	(4,133)
Revaluation	(128)	-	-	-	383	4,846	213	584	-	5,898	2,112
Exchange realignment	-	-	-	-	(133)	(1,678)	(74)	(202)	-	(2,087)	(2,787)
At end of year	<u>-</u>	<u>1,381</u>	<u>49,173</u>	<u>3,843</u>	<u>1,100</u>	<u>164,197</u>	<u>29,104</u>	<u>20,322</u>	<u>-</u>	<u>269,120</u>	<u>208,420</u>
Net book value:											
At end of year	<u>5,205</u>	<u>6,666</u>	<u>208,329</u>	<u>38,432</u>	<u>10,703</u>	<u>303,507</u>	<u>37,918</u>	<u>14,340</u>	<u>7,578</u>	<u>632,678</u>	<u>660,128</u>
At beginning of year	<u>5,242</u>	<u>7,119</u>	<u>220,567</u>	<u>38,489</u>	<u>8,413</u>	<u>321,059</u>	<u>40,223</u>	<u>15,672</u>	<u>3,344</u>	<u>660,128</u>	<u>685,707</u>

15. TANGIBLE FIXED ASSETS *(continued)*

The Group's land and buildings are analysed as follow:

	Hong Kong	Elsewhere	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Freehold	–	11,803	11,803
Long term lease	5,205	–	5,205
Medium term lease	–	265,549	265,549
	<u>5,205</u>	<u>277,352</u>	<u>282,557</u>

The analysis of cost/valuation at 31st December, 2000 is as follows:

	Valuation	Cost	Total
	in 2000		
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Office premise in Hong Kong	5,205	–	5,205
Office premises in the PRC	–	8,047	8,047
Industrial buildings in the PRC	–	257,502	257,502
Rights to the use of sites	–	42,275	42,275
Freehold land and buildings in Turkey	11,803	–	11,803
Plant and machinery	20,210	447,494	467,704
Furniture, fixtures and equipment	1,029	65,993	67,022
Motor vehicles and transport facilities	2,169	32,493	34,662
Construction in progress	–	7,578	7,578

The office premise in Hong Kong is held under long term lease. The property is revalued annually and its open market value, based on its existing use, at 31st December, 2000, was assessed by Landscape Surveyors Ltd., property consultants.

Had the Group's premise been stated at cost less accumulated depreciation, the carrying amount of the premise at 31st December, 2000 would have been US\$982,000 (1999: US\$1,294,000).

15. TANGIBLE FIXED ASSETS *(continued)*

The office premises in the PRC are held under medium term leases. No revaluation was performed on these properties as, in the opinion of the directors, there was no material fluctuation between the value of the properties at the balance sheet date and their acquisition cost.

The industrial buildings in the PRC are held under medium term leases.

Certain of the Group's buildings and plant and machinery in the PRC have been pledged as security for interest-bearing bank loans as detailed in note 31.

The subsidiaries in Turkey revalued their fixed assets using the revaluation rate of 56% (1999: 52.1%) determined by the Turkish government with regard to the local inflation rate for the 2000 calendar year. These Turkish fixed assets represent the above valuation figures for plant and machinery, furniture, fixtures and equipment, motor vehicles and transport facilities, and construction in progress.

15. TANGIBLE FIXED ASSETS *(continued)*

Company

	2000		1999	
	Furniture, fixtures and equipment <i>US\$'000</i>	Motor vehicles <i>US\$'000</i>	Total <i>US\$'000</i>	Total <i>US\$'000</i>
Cost:				
At beginning of year	475	470	945	1,272
Additions	29	–	29	6
Disposals	(1)	(96)	(97)	(333)
At end of year	<u>503</u>	<u>374</u>	<u>877</u>	<u>945</u>
Accumulated depreciation:				
At beginning of year	413	446	859	1,041
Provided during the year	65	24	89	120
Disposals	(1)	(96)	(97)	(302)
At end of year	<u>477</u>	<u>374</u>	<u>851</u>	<u>859</u>
Net book value:				
At end of year	<u>26</u>	<u>–</u>	<u>26</u>	<u>86</u>
At beginning of year	<u>62</u>	<u>24</u>	<u>86</u>	<u>231</u>

16. INVESTMENT PROPERTIES

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Long term leasehold land and building situated in Hong Kong, at valuation:		
At beginning of year	1,867	2,585
Transfers from/(to) fixed assets	1,149	(718)
Revaluation surplus	754	–
	<hr/>	<hr/>
At end of year	3,770	1,867
	<hr/>	<hr/>
Medium term leasehold buildings situated in the PRC, at cost:		
At beginning and at end of year	954	954
	<hr/>	<hr/>
	4,724	2,821
	<hr/> <hr/>	<hr/> <hr/>

The land and building in Hong Kong is held under long term lease. The property is revalued annually and its open market value, based on its existing use at 31st December, 2000, was assessed by Landscope Surveyors Ltd., property consultants.

In the opinion of the directors, the fair values of the medium term leasehold buildings in the PRC do not differ significantly from their costs.

The details of the investment properties are as follows:

Location	Use
Portions of 21/F of Far East Finance Centre, 16 Harcourt Road, Hong Kong	Office premise for rental
Flat 1601D of Block 3 and Flats 1401A, 1402C and 1902C of Block 4, Jing Hua Apartment, Jianguomenwaidajie, Beijing, PRC	Residential premises for rental

17. SUBSIDIARIES

	COMPANY	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Shares, at cost:		
Unlisted	34,070	34,070
Overseas listed	23,989	23,989
	<hr/>	<hr/>
	58,059	58,059
Amounts due from subsidiaries	611,071	597,964
Provisions for non-recovery	(31,359)	(31,000)
Amounts due to subsidiaries	(204,504)	(199,926)
	<hr/>	<hr/>
	433,267	425,097
	<hr/> <hr/>	<hr/> <hr/>
Market value of the overseas listed shares at the balance sheet date	23,904	26,145
	<hr/> <hr/>	<hr/> <hr/>

The amounts due from and to subsidiaries are unsecured, bear interest ranging from 6.3% to 7.4% per annum and have no fixed terms of repayment.

A list of the Company's principal subsidiaries is presented on pages 99 to 111.

18. ASSOCIATES

	GROUP		COMPANY	
	2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000
Listed shares:				
Share of net assets	40,293	40,741	–	–
Unlisted investments:				
At cost	–	–	15,000	15,000
Share of net assets	33,778	31,857	–	–
Provision for diminution in value	–	–	(15,000)	(15,000)
	74,071	72,598	–	–
Amounts due from associates	17,197	16,048	14,773	20,165
Provision for non-recovery	–	–	(14,773)	(17,565)
Amounts due to associates	(14,651)	(2,381)	–	–
	76,617	86,265	–	2,600
Market value of the overseas listed shares at the balance sheet date*	–	–	–	–

* As at year end, the Group's only listed associate is Shanghai Dajiang (Group) Stock Co., Ltd. ("Dajiang"), which is listed on the Shanghai Stock Exchange, PRC. The shares held by the Group in Dajiang are "Foreign legal shares", which are not freely transferable or available for circulation. Therefore, the market value is not presented, as the value is not meaningful.

The amounts due from and to associates are unsecured, bear interest ranging from 10.75% to 11.5% per annum and have no fixed terms of repayment.

A list of the associates is presented on page 111 and 112.

A significant number of the Group's interests in associates are Sino-foreign joint ventures established in the PRC. Details of the factors affecting the distribution of earnings from these associates are set out in note 34.

18. ASSOCIATES *(continued)*

Under the terms of the joint venture agreements for these joint venture companies in the PRC, the Group is entitled to receive its attributable share of the net assets upon liquidation of the joint venture companies.

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

	Agri-business in PRC US\$'000
Deferred costs and other intangible assets	3,040
Tangible fixed assets	168,141
Long term investments	12,138
Long term receivables and other assets	1,612
Current assets	176,785
Creditors: amounts falling due within one year	(184,438)
Net current liabilities	(7,653)
	<u>177,278</u>
Shareholders' funds	162,286
Minority interests	14,992
	<u>177,278</u>
Turnover	<u>417,745</u>
Profit before tax	14,591
Tax	(2,551)
Profit after tax	12,040
Minority interests' share of profits	(2,135)
Profit attributable to shareholders	<u>9,905</u>
Group's proportionate share of profits less losses after tax for the year	<u>5,023</u>

19. JOINTLY CONTROLLED ENTITIES

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Unlisted investments:		
Share of net assets	82,090	81,740
Amounts due from jointly controlled entities	15,038	21,951
Amounts due to jointly controlled entities	(14,636)	(10,678)
	82,492	93,013

The amounts due from and to jointly controlled entities are unsecured, bear interest ranging from 10.75% to 11.5% per annum and have no fixed terms of repayment.

A list of the jointly controlled entities is presented on pages 113 and 114.

A significant number of the Group's interests in jointly controlled entities are Sino-foreign joint ventures established in the PRC. Details of the factors affecting the distribution of earnings from these joint ventures are set out in note 34.

Under the terms of the joint venture agreements for these jointly controlled entities in the PRC, the Group is entitled to receive its attributable share of the net assets upon liquidation of the joint venture companies.

19. JOINTLY CONTROLLED ENTITIES *(continued)*

The following summaries of financial information, prepared on a combined 100% basis, present the combined financial position and results of operations of all jointly controlled entities involved in the 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:

	Agri-business in the PRC US\$'000	Industrial business in the PRC US\$'000
Deferred costs and other intangible assets	2,768	7,768
Tangible fixed assets	143,404	105,300
Long term investments	989	6,261
Long term receivables and other assets	–	827
Current assets	154,382	150,378
Creditors: amounts falling due within one year	(237,746)	(123,905)
Net current assets/(liabilities)	(83,364)	26,473
Creditors: amounts falling due after one year	(1,559)	(8,704)
	<u>62,238</u>	<u>137,925</u>
Shareholders' funds	62,238	135,295
Minority interests	–	2,630
	<u>62,238</u>	<u>137,925</u>
Turnover	<u>475,851</u>	<u>286,489</u>
Profit before tax	4,918	24,318
Tax	(673)	(7,744)
Profit attributable to shareholders	<u>4,245</u>	<u>16,574</u>
Group's proportionate share of profits less losses after tax for the year	<u>1,755</u>	<u>7,561</u>

20. LONG TERM INVESTMENTS

	GROUP	
	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>
Overseas listed shares, at carrying cost	–	58,234
Unlisted investments, at cost	5,143	5,178
Less: Provisions for diminutions in values	(2,691)	(2,584)
	2,452	2,594
	2,452	60,828
Market values of listed shares at the balance sheet date:		
Overseas	–	144,395

The overseas listed shares have been transferred to short term investments in current year, and the details of which are set out in note 25 to the financial statements.

21. DEFERRED BORROWING EXPENSES

	GROUP		COMPANY	
	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>
At beginning of year	499	1,104	–	273
Amortisation for the year	(333)	(605)	–	(273)
At end of year	166	499	–	–

22. DEFERRED RESTRUCTURING EXPENSES

	GROUP AND COMPANY	
	2000	1999
	US\$'000	US\$'000
Additions during the year	5,586	–
Amortisation for the year	(1,862)	–
	<hr/>	<hr/>
At end of year	3,724	–

23. GOODWILL

	GROUP	
	2000	1999
	US\$'000	US\$'000
Cost:		
At beginning of year	4,746	3,474
Additions during the year	2,124	1,272
	<hr/>	<hr/>
At end of year	6,870	4,746
	<hr/>	<hr/>
Amortisation:		
At beginning of year	(1,321)	(1,124)
Provided during the year	(256)	(197)
	<hr/>	<hr/>
At end of year	(1,577)	(1,321)
	<hr/>	<hr/>
Net book value	5,293	3,425

24. DEFERRED TAX ASSETS

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
At beginning of year	<u>535</u>	<u>490</u>
Charges for the year:		
Deferred tax expenses resulted from unearned interest income	(39)	(33)
Deferred tax income resulted from origination of retirement benefits liability	233	241
Deferred tax income/(expenses) related to provision for inventories and doubtful debts	25	(13)
Other temporary differences	<u>(73)</u>	<u>54</u>
	<u>146</u>	<u>249</u>
Exchange realignment	<u>(101)</u>	<u>(204)</u>
At end of year	<u><u>580</u></u>	<u><u>535</u></u>

At the balance sheet date, the deferred tax assets represented the tax effect of temporary differences on the following items:

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Provision for inventories and doubtful debts	54	29
Unearned interest income	–	39
Retirement benefits liability	526	392
Others	<u>–</u>	<u>75</u>
	<u><u>580</u></u>	<u><u>535</u></u>

24. DEFERRED TAX ASSETS *(continued)*

Deferred tax has not been provided on the revaluation of the Group's investment properties and fixed assets because, in the opinion of the directors, the disposal of such properties would not result in a tax liability.

At the balance sheet date, unused tax losses amounted to US\$17,920,000 (1999: US\$22,741,000) for which a deferred tax asset has not been recognised as there was no assurance beyond any reasonable doubt that future taxable income would be sufficient to allow the benefit of the loss to be realised. The unused tax losses include an amount of US\$17,920,000 (1999: US\$15,457,000) which is due to expire within 2 to 5 years.

25. SHORT TERM INVESTMENTS

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Transfer from long term investments	58,234	–
Reserves released on reclassification from long term investments	18,903	–
Additions during the year	13,603	–
Provision for diminution in value	(20,054)	–
	<hr/> 70,686 <hr/>	<hr/> – <hr/>
Market values of listed shares at the balance sheet date:		
Overseas	76,376	–
	<hr/> 76,376 <hr/>	<hr/> – <hr/>

Following various announcements to shareholders on the “Proposed Connected Transactions”, the Company proposed to dispose of the marketable securities held by the Group listed on the Stock Exchange of Thailand and on the Jakarta Stock Exchange. The proposal was approved by independent shareholders in March, 2000.

The proposed disposal is part of the debt restructuring plan which covers the repayment of debt and the sale of assets by the Group and is intended to reduce the Group's indebtedness to a manageable level so as to achieve profitability for its core businesses and maintain an adequate cash flow.

25. SHORT TERM INVESTMENTS *(continued)*

As a result of the proposed disposal, the Group's listed investments have been transferred from long term investments to short term investments in the current year.

26. INVENTORIES

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Raw materials	120,823	90,179
Work in progress	23,291	18,897
Finished goods	26,059	31,336
	<hr/>	<hr/>
	170,173	140,412
	<hr/> <hr/>	<hr/> <hr/>

The carrying amount of inventories included in the above that are carried at net realisable value was US\$8,644,000 (1999: US\$9,094,000).

27. ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND DEPOSITS

The Group normally grants a credit policy of 0 to 30 days. Details of the accounts receivable, other receivables and deposits of the Group are as follows:

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Less than 90 days	33,037	26,621
91 to 180 days	1,098	780
181 to 365 days	448	3,249
	<hr/>	<hr/>
	34,583	30,650
	<hr/>	<hr/>
Other receivables and deposits	49,039	40,408
	<hr/>	<hr/>
	83,622	71,058
	<hr/> <hr/>	<hr/> <hr/>

28. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

The amounts due from and to related companies are unsecured and have no fixed terms of repayment and arose, in the opinion of the directors, in the normal course of the Group's business activities.

29. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>
Cash and bank balances	56,422	98,706	163	699
Time deposits	134,741	110,367	33,177	19,368
	191,163	209,073	33,340	20,067

30. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUED EXPENSES

Details of the accounts payable, other payables and accrued expenses of the Group are as follows:

	GROUP	
	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>
Less than 90 days	84,069	75,850
91 to 180 days	3,687	3,106
181 to 365 days	1,545	656
Over 365 days	1,203	816
	90,504	80,428
Other payables and accrued expenses	82,896	80,330
	173,400	160,758

31. INTEREST-BEARING BANK LOANS AND OTHER LOANS

	GROUP		COMPANY	
	2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000
Bank loans:				
Secured	108,532	96,916	–	–
Unsecured	504,990	503,832	121,157	121,157
	<u>613,522</u>	<u>600,748</u>	<u>121,157</u>	<u>121,157</u>
Other short term loans, unsecured	157	–	–	–
Other long term loans, unsecured	72	–	–	–
Floating rate notes, unsecured	377,800	377,800	242,800	242,800
	<u>991,551</u>	<u>978,548</u>	<u>363,957</u>	<u>363,957</u>
Amounts falling due within one year classified as current liabilities:				
Bank loans :				
Secured	(104,820)	(85,033)	–	–
Unsecured	(349,824)	(358,271)	(53,035)	(53,035)
Other short term loans	(157)	–	–	–
Other long term loans	(72)	–	–	–
Floating rate notes	(165,379)	(165,379)	(106,284)	(106,284)
	<u>(620,252)</u>	<u>(608,683)</u>	<u>(159,319)</u>	<u>(159,319)</u>
Amounts falling due after one year	<u>371,299</u>	<u>369,865</u>	<u>204,638</u>	<u>204,638</u>
Bank loans and other loans repayable within a period:				
Not exceeding one year or on demand	620,252	608,683	159,319	159,319
More than one year, but not exceeding two years	342,225	353,234	204,638	204,638
More than two years, but not exceeding five years	29,074	16,631	–	–
	<u>991,551</u>	<u>978,548</u>	<u>363,957</u>	<u>363,957</u>

31. INTEREST-BEARING BANK LOANS AND OTHER LOANS *(continued)*

Certain of the Group's fixed assets located in the PRC with net book values of US\$101,859,000 and fixed deposits of US\$2,003,000 have been pledged as security for various short and long term bank loans. The Company has entered into negative pledges over certain of its assets for available credit facilities aggregating approximately US\$77,031,000 granted to the Group by several banks, which were drawn down to the extent of approximately US\$77,031,000 at the balance sheet date.

Interest on the Group's bank loans is payable at various rates ranging from 5.6% to 9.5% per annum.

Under the loan agreements in respect of certain credit facilities, the Company has to maintain certain specific financial covenants so as to obtain continuing financial support from its banks. However, since 31st December, 1997, the Company has been unable to comply with the covenants of such bank loans. On 3rd April, 1998, a formal demand from a bank was received by C.P. Pokphand (Finance) Co. Ltd., a wholly-owned subsidiary, for the repayment of a sum of approximately US\$10,000,000. Since then, the Company's banks and floating rate noteholders have maintained an informal standstill on principal repayments pending the finalisation of the Group's restructuring plan.

On 28th February, 2001, the Company has entered into the formal Group Restructuring Agreement (the "Agreement") with its lending banks. On 29th March, 2001, a meeting was held by the holders of its floating rate notes and resolved to acknowledge the restructuring, further details of which are set out in note 1 to the financial statements, and, accordingly, the Group's borrowings, including bank loans and floating rate notes, have been reclassified in accordance with the revised terms specified in the restructuring documents as at 31st December, 2000. Under the Agreement, the obligations of the Company will be secured by debentures from the Company and certain subsidiaries which have been identified as having significant assets.

32. SHARE CAPITAL

Shares

	2000 <i>US\$'000</i>	1999 <i>US\$'000</i>
Authorised:		
3,000,000,000 ordinary shares of US\$0.05 each	150,000	150,000
Issued and fully paid:		
2,158,480,786 ordinary shares of US\$0.05 each	107,924	107,924

No repurchase of shares was made by the Company during the year or subsequent to the balance sheet date.

Share options

The Company's executive share options outstanding at the balance sheet date are as follows:

Expiry date	Exercise price <i>HK\$</i>	No. of shares issuable under the executive share options
April 2002	1.640	56,299,991
April 2002	1.892	18,433,164
July 2002	2.150	2,221,275
May 2004	1.752	18,479,248
August 2008	0.3875	50,200,000
		<u>145,633,678</u>

Options to subscribe for 13,000,000 ordinary shares were cancelled during the year. The exercise in full of the options would, under the present capital structure of the Company, result in the issue of 145,633,678 additional ordinary shares and cash proceeds to the Company of approximately HK\$183,811,000 before the related issue expenses.

33. RESERVES

GROUP

	Contributed surplus US\$'000	Fixed asset revaluation reserve US\$'000	Investment property revaluation reserve US\$'000	General reserve US\$'000	Capital reserve US\$'000	Reserve fund US\$'000	Expansion fund US\$'000	Exchange equalisation reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1st January, 1999	6,093	9,147	1,952	5,440	65,775	17,112	10,020	(81,772)	(72,639)	(38,872)
Exchange realignment	-	(3,802)	-	(2,262)	(28)	(75)	(422)	-	-	(6,589)
Surplus on revaluation	-	3,484	-	-	-	-	-	-	-	3,484
Release upon disposal of fixed assets and long term investment	-	-	(1,658)	-	(34)	-	-	629	-	(1,063)
Deemed disposal of a subsidiary	-	-	-	-	-	(84)	(101)	-	-	(185)
Exchange gains arising from translation of foreign currency financial statements	-	-	-	-	-	-	-	2,224	-	2,224
Transfer (from)/to profit and loss account	-	-	-	80	131	2,005	2,687	(861)	(4,042)	-
Loss for the year	-	-	-	-	-	-	-	-	(13,679)	(13,679)
At 31st December, 1999 and 1st January, 2000	6,093	8,829	294	3,258	65,844	18,958	12,184	(79,780)	(90,360)	(54,680)
Exchange realignment	-	(1,708)	-	(752)	(99)	-	-	-	-	(2,559)
Surplus on revaluation	-	7,384	754	-	-	-	-	-	-	8,138
Release upon reclassification from long term to short term investments	-	-	-	-	(5,752)	-	-	24,655	-	18,903
Capital reserve arising on capitalisation issue by a subsidiary	-	(3,534)	-	(1,199)	4,733	-	-	-	-	-
Exchange losses arising from translation of foreign currency financial statements	-	-	-	-	-	-	-	(816)	-	(816)
Transfer (from)/to profit and loss account	-	-	-	(3,679)	(2,815)	343	555	-	5,596	-
Loss for the year	-	-	-	-	-	-	-	-	(51,154)	(51,154)
At 31st December, 2000	<u>6,093</u>	<u>10,971</u>	<u>1,048</u>	<u>(2,372)</u>	<u>61,911</u>	<u>19,301</u>	<u>12,739</u>	<u>(55,941)</u>	<u>(135,918)</u>	<u>(82,168)</u>

33. RESERVES (continued)

COMPANY

	Share premium <i>US\$'000</i>	Contributed surplus <i>US\$'000</i>	Accumulated losses <i>US\$'000</i>	Total <i>US\$'000</i>
At 1st January, 1999	51,210	6,093	(47,761)	9,542
Loss for the year	—	—	(4,971)	(4,971)
At 31st December, 1999 and 1st January, 2000	51,210	6,093	(52,732)	4,571
Loss for the year	—	—	(15,967)	(15,967)
At 31st December, 2000	<u>51,210</u>	<u>6,093</u>	<u>(68,699)</u>	<u>(11,396)</u>

The contributed surplus originally represented the excess of the fair value of the share of net assets of subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain prescribed circumstances.

The general reserve represents a reserve transferred from unappropriated profits in a subsidiary and is available for distribution. The nature of the expansion and reserve funds are set out in note 34.

The capital reserve mainly represents gains arising from the deemed disposal of a subsidiary and an associate in prior years. The current year's movement is related to non-distributable reserves from the Group's Turkey subsidiaries.

34. ACCUMULATED LOSSES

	GROUP	
	2000	1999
	<i>US\$'000</i>	<i>US\$'000</i>
Retained in:		
Company	(68,699)	(52,732)
Add back provisions for diminutions in values of investments in subsidiaries and an associate	31,359	60,058
	(37,340)	7,326
Subsidiaries	(89,313)	(42,829)
Associates	35,568	(389)
Jointly controlled entities	(44,833)	(54,468)
	(135,918)	(90,360)

A significant number of the Group's interests in subsidiaries, associates and jointly controlled entities are Sino-foreign joint venture enterprises. Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, the profits of the Group's joint venture companies operating in the PRC are available for distribution in the form of cash dividends to each of the joint venture partners after the joint venture company: (1) satisfies all tax liabilities; (2) provides for losses in previous years; and (3) makes appropriations to the three statutory reserves. These appropriations include the individual entity's reserve fund, expansion fund and funds for staff bonus and welfare benefits. All foreign-owned and Sino-foreign enterprises are generally required to appropriate not less than 10% of their net profit after tax to the reserve fund, until the balance of the fund reaches 50% of the registered capital. Appropriations of the expansion fund and funds for staff bonuses and welfare benefits are determined at the sole discretion of the board of directors. On consolidation of the results of subsidiaries and equity accounting for the results of the associates and jointly controlled entities, amounts designated as staff bonus and welfare benefits have been charged to income before arriving at a net profit in accordance with IAS.

34. ACCUMULATED LOSSES *(continued)*

The profit distributions of the PRC joint venture companies are declared and paid in Renminbi (“RMB”). In certain circumstances, if the joint venture has foreign currencies available after meeting its operational needs, the foreign investor in the joint venture may access such foreign currencies for profit distribution. Otherwise, such distributions to the Group outside the PRC have to be converted into foreign currencies through an approved exchange centre or other means approved by the relevant authorities. Further details on distributions of RMB earnings are set out in note 35.

35. FOREIGN CURRENCY EXCHANGE

The RMB is not freely convertible into foreign currencies. Following the unification of exchange rates by the PRC Government on 1st January, 1994 and the establishment of the National Foreign Exchange Trading Centre in Shanghai (the “exchange centre”) in April, 1995, Sino-foreign equity joint venture enterprises can enter into exchange transactions at the exchange centre through the Bank of China or other authorised institutions. All foreign exchange transactions are conducted at the exchange rates quoted by the People’s Bank of China.

Payments for imported materials and the remittance of earnings outside the PRC are subject to the availability of foreign currencies which are dependent on the foreign currency denominated earnings of the joint ventures or must be made through the exchange centre or other authorised institutions. Approval for such foreign currency exchanges at the exchange centre or other authorised institutions is granted to joint ventures for valid reasons such as purchases of imported materials and the remittance of earnings. While the conversion of RMB into foreign currencies can generally be effected at the exchange centre or other authorised institutions, there is no guarantee that it can be effected at all times.

The products of the Company’s subsidiaries, associates and jointly controlled entities operating in the PRC are sold primarily in RMB. Revenues and profits are thus predominantly denominated in RMB. For certain subsidiaries, associates and jointly controlled entities, funds denominated in RMB may have to be and from time to time are converted into United States dollars or other foreign currencies for the purchase of imported materials.

35. FOREIGN CURRENCY EXCHANGE *(continued)*

In addition, to the extent that foreign currencies are not sufficient to pay distributions, the Group's share of distributions from the PRC subsidiaries, associates and jointly controlled entities have to be converted into foreign currencies through the exchange centre or other authorised institutions at prevailing rates. The companies are not normally able to hedge their foreign exchange exposure because neither the Bank of China, nor other financial institutions authorised to engage in foreign exchange transactions in the PRC offer forward exchange contracts.

Should the RMB devalue against the United States dollar, it may reduce the foreign currency equivalent of such earnings available for distribution by these subsidiaries, associates and jointly controlled entities to the Company.

At 31st December, 2000, the exchange rate quoted by the People's Bank of China was approximately US\$1.00 = RMB8.3 (1999: US\$1.00 = RMB8.3).

36. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

- (i) Capital expenditure authorised, but not provided for in the financial statements was as follows:

(a)	GROUP		COMPANY	
	2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000
Unpaid capital contribution to:				
Subsidiaries	5,828	748	–	–
Jointly controlled entities	323	513	–	–
	<u>6,151</u>	<u>1,261</u>	<u>–</u>	<u>–</u>
Machinery and equipment:				
Contracted for	1,407	1,767	–	–
Not contracted for	832	136	–	–
	<u>2,239</u>	<u>1,903</u>	<u>–</u>	<u>–</u>

36. COMMITMENTS *(continued)*

(b) The Group's share of capital commitments of the jointly controlled entities was as follows:

	GROUP		COMPANY	
	2000	1999	2000	1999
	US\$'000	US\$'000	US\$'000	US\$'000
Contracted for	453	1,266	–	–
Not contracted for	9	51	–	–
	<u>462</u>	<u>1,317</u>	<u>–</u>	<u>–</u>

(ii) Operating lease commitments:

(a)	GROUP		COMPANY	
	2000	1999	2000	1999
	US\$'000	US\$'000	US\$'000	US\$'000
Land and buildings expiring:				
Within one year	888	794	–	–
In the second to fifth years, inclusive	3,020	2,916	–	–
Beyond five years	11,643	12,659	–	–
	<u>15,551</u>	<u>16,369</u>	<u>–</u>	<u>–</u>
Plant and machinery expiring:				
Within one year	464	362	–	–
In the second to fifth years, inclusive	1,843	1,446	–	–
Beyond five years	2,451	1,265	–	–
	<u>4,758</u>	<u>3,073</u>	<u>–</u>	<u>–</u>

36. COMMITMENTS *(continued)*

(b) The Group's share of operating lease commitments of the jointly controlled entities was as follows:

	GROUP		COMPANY	
	2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000
Land and buildings expiring:				
Within one year	62	190	–	–
In the second to fifth years, inclusive	140	700	–	–
Beyond five years	789	1,644	–	–
	<u>991</u>	<u>2,534</u>	<u>–</u>	<u>–</u>

37. CONTINGENT LIABILITIES

Contingent liabilities in respect of guarantees at the balance sheet date not provided for in the financial statements were as follows:

	GROUP		COMPANY	
	2000 US\$'000	1999 US\$'000	2000 US\$'000	1999 US\$'000
Guarantees given to banks in connection with facilities granted to:				
Jointly controlled entities	10,265	8,519	657	1,314
Related company *	11,193	6,000	5,900	6,000
In respect of guarantees to third parties and discounted bills of exchange	8,386	7,393	–	–
	<u>29,844</u>	<u>21,912</u>	<u>6,557</u>	<u>7,314</u>

* *The amount is related to a guarantee given by the Company to the bank of a subsidiary of a related party. The Group has a 15.7% indirect equity interest in this subsidiary of the related party and the guarantee given represents 10% of the credit facility granted to it by this bank.*

38. RELATED PARTY TRANSACTIONS

- (a) A portion of the Group's sales and purchases transactions, together with certain less significant commercial transactions, are with companies in which Dhanin Chearavanont, Sumet Jiaravanon, Min Tieworn, Prasert Poongkumarn, Thirayut Phitya-Isarakul, Thanakorn Seriburi and Veeravat Kanchanadul, directors of the Company, have beneficial interests. Details of major related party transactions are set out as follows:

		GROUP	
		2000	1999
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
Sales of goods to associates and jointly controlled entities	(i)	25,768	22,881
Sales of goods to related companies	(i)	1,581	7,174
Purchases of raw materials from associates and jointly controlled entities	(ii)	44,636	50,326
Purchases of raw materials from related companies	(ii)	19,461	15,354

Notes:

- (i) The sales of goods were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period was normally granted.
- (ii) The purchases of raw materials were made according to the published prices and conditions offered to the major customers of the supplier, except that a longer credit period was normally granted.
- (b) In 2000, the Company paid an advisory fee of US\$100,000 (1999: US\$100,000) to Charoen Pokphand Group Company Limited for the provision of technical and management support services to the Group.

Dhanin Chearavanont and Sumet Jiaravanon, directors of the Company, have beneficial interests in the share capital of Charoen Pokphand Group Company Limited.

39. RETIREMENT PLANS

The Group operates a defined Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all those employees who are eligible to participate in the MPF Scheme. The MPF Scheme became effective from 1st December, 2000. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independent administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

As stipulated by the regulations of the PRC government, each of the joint ventures in the PRC has participated in the Central Pension Scheme (the “Pension Scheme”) operated by the PRC government for all its staff. These joint ventures are required to contribute a certain percentage of their covered payroll to the Pension Scheme to fund the benefits. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing required contributions under the Pension Scheme.

The subsidiaries in Turkey are required to contribute certain amounts under the retirement plans based on employees’ accumulated periods of service at the balance sheet dates in accordance with Turkish Social Security Legislation. The only obligation of the Group with respect to the plans is to pay the ongoing required contributions under the plans.

40. FINANCIAL INSTRUMENTS

The Group is exposed to market risk including, primarily, changes in interest rates and currency exchange rates in connection with its risk management activities. The Group does not hold or issue derivative financial instruments for trading purposes.

(a) Interest rate risk

The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s debt obligations. The Group does not use derivative financial instruments to hedge its debt obligation.

40. FINANCIAL INSTRUMENTS *(continued)*

(b) Concentrations of credit risk

The Group places its cash deposits with major international banks and financial institutions. This investment policy limits the Group's exposure to concentrations of credit risk.

A significant portion of the Group's sales are to customers in the agricultural industry and, as such, the Group is directly affected by the well-being of that industry. However, the credit risk associated with trade receivables is considered relatively minimal due to the Group's large customer base and its geographical dispersion. The Group performs on-going credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The allowance for doubtful accounts is based upon the expected collectibility of all accounts receivable.

For the industrial sector, the majority of cash from sales was maintained with state-owned banks and their subsidiaries in the PRC, with a small amount being placed with a local branch of a foreign bank. The jointly controlled entities market their products principally to related parties and independent distributors in the PRC.

(c) Fair value of financial instruments

(i) Cash and cash equivalents, accounts and bills receivables, and accounts and bills payable

Cash on hand and in banks and short term deposits which are held to maturity are carried at cost.

Accounts receivable, which generally have 0 to 30 days terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Liabilities for accounts and other amounts payable which are normally settled on 90 days terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

40. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value of financial instruments *(continued)*

(i) Cash and cash equivalents, accounts and bills receivables, and accounts and bills payable (continued)

The carrying amounts of bills receivable and payable are carried at their fair values because of the immediate or short term maturity of these financial instruments.

(ii) Amounts due from/to related companies

Receivables from and payables to related companies are all recognised and carried at cost.

(iii) Bank loans

The carrying amounts of bank loans approximate their fair values, based on the borrowing rates currently available for bank loans with similar terms and average maturity.

(iv) Floating rate notes

The carrying amounts of the floating rate notes approximate their fair values, based on current interest rates and remaining maturity.

41. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the Group disposed of 40,000,000 shares of Charoen Pokphand Foods Public Company Limited (“CP Foods”) in March, 2001 and recorded a gain of approximately US\$3,408,000.

As a result of this disposal, the Group’s interest in CP Foods was reduced from 18.70% at the balance sheet date to 8.27% thereafter.

42. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation, as follows:

The presentation and classification of interest income has been changed from general and administrative expenses to other income (note 6). In addition, as a result of the successful conclusion of the Group Restructuring Agreement, certain of the Group's borrowings at 31st December, 1999, comprising bank loans of US\$101,652,000 and floating rate notes of US\$212,421,000, have been reclassified to non-current liabilities from current liabilities to reflect the revised terms specified in the restructuring documents, under which these amounts are not repayable until 2002 or after.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 30th March, 2001.

SUBSIDIARIES

Details of the principal subsidiaries are as follows:

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
A Club International Company Limited	HK\$10,000	Hong Kong	100% *	100% *	Investment holding
Advance Motorcycle Co. Ltd.	US\$50,000	British Virgin Islands	55% *	55% *	Investment holding
Advance Motorcycle Investment Co. Ltd.	US\$100	British Virgin Islands	68% *	68% *	Investment holding
Beijing Chia Tai Livestock Co., Ltd.	RMB30,000,000	PRC	37% *	37% *	Production and sale of animal feeds
C.P. Enterprises Cereal and Oil Industrial Limited	HK\$10,000	Hong Kong	100% *	100% *	Investment holding
C.P. Pokphand (Finance) Co. Ltd.	US\$1,000	Cayman Islands	100%	100%	Investment holding
C.P. Standard Resources Limited	HK\$2,000,000	Hong Kong	100% *	100% *	Trading
C.P. Standart Gida Sanayi ve Ticaret A.S.	TL9,250,000,000,000	Turkey	83% *	83% *	Trading
C.T. Progressive (Aquaculture) Ltd.	HK\$100,000	Bermuda	100%	100%	Investment holding
C.T. Progressive (Bangkok) Ltd.	HK\$3,800,000	Bermuda	100%	100%	Investment holding
C.T. Progressive (H.K.) Ltd.	HK\$1,000,000	Bermuda	100%	100%	Investment holding
C.T. Progressive (Indonesia) Agro Limited	US\$1,000	British Virgin Islands	100%	100%	Investment holding
C.T. Progressive (Investment) Ltd.	US\$1,000	British Virgin Islands	100%	100%	Investment holding

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
C.T. Progressive (Thailand) Agro Limited	US\$1,000	British Virgin Islands	100%	100%	Investment holding
C.T. Progressive (Thailand) Ltd.	HK\$4,800,000	Bermuda	100%	100%	Investment holding
C.T. Progressive (Trading) Ltd.	HK\$1,000,000	Bermuda	100%	100%	Investment holding
Causeway Developments Limited	US\$1	British Virgin Islands	100% *	100% *	Investment holding
Changsha Chia Tai Co., Ltd.	US\$4,100,000	PRC	100% *	100% *	Production and sale of animal feeds
Charoen Pokphand Development (Turkey) Limited	US\$1	British Virgin Islands	100%	100%	Investment holding
Charoen Pokphand Entegre Gida Sanayi A.S.	TL3,500,000,000,000	Turkey	100% *	100% *	Production and sale of animal feeds, chickens and processed meat
Chengdu Chia Tai Company Limited	US\$6,300,000	PRC	70% *	70% *	Production and sale of animal feeds and chickens
Chia Tai (China) Agro-Industrial Ltd.	HK\$1,000,000	Bermuda	100%	100%	Investment holding
Chia Tai (China) Investment Co., Ltd.	US\$30,000,000	PRC	100%	100%	Investment holding and trading
Chia Tai (Fuzhou) Company Limited	US\$10,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai (Sichuan) Investment Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Chia Tai Chengdu Company Limited	US\$250,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Chongqing Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding
Chia Tai Feed Tech Company Limited	HK\$1	British Virgin Islands	100% *	100% *	Investment holding
Chia Tai Feedmill Company Limited	US\$1,000 and US\$2,500,000 **	Hong Kong	66% *	66% *	Investment holding
Chia Tai Guangxi Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding
Chia Tai Hainan Aquatic Products Company Limited	HK\$1,000,000	Hong Kong	95% *	95% *	Investment holding
Chia Tai Hainan Feedmill Company Limited	US\$10,000	British Virgin Islands	100% *	100% *	Investment holding
Chia Tai Hebei Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding
Chia Tai Henan Company Limited	US\$1,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Hubei Company Limited	HK\$10,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Hunan Company Limited	US\$2 and US\$2 **	Hong Kong	100% *	100% *	Investment holding
Chia Tai Jiangxi Company Limited	HK\$10,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Jilin Company Limited	US\$1,800,000	Hong Kong	90% *	90% *	Investment holding
Chia Tai Jinxi Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding
Chia Tai Neimenggu Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Chia Tai Ningbo Investment Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding
Chia Tai Poultry Company Limited	US\$100	British Virgin Islands	100% *	100% *	Investment holding
Chia Tai Quanzhou Company Limited	US\$1,000,000	Hong Kong	95% *	95% *	Investment holding
Chia Tai Shaanxi Company Limited	HK\$10,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Shandong Co., Ltd.	US\$100	British Virgin Islands	100% *	100% *	Investment holding
Chia Tai Shanghai Company Limited	US\$1,800,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Song Liao Company Limited	HK\$100,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Taiyuan Company Limited	HK\$10,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Tianjin Livestock Machinery Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding
Chia Tai Trading (Hong Kong) Limited	HK\$2	Hong Kong	100% *	100% *	Trading
Chia Tai Urumqi Company Limited	HK\$10,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Xiamen Company Limited	US\$100,000	Hong Kong	100% *	100% *	Investment holding
Chia Tai Yongji Enterprise Co., Ltd.	RMB27,500,000	PRC	100% *	100% *	Production and sale of animal feeds
Chia Tai Yueyang Company Limited	US\$9,550,000	PRC	100% **	100% **	Production and sale of animal feeds and chickens

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Chia Tai Zhumadian Company Limited	HK\$2	Hong Kong	100% *	100% *	Investment holding
Chiatai (Wuhu) Co., Ltd.	RMB40,000,000	PRC	100% *	100% *	Production and sale of animal feeds
Chongqing Chia Tai Company Limited	RMB30,000,000	PRC	60% *	60% *	Production and sale of animal feeds
Chongqing Shuangqiao Chia Tai Co., Ltd	RMB10,000,000	PRC	60% *	60% *	Production and sale of animal feeds
Chu Zhou Chia Tai Co., Ltd.	RMB35,000,000	PRC	100% *	64% *	Production and sale of animal feeds
Chu Zhou Advance Feed Tech Co., Ltd. (formerly “Chu Zhou Chia Tai Livestock Co., Ltd.”)	RMB6,000,000	PRC	100% *	64% *	Production and sale of animal feeds
Dalian Chia Tai Enterprise Co., Ltd.	RMB10,000,000	PRC	100% *	100% *	Production and sale of animal feeds
Dun Hua Chia Tai Enterprises Co., Ltd.	RMB20,000,000	PRC	75% *	75% *	Production and sale of animal feeds
ECI Machinery Co. Ltd.	US\$1	British Virgin Islands	68% *	68% *	Investment holding
Ek Chor China Motorcycle Co. Ltd.	US\$1,752,600	Bermuda	68%	68%	Investment holding
Ek Chor Company Limited	HK\$27,800,000	Hong Kong	68% *	68% *	Investment holding
Ek Chor Development Limited	US\$1	British Virgin Islands	100% *	100% *	Investment holding

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Ek Chor Distribution (Shenyang) Property Company Limited	HK\$2	Hong Kong	100% *	100% *	Property investment
Ek Chor Investment Company Limited	HK\$28,300,000	Hong Kong	68% *	68% *	Investment holding
Ek Chor Research and Management Co. Ltd.	US\$100,000	British Virgin Islands	68% *	68% *	Investment holding
Everwell Developments Limited	US\$1	British Virgin Islands	100% *	100% *	Investment holding
Flying Enterprises Limited	US\$2	British Virgin Islands	100% *	100% *	Investment holding
Fuzhou Da Fu Company Limited	RMB44,000,000	PRC	100% *	100% *	Production and sale of animal feeds and chickens
Ganzhou Chia Tai Industrial Co., Ltd.	RMB18,000,000	PRC	80% *	80% *	Production and sale of animal feeds
Guang An Chia Tai Co., Ltd.	RMB4,500,000	PRC	60% *	60% *	Production and sale of animal feeds
Guanghan Chia Tai Feed Tech Co., Ltd.	RMB7,000,000	PRC	91% *	91% *	Production and sale of animal feeds
Guide Luck Limited	HK\$10,000	Hong Kong	100% *	100% *	Property investment
Guilin Chia Tai Co., Ltd.	RMB31,000,000	PRC	85% *	85% *	Production and sale of animal feeds

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Guizhou Chia Tai Enterprise Co., Ltd.	RMB80,500,000	PRC	88.2% *	85% *	Production and sale of chemicals
Hainan Chia Tai Animal Husbandry Co., Ltd.	US\$4,000,000 and RMB20,000,000	PRC	100% *	100% *	Production and sale of animal feeds
Hannick Limited	HK\$2	Hong Kong	100% *	100% *	Property investment
Hefei Chia Tai Co., Ltd.	RMB85,000,000	PRC	90% *	70% *	Production and sale of animal feeds and chickens
Heilongjiang Chia Tai Enterprise Co., Ltd.	US\$30,080,000	PRC	80% *	80% *	Production and sale of animal feeds, chickens, processed meat and cereal and oil products
Hengyang Chia Tai Co. Ltd.	US\$5,100,000	PRC	100% **	100% **	Production and sale of animal feeds
Huai Hua Chia Tai Co. Ltd.	US\$4,587,000	PRC	100% **	100% **	Production and sale of animal feeds
Huai Yin Chia Tai Co., Ltd.	RMB30,000,000	PRC	58% *	58% *	Production and sale of animal feeds
Huai Yin Chia Tai Feed Co., Ltd.	RMB13,000,000	PRC	58% *	58% *	Production and sale of animal feeds
Huazhong Chia Tai Co., Ltd.	RMB54,000,000	PRC	70% *	70% *	Production and sale of chlortetra
Huludao Chia Tai Co., Ltd.	RMB12,500,000	PRC	60% *	60% *	Production and sale of animal feeds

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Inner Mongolia Chia Tai Co., Ltd.	US\$4,325,000	PRC	100% ^{##}	100% ^{##}	Production and sale of animal feeds
Jiamusi Chia Tai Co., Ltd.	US\$6,000,000	PRC	65% [*]	65% [*]	Production and sale of animal feeds, and cereal and oil products
Jiang Jin Chia Tai Co., Ltd.	RMB7,000,000	PRC	60% [*]	60% [*]	Production and sale of animal feeds
Jinan Chia Tai Company Limited	RMB10,500,000	PRC	65% [*]	65% [*]	Production and sale of animal feeds
Jiu Jiang Advance Feed Tech Co., Ltd.	RMB3,000,000	PRC	88% [*]	–	Production and sale of animal feeds
Jiu Jiang Chia Tai Feedstuff Co., Ltd.	RMB34,000,000	PRC	60% [*]	60% [*]	Production and sale of animal feeds
Kunming Chia Tai Company Limited	US\$6,405,300	PRC	100% ^{##}	100% ^{##}	Production and sale of animal feeds and chickens
Kusuma Limited	US\$2	Liberia	100% [*]	100% [*]	Investment holding
Lanzhou Chia Tai Company Limited	RMB35,000,000	PRC	100% ^{##}	100% ^{##}	Production and sale of animal feeds and chickens
Meihekou Chia Tai Enterprise Co., Ltd.	RMB25,000,000	PRC	70% [*]	50% [*]	Production and sale of animal feeds

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Mianyang Chia Tai Co., Ltd	US\$4,000,000	PRC	80% *	80% *	Production and sale of animal feeds
Nanchang Chia Tai Livestock Co., Ltd.	RMB32,550,000	PRC	100% **	100% **	Production and sale of animal feeds and chickens
Nanjing Chia Tai Livestock Co., Ltd.	RMB8,000,000	PRC	99% *	–	Production and sale of duckling
Nanning Chia Tai Animal Husbandry Company Limited	RMB33,908,000	PRC	100% **	100% **	Production and sale of animal feeds and chickens
Nantong Chia Tai Co., Ltd.	US\$16,500,000	PRC	60% *	60% *	Production and sale of animal feeds and chickens
Nantong Chia Tai Feed Co., Ltd.	RMB30,000,000	PRC	60% *	60% *	Production and sale of animal feeds
Nantong Chia Tai Tech Feed Co., Ltd.	RMB700,000	PRC	60% *	–	Production and sale of animal feeds
Nanyang Chia Tai Co., Ltd.	RMB20,000,000	PRC	100% **	100% **	Production and sale of animal feeds
Nei Jiang Chia Tai Feed & Poultry Co. Ltd.	US\$3,900,000	PRC	70% *	70% *	Production and sale of animal feeds
Ningbo Chia Tai Agriculture Company Limited	RMB35,000,000	PRC	70% *	70% *	Production and sale of animal feeds and chickens

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.	US\$40,000,000	PRC	100% *	100% *	Production and sale of cereal and oil products
Pingdingshan Chia Tai Co., Ltd.	US\$2,761,321	PRC	70% *	70% *	Production and sale of animal feeds
Pucheng Chia Tai Biochemistry Co., Ltd.	RMB56,000,000	PRC	70% *	70% *	Production and sale of chlortetra
Qingdao Chia Tai Company Limited	US\$27,690,000	PRC	100% *	100% *	Production and sale of animal feeds, chickens and processed meat
Qinhuangdao Chia Tai Co., Ltd.	RMB86,900,000	PRC	77% *	77% *	Production and sale of animal feeds, chickens and processed meat
Quanzhou Daquan L-Lysine Company Limited	RMB45,750,000	PRC	52% *	52% *	Manufacture and distribution of L-Lysine
Shaanxi Chia Tai Co., Ltd.	US\$5,400,000	PRC	100% **	100% **	Production and sale of animal feeds and chickens
Shang Cai Chia Tai Co., Ltd.	RMB23,100,000	PRC	70% *	70% *	Production and sale of animal feeds and chickens
Shanxi Chia Tai Company Limited	US\$11,673,200	PRC	60% *	60% *	Production and sale of animal feeds and chickens

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Shijiazhuang Chia Tai Company Limited	RMB22,000,000	PRC	100% ^{##}	100% ^{##}	Production and sale of animal feeds
Shuangliu Chia Tai Co., Ltd.	US\$4,000,000	PRC	70% [*]	70% [*]	Production and sale of animal feeds
Tai Zhou Chia Tai Co., Ltd.	RMB17,500,000	PRC	76% [*]	76% [*]	Production and sale of animal feeds
Tianjin Chia Tai Agro-Industrial Co., Ltd.	RMB48,000,000	PRC	100% [*]	100% [*]	Production and sale of animal feeds and chickens
Tianjin Chia Tai Feed Tech Company Limited	US\$4,211,349	PRC	100% [*]	100% [*]	Production and sale of animal feeds
Tianjin Chia Tai Machinery Company Limited	US\$2,737,602	PRC	100% [*]	100% [*]	Production and sale of machinery
Urumqi Chia Tai Company Limited	RMB34,250,000	PRC	100% ^{##}	100% ^{##}	Production and sale of animal feeds
Wenjiang Chia Tai Livestock Co., Ltd.	RMB43,400,000	PRC	70% [*]	70% [*]	Production and sale of chickens
Wide Master Investment Limited	HK\$2	Hong Kong	100% [*]	100% [*]	Property investment
World Home Limited	HK\$10,000	Hong Kong	100% [*]	100% [*]	Property investment
Wuhan Chia Tai Food Co., Ltd. (formerly "Wuhan Chia Tai Animal Husbandry Co., Ltd.")	RMB93,000,000	PRC	90% [*]	85% [*]	Production and sale of animals feeds and chickens

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Wuhan Chia Tai Co., Ltd.	RMB22,000,000	PRC	100% **	100% **	Production and sale of animal feeds
Xiamen Chia Tai Agriculture Co., Ltd.	RMB30,400,000	PRC	60% *	60% *	Production and sale of animal feeds and chickens
Xiang Fan Chia Tai Agriculture Development Co., Ltd.	RMB30,000,000	PRC	85% *	85% *	Production and sale of seeds
Xiang Fan Chia Tai Co., Ltd.	RMB48,000,000	PRC	100% **	100% **	Production and sale of animal feeds and chickens
Xianghe Chia Tai Co., Ltd.	US\$5,900,000	PRC	100% *	100% *	Production and sale of animal feeds and poultry
Xuzhou Chia Tai Co., Ltd.	RMB16,000,000	PRC	65% *	65% *	Production and sale of animal feeds
Yi Chang Chia Tai Co., Ltd.	RMB57,000,000	PRC	100% *	70% *	Production and sale of animal feeds and operation of swine breeder farms
Yi Chang Chia Tai Animal Husbandry Co., Ltd.	RMB6,000,000	PRC	75% *	70% *	Operation of swine breeder farms
Yinchuan Chia Tai Co., Ltd.	RMB6,000,000	PRC	85% *	100% *	Production and sale of animal feeds
Yongan Chia Tai Co., Ltd.	RMB7,000,000	PRC	100% *	100% *	Production and sale of animal feeds

SUBSIDIARIES *(continued)*

Name of company	Issued share/ paid-up capital	Place of incorporation/ registration	Percentage of equity capital held		Principal activities
			2000	1999	
Yueyang Chia Tai Agriculture and Animal Husbandry Development Co., Ltd.	RMB40,000,000	PRC	100% *	100% *	Production and sale of animal feeds
Zhonghai Aquatic Product Co., Ltd.	RMB13,762,900	PRC	95% *	95% *	Prawn breeding
Zhumadian Chia Tai Company Limited	RMB28,060,318	PRC	55% *	55% *	Production and sale of animal feeds

* *held by subsidiaries*

** *deferred share capital*

100% of the share capital is held, but the Group is only entitled to 85% of the subsidiary's earnings. The remaining 15% is attributable to a PRC entity.

All subsidiaries have their place of operations in Hong Kong except for those subsidiaries which are incorporated or registered in the PRC and Turkey which operate in their respective places of incorporation/registration.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

ASSOCIATES

All associates are incorporated and operate in the PRC with the exception of the following:

- (i) Chia Tai Lianyungang Company Limited, Chia Tai Shenyang Company Limited and Conti Chia Tai International Limited are incorporated in Hong Kong and operate in the PRC; and
- (ii) Lotus Distribution International Limited is incorporated in the British Virgin Islands.

ASSOCIATES *(continued)*

Name of company	Percentage of equity capital held		Principal activities
	2000	1999	
Chia Tai Lianyungang Company Limited	49.0%	49.0%	Investment holding
Chia Tai Shenyang Company Limited	49.0%	49.0%	Investment holding
Conti Chia Tai International Limited	50.0%	50.0%	Production and sale of animal feeds and premix and the operation of chickens and swine breeder farms
ECI Metro Investment Co., Ltd.	34.1%	34.1%	Investment holding and trading of machinery and spare parts
Ek Chor Advance Paint Co., Ltd.	34.1%	34.1%	Investment holding
Hong Kong Ek Chor Nissei Company Limited	29.3%	29.3%	Investment holding
Lianyungang Chia Tai Feed Company Limited	34.3%	34.3%	Production and sale of animal feeds
Lotus Distribution International Limited	30.0%	30.0%	Investment holding
Shanghai Dajiang (Group) Stock Co., Ltd.	42.4%	42.4%	Production and sale of animal feeds, chickens and processed meat
Shenyang Chia Tai Livestock Farming Ltd.	49.0%	49.0%	Production and sale of animal feeds
Shenyang Chia Tai Poultry Co., Ltd.	41.7%	41.7%	Production and sale of chickens

JOINTLY CONTROLLED ENTITIES

Details of the principal jointly controlled entities are as follows:

Name of company	Percentage of equity capital held		Principal activities
	2000	1999	
Beijing Chia Tai Feedmill Limited	33.2%	33.2%	Production and sale of animal feeds
Beijing Poultry Breeding Company Limited	36.0%	36.0%	Production and sale of chickens
Dong Fang Chia Tai Seed Co., Ltd.	50.0%	50.0%	Production and sale of seeds
ECI Metro Trading (Shanghai) Co., Ltd.	34.1%	34.1%	Trading of Caterpillar products
Guizhou ECI - Metro Machinery Co., Ltd.	34.1%	34.1%	Provision of Caterpillar machinery repair and maintenance services
Han Dan Chia Tai Feed Co., Ltd.	50.0%	50.0%	Production and sale of animal feeds
Henan East Chia Tai Co. Ltd.	50.0%	50.0%	Production and sale of animal feeds and operation of swine breeder farms
Hunan Chia Tai Livestock Co., Ltd..	50.0%	50.0%	Operation of swine breeder farms
Jilin Chia Tai Company Limited	45.0%	45.0%	Production and sale of animal feeds and chickens
Jilin Chia Tai Enterprise Co., Ltd.	50.0%	50.0%	Production and sale of animal feeds
Jilin Da He Feedmill Co., Ltd.	29.3%	29.3%	Production and sale of animal feeds
Jilin Dalong Feed Co., Ltd.	30.0%	30.0%	Production and sale of animal feeds
Jilin De Da Company Limited	50.0%	50.0%	Production and sale of animal feeds, chickens, processed meat and cereal and oil products

JOINTLY CONTROLLED ENTITIES *(continued)*

Name of company	Percentage of equity capital held		Principal activities
	2000	1999	
Kaifeng Chia Tai Company Limited	50.0%	50.0%	Production and sale of animal feeds, chickens and cereal and oil products
Luoyang Northern Ek Chor Motorcycle Company Limited	37.5%	37.5%	Production and sale of motorcycles
Ningbo Advance Benteng Motorcycle Co., Ltd.	13.6%	13.6%	Production and sale of motorcycles
Shanghai Dahua Industrial Appliances Co., Ltd.	43.0%	43.0%	Production and sale of husbandry appliances
Shanghai-Ek Chor General Machinery Co., Ltd.	34.1%	34.1%	Production and sale of accessories for automotives and motorcycles
Shanghai Ek Chor Nissei Co., Ltd.	23.5%	23.5%	Trading of motorcycle and automotive instrumentation
Sichuan ECI - Metro Machinery Co., Ltd.	34.1%	34.1%	Provision of Caterpillar machinery repair and maintenance services
Tangshan Chia Tai Feedmill Co., Ltd.	38.3%	26.6%	Production and sale of animal feeds
Yunnan ECI Metro Engineering Machinery Service Co., Ltd.	34.1%	34.1%	Provision of Caterpillar machinery repair and maintenance services
Zhan Jiang Deni Carburetor Co., Ltd.	19.1%	19.1%	Production and sale of motorcycle and automotive carburetors