1. CORPORATE INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). Its shares have been listed on The Stock Exchange of Hong Kong Limited since 8 October 1992. The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic re-measurement of certain equity investments as further explained below.

Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2000, except for the subsidiaries which have been identified as "subsidiaries held for disposal" as set out in note 20.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from their effective dates of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value subscribed to the Group's share of the separate net assets at the date of acquisition of a

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

subsidiary and is written off to reserves immediately on acquisition. Capital reserve represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration.

Any premium or discount arising on the acquisition of an interest in associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of an investment in a subsidiary or an associate, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit and loss on disposal. In the case that an impairment of the attributable goodwill exists prior to the disposal, the impairment loss, being the difference between the fair value and the attributable goodwill previously eliminated against the reserves, is released and charged to the profit and loss account.

Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors or equivalent governing body.

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been permanent diminution in values, when they are written down to values determined by the directors.

Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in the financial and operating policy decisions.

The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for diminution in values, other than temporary in nature, deemed necessary by the directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation or amortisation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Medium term land use right	over the terms of the relevant land use right
Leasehold land and buildings	2% - 5%
Machinery and equipment	9% - 25%
Furniture and fixtures	9% - 25%
Motor vehicles	18% - 20%
Breeder birds	5%

Freehold land is not amortised.

Construction in progress is stated at cost which includes all construction costs and other direct costs attributable to such projects including borrowing costs capitalised in accordance with the Group's accounting policy. It is not depreciated until completion of construction. Costs of completed construction works are transferred to the appropriate categories of property, plant and equipment.

The gain or loss on disposal or retirement of an asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Where, in the opinion of the directors, the recoverable amounts of property, plant and equipment have declined below their carrying amounts, provisions are made against cost to write down the carrying amounts of such assets to their recoverable amounts. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Company or other members of 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 thereof. Assets held under capitalised finance leases are included in property, plant and equipment and depreciated over the shorter of the lease terms and their estimated useful lives. 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 company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Intangible assets

Intangible assets represent the production technology and knowhow in setting up new manufacturing facilities of a subsidiary, Dong Feng Shao Xing Wine Co., Ltd. (''Dong Feng'') in 1994. The value of the intangible assets represents the excess of the agreed contribution by the other joint venture partner pursuant to the joint venture agreement over the actual fair value of tangible assets contributed by joint venture partner into Dong Feng and are amortised on the straight-line basis over the 20 year tenure of Dong Feng.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in securities

Investments are classified either as long term investments or short term investments.

Long term investments in listed and unlisted equity securities, intended to be held for an identifiable or long term purpose, are stated at cost less any provisions for impairments in values deemed necessary by the directors, other than those considered to be temporary in nature, on an individual basis.

When such impairments in values have occurred, the carrying amounts of the securities are reduced to their fair values, as estimated by the directors, and the amounts of the impairments are charged to the profit and loss account for the period in which they arise. When the circumstances and events which led to the impairments in values cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amounts of the impairments previously charged is credited to the profit and loss account to the extent of the amounts previously charged.

Short term investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost includes all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Included in the inventories also live ostriches for slaughtering. A relevant portion of direct and overhead costs incurred prior to slaughtering is absorbed to the cost of these live ostriches. Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that take a substantial period of time to get ready for their intended use or sale, 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 or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

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

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) from 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 and leasing income, on a straight-line basis over the terms of the relevant lease;

(c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rates applicable;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(d) from the rendering of services, when the services are rendered; and

(e) dividends, when the shareholders' right to receive payment is established.

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 at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries expressed in foreign currencies are translated to Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

Retirement scheme

Retirement benefits are provided to certain Hong Kong staff employed by the Group. In accordance with the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Schemes Ordinance, the Group's Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO scheme, or the newly set-up Mandatory Provident Fund Scheme (effective from 1 December 2000) under which employer's voluntary contributions have to be made. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to both schemes are at a maximum of 5% of the monthly salary. When an employee leaves the Mandatory Provident Fund Exempted ORSO scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. However, in respect of the Mandatory Provident Fund Scheme, the forfeited amounts shall be refunded to the Group when the members leave employment prior to the vesting of any employer voluntary contributions. The Group's mandatory contributions are fully vested with the employees when the employees leave the scheme.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement scheme (continued)

Prior to 1 December 2000, the Group operated a defined contribution retirement benefits scheme (that is the predecessor of the Mandatory Provident Fund Exempted ORSO scheme) for those Hong Kong employees who were eligible and had elected to participate in the scheme. The assets of the scheme were held separately from those of the Group in an independently administered fund. Contributions were made based on a percentage of the participating employees' basic salaries and were charged to the profit and loss account as they become payable in accordance with the rules of the scheme. When an employee left the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

The employees in subsidiaries located in the People's Republic of China (the "PRC") are members of the Central Pension Scheme operated by the Chinese government. The subsidiaries are required to contribute a certain percentage of their covered payroll to the Central Pension Scheme to fund the benefits. The only obligation for the subsidiaries with respect to the Central Pension Scheme is to meet the required contributions under the Central Pension Scheme.

The employees in subsidiaries located in South Africa are not entitled to receive retirement benefit contributions from the Group.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or 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

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.

3. TURNOVER AND REVENUE

Turnover represents the aggregate of the invoiced value of goods sold, net of discounts and returns.

An analysis of the Group's turnover and revenue is as follows:

	2000	1999
	HK$'000	HK$'000
Sales of wines	135,617	134,116
Sales of ostrich leather and meat	52,374	52,910
Turnover	187,991	187,026
Other revenue:		
Interest income	4,049	3,436
Management fee income	4,100	–
Rental income from leasing of properties, plant and equipment	342	4,654
Gain on disposal of property, plant and equipment	312	378
Others	2,041	5,122
	10,844	13,590
Total revenue	198,835	200,616

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2000	1999
	HK$'000	*HK$'000*
Auditors' remuneration:		
Current year's provision	1,346	1,196
Prior year's underprovision	200	544
Depreciation:		
Owned assets	14,856	23,288
Leased assets	1,004	658
	15,860	23,946
Amortisation of intangible assets	1,358	1,352
Operating lease rentals on land and buildings	569	400
Staff costs (excluding directors' remuneration, note 6):		
Wages and salaries	23,305	23,285
Pension scheme contributions	114	53
Forfeited contributions	(52)	–
Net contributions	62	53
	23,367	23,338
Provision for bad and doubtful debts	15,972	10,977
Write-off of non-trade debts	–	9,958

There were no forfeited pension scheme contributions available at the balance sheet date to reduce contributions in future years (1999: Nil).

5. FINANCE COSTS

	Group	
	2000	**1999**
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	15,814	15,518
Interest on other loans wholly repayable within five years	674	189
Interest on finance leases	621	553
	17,109	16,260

6. DIRECTORS' REMUNERATION

Details of directors' remuneration charged to the Group's profit and loss account are set out below:

	2000	**1999**
	HK$'000	*HK$'000*
Fees	–	–
Other emoluments:		
Salaries, allowance and benefits in kind	4,160	3,572
Pension scheme contributions	–	–
	4,160	3,572

6. DIRECTORS' REMUNERATION (CONTINUED)

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

	2000 Number of directors	1999 Number of directors
Nil – HK$1,000,000	9	12
HK$1,000,001 – HK$1,500,000	1	1
	10	13

No fee or other remuneration has been paid to non-executive directors for the years ended 31 December 2000 and 1999.

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

In addition to the above emoluments, certain directors were granted share options in the previous year under the Company's share option scheme. No value is included in directors' remuneration in respect of share options granted because, in the absence of a readily available market value for the options on the Company's shares, the directors are unable to arrive at an accurate assessment of the value of the options granted. The details of these benefits in kind are disclosed under the paragraph "Directors' rights to acquire shares" in the report of directors.

Employees' remuneration

The five highest paid individuals comprise four executive directors, details of whose remuneration are set out above, and one employee. Further details of the remuneration of the remaining highest paid employee are set out below.

6. DIRECTORS' REMUNERATION (CONTINUED)

Employees' remuneration (continued)

	HK$'000
Basic salaries, housing, other allowances and benefits in kind	390
Contributions to pension scheme	13
	403

7. TAX

No Hong Kong profits tax has been provided as the Company, its subsidiaries and its associates either had no assessable profits arising in Hong Kong or have available tax losses brought forward from prior years to offset assessable profits arising in Hong Kong for the year (1999: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2000 HK$'000	1999 HK$'000
Provision for the year:		
Company and subsidiaries		
Hong Kong	–	–
Elsewhere	7,564	9,050
Under provision in prior year	–	1,211
Deferred tax – note 24	–	(1,519)
	7,564	8,742
Share of tax attributable to associates	–	–
Tax charge for the year	7,564	8,742

8. DISCONTINUED OPERATIONS

Since 1998, the Group has ceased its manufacturing and trading of electronic components operations in Hong Kong and elsewhere in the PRC.

In January 2000, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire interest in Firstone Electronics Company Limited, a subsidiary, at a consideration of RMB22,062,000 (equivalent to HK$20,014,000). A loss of approximately HK$11,772,000, being the proceeds less the carrying amount of the attributable net assets, translation reserve and goodwill, arising from the disposal has been charged to the current year's profit and loss account.

As detailed in note 20 to the financial statements, two subsidiaries previously engaged in manufacturing and trading of electronic components are held for disposal. A provision of HK$24,316,000 has been made in the current year to write down the carrying value of the attributable net assets of these subsidiaries and the goodwill previously included in the contributed surplus (note 26) to the estimated net realisable value.

The results and the loss on disposal of the discontinued operations of the manufacturing and trading of electronic components for the year, which have been included in the consolidated financial statements, were as follows:

	2000 *HK$'000*	1999 *HK$'000*
Turnover	–	–
Operating loss from discontinued operations	–	(8,503)
Loss on disposal of subsidiaries	(11,772)	–
Provisions for impairment of subsidiaries held for disposal (including impairment of goodwill) (note 20)	(24,316)	–
Loss on disposal of discontinued operations	(36,088)	–

9. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company amounted to HK$58,410,000 (1999: HK$9,647,000).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders of HK$82,375,000 (1999: loss of HK$37,263,000) and the weighted average number of 3,366,481,539 shares (1999: 2,242,535,536 shares) in issue during the year.

Diluted loss per share for the years ended 31 December 2000 and 1999 has not been shown because the share options outstanding during these years had an anti-dilutive effect on the basic loss per share for the years.

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Breeder birds	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:							
At 1 January 2000	192,697	161,728	14,608	10,716	–	4,965	384,714
Acquisition of subsidiaries	17,041	5,113	353	521	6,269	–	29,297
Additions	6,041	1,870	2,747	1,888	–	6,964	19,510
Transfers	4,067	672	3,099	–	–	(7,838)	–
Subsidiaries held for disposal (note 20)	(21,563)	(67,162)	(197)	(326)	–	–	(89,248)
Disposals	–	(14,287)	(3)	(4,336)	(123)	–	(18,749)
Exchange realignment	(3,692)	(56)	(1,166)	(424)	(933)	24	(6,247)
At 31 December 2000	194,591	87,878	19,441	8,039	5,213	4,115	319,277
Accumulated depreciation:							
At 1 January 2000	26,931	77,163	7,132	7,364	–	–	118,590
Acquisition of subsidiaries	–	360	28	24	196	–	608
Provided during the year	5,694	6,920	1,583	1,416	247	–	15,860
Subsidiaries held for disposal (note 20)	(3,018)	(28,319)	(168)	(173)	–	–	(31,678)
Disposals	–	(9,764)	(1)	(3,951)	–	–	(13,716)
Exchange realignment	121	234	(278)	(81)	(29)	–	(33)
At 31 December 2000	29,728	46,594	8,296	4,599	414	–	89,631
Net book value:							
At 31 December 2000	164,863	41,284	11,145	3,440	4,799	4,115	229,646
At 31 December 1999	165,766	84,565	7,476	3,352	–	4,965	266,124

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The lease terms of the land and buildings are as follows:

	Hong Kong	Overseas	Total
	HK$'000	*HK$'000*	*HK$'000*
Freehold	–	31,127	31,127
Medium term leases	20,814	142,650	163,464
	20,814	173,777	194,591

The net book value of the Group's property, plant and equipment at 31 December 2000 included an amount of HK$4,791,000 (1999: HK$4,845,000) in respect of assets held under finance leases.

The Group capitalised no interest during the year (1999: Nil).

At 31 December 2000, the Group's land and buildings with a net book value of HK$57,378,000 (1999: HK$33,895,000) and certain of the Group's machinery and equipment with a net book value of approximately HK$26,261,000 (1999: HK$32,570,000) were pledged to secure general banking facilities granted to the Group (See note 22).

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:			
At 1 January 2000	127	269	396
Additions	77	1,140	1,217
At 31 December 2000	204	1,409	1,613
Accumulated depreciation:			
At 1 January 2000	43	9	52
Provided during the year	38	168	206
At 31 December 2000	81	177	258
Net book value:			
At 31 December 2000	123	1,232	1,355
At 31 December 1999	84	260	344

The net book value of the Company's property, plant and equipment at 31 December 2000 included an amount of HK$1,232,000 (1999: HK$260,000) in respect of assets held under finance leases.

12. INTANGIBLE ASSETS

Group

	Production technology and knowhow *HK$'000*
Cost:	
At 1 January 2000	27,036
Exchange realignment	132
At 31 December 2000	27,168
Accumulated amortisation:	
At 1 January 2000	8,111
Provided during the year	1,358
Exchange realignment	40
At 31 December 2000	9,509
Net book value:	
At 31 December 2000	17,659
At 31 December 1999	18,925

13. INTERESTS IN SUBSIDIARIES

	Company 2000 HK$'000	Company 1999 HK$'000
Unlisted shares, at cost	69,312	69,312
Due from subsidiaries	435,184	475,852
	504,496	545,164
Provisions for diminutions in values	(180,893)	(128,893)
	323,603	416,271

Except for the amount due from certain subsidiaries amounting to HK$62,765,000 (1999: HK$34,571,000) of which a substantial portion is not repayable in the foreseeable future, all the other balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Issued/ registered and paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
China Shaoxing Wine Holdings (Hong Kong) Limited	Hong Kong	HK$5,000,000 ordinary shares	–	100	Trading of wines
Dong Feng Shao Xing Wine Co., Ltd.	PRC	US$19,980,000 registered capital	–	49*	Production and trading of Shaoxing wines
Firstone Corporate Limited	Hong Kong	HK$10,000 ordinary shares	–	100	Trading of wines and ostrich products

13. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and operations	Issued/ registered and paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Firstone Enterprises Limited	British Virgin Islands	HK$67,349,601 ordinary shares	100	–	Investment holding
Firstone Holdings Co. Limited	Hong Kong	HK$300,000 ordinary shares	–	100	Property holding
First Top Development Limited	British Virgin Islands	US$1 ordinary share	–	100	Trading of wines
Kenwell Farms (Proprietary) Ltd. (**)	South Africa	Rand1 ordinary share	–	100	Ostrich farming
Kenwell Cape Farm (Proprietary) Ltd. (**)	South Africa	Rand1 ordinary share	–	100	Ostrich farming
Multigerm (Shaoguan) Limited	PRC	HK$1,680,000 registered capital	–	70	Manufacturing and trading of multigerm
Oryx Abattoir Property (Proprietary) Limited	South Africa	Rand1,000 ordinary shares	–	100	Property holding
Oryx Tanning Company (Proprietary) Limited	South Africa	Rand200 ordinary shares	–	100	Abattoir and butchery of ostriches and tanning of Ostrich leather

13. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and operations	Issued/ registered and paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oryx (H.K.) Limited	Hong Kong	HK$2 ordinary shares	–	100	Trading of Ostrich leather and meat
Ostrindo Enterprises Development (Shaoguan) Limited	PRC	US$996,000 registered capital	–	75	Ostrich farming

* Pursuant to an agreement entered into between Firstone Food & Beverage Industry Company Limited ("FFB"), a wholly-owned subsidiary of the Company and the other joint venture partner of Dong Feng, the other joint venture partner agreed to vote unconditionally in favour of FFB in any future shareholders' meetings of Dong Feng. Accordingly, Dong Feng is treated as a subsidiary of the Company.

** The financial statements of the above companies are not audited by Ernst & Young Hong Kong or Ernst & Young International member firms.

The above table lists the subsidiaries 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.

14. INTERESTS IN ASSOCIATES

	Group 2000 HK$'000	Group 1999 HK$'000
Share of net assets	–	3,981
Amounts due from associates	51,959	51,965
Provision for impairment	(43,937)	(30,450)
	8,022	25,496

The balances with associates are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, they will not be repayable within twelve months of the balance sheet date and accordingly, the amounts have been classified as non-current.

Particulars of the Group's associates are as follows:

Name of associate	Place of incorporation/ registration and operations	Proportion of equity attributable to the Group	Principal activities
Shenzhen Capstone Food and Beverage Co., Ltd.	PRC	24.5%	Inactive
Centra Intertraco Limited	Hong Kong	35%	Investment holding
Shaoguan Quan Tong Industrials Ltd.	PRC	25%	Inactive

15. LONG TERM RECEIVABLE

	Group		Company	
	2000	1999	2000	1999
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Long term receivable	37,647	50,415	37,647	–
Portion classified under current assets	(14,216)	(14,984)	(14,216)	–
	23,431	35,431	23,431	–

The long term receivable represents the amounts due from Lixcon Limited and its subsidiaries (collectively referred to as "Lixcon Group"). Lixcon Group were subsidiaries of the Company before their disposal in 1997. The receivable represents the funds advanced to and trading balances with Lixcon Group before the disposal. The Company has entered into an agreement with Lixcon Group pursuant to which Lixcon Group has agreed to repay the outstanding amounts in future years according to an agreed repayment schedule. The receivable balance which is not repayable within one year has been classified under non-current assets.

16. LONG TERM INVESTMENT

The Group's and the Company's long term investment represents an unlisted investment of 11.14% equity interest in a company incorporated in the British Virgin Islands, which has a group of subsidiaries engaging in telecommunication business. The investment is stated at cost as at the balance sheet date. Based on the advice of an independent professional valuer, the directors are of the opinion that no impairment in the value of the investment existed as at the balance sheet date.