

**1. GENERAL**

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are the trading of telephones and computer related products.

**2. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE**

In the current year, the Group has adopted for the first time a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. Adoption of these SSAPs has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosure for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for the current and prior periods.

**Segment reporting**

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 "Segment Reporting". Segment disclosures for the year ended 30th June, 2001 have been amended so that they are presented on a consistent basis.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th June each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

**Investments in subsidiaries**

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

**Turnover**

Turnover represents the amounts received and receivable from goods sold, less returns and discounts, to outside customers during the year.

**Revenue recognition**

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

**3. SIGNIFICANT ACCOUNTING POLICIES – Continued****Property, plant and equipment**

Property, plant and equipment are stated at cost less depreciation and accumulated impairment losses.

Land held under lease is amortised over the remaining lease term and leasehold buildings are depreciated over a period of twenty years, both using the straight line method.

Depreciation and amortisation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Leasehold improvements	10%
Furniture and fixtures	20%
Office equipment and computers	20%
Electronic instruments	20%
Moulds	30%
Motor vehicles	30%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

**Impairment**

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

**3. SIGNIFICANT ACCOUNTING POLICIES – *Continued*****Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

**Taxation**

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

**Retirement benefits scheme**

Contributions payable by the Group to the Hong Kong Mandatory Provident Fund Scheme are charged to the income statement in the year in which they become payable.

**Foreign currencies**

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries which are denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

**Operating leases**

Rentals under operating leases are charged to the income statement on a straight line basis over the term of the relevant leases.

For the year ended 30th June, 2002

**4. BUSINESS AND GEOGRAPHICAL SEGMENTS****(a) Business segments**

For management purposes, the Group is currently organised into two operating divisions, namely telephones and computer related products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Telephones – trading of mobile phones and in-door telephones
- Computer related products – trading of computer related products

Segment information about these businesses is presented below:

**2002**

	<b>Telephones</b>	<b>Computer related products</b>	<b>Consolidated</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
TURNOVER	<b>18,159</b>	<b>39,022</b>	<b>57,181</b>
RESULT			
Segment result	<b>(4,639)</b>	<b>(985)</b>	<b>(5,624)</b>
Unallocated corporate expenses			<b>(3,556)</b>
Loss from operations			<b>(9,180)</b>
Finance costs			<b>(7)</b>
Loss before taxation			<b>(9,187)</b>
Taxation			<b>28</b>
Net loss for the year			<b>(9,215)</b>

**4. BUSINESS AND GEOGRAPHICAL SEGMENTS – *Continued***

**(a) Business segments – *continued***

	<b>Telephones</b>	<b>Computer related products</b>	<b>Consolidated</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
BALANCE SHEET			
ASSETS			
Segment assets	<b>2,661</b>	<b>18,346</b>	<b>21,007</b>
Unallocated corporate assets			<b>14,436</b>
Consolidated total assets			<b>35,443</b>
LIABILITIES			
Segment liabilities	<b>428</b>	<b>2,889</b>	<b>3,317</b>
Unallocated corporate liabilities			<b>587</b>
Consolidated total liabilities			<b>3,904</b>
OTHER INFORMATION			
Capital additions			<b>6</b>
Depreciation and amortisation of property, plant and equipment			<b>719</b>

For the year ended 30th June, 2002

Annual Report 2002 Shang Hua Holdings Limited

**4. BUSINESS AND GEOGRAPHICAL SEGMENTS – Continued****(a) Business segments – continued**

2001

	Telephones	Computer related products	Consolidated
	HK\$'000	HK\$'000	HK\$'000
TURNOVER	36,991	1,031	38,022
RESULT			
Segment result	(5,379)	(113)	(5,492)
Unallocated corporate expenses			(3,662)
Loss from operations			(9,154)
Finance costs			(40)
Net loss for the year			(9,194)

**4. BUSINESS AND GEOGRAPHICAL SEGMENTS – *Continued***

**(a) Business segments – *continued***

	Telephones	Computer related products	Consolidated
	HK\$'000	HK\$'000	HK\$'000
BALANCE SHEET			
ASSETS			
Segment assets	10,170	1,361	11,531
Unallocated corporate assets			11,765
Consolidated total assets			23,296
LIABILITIES			
Segment liabilities	334	538	872
Trust receipt loans	542	–	542
Unallocated corporate liabilities			536
Consolidated total liabilities			1,950
OTHER INFORMATION			
Capital additions			27
Depreciation and amortisation of property, plant and equipment			881
Impairment loss recognised on property, plant and equipment			890



**4. BUSINESS AND GEOGRAPHICAL SEGMENTS – *Continued***

**(b) Geographical segments**

The Group's trading operations of telephones are located in Hong Kong and the trading operations of computer related products are located in Hong Kong and the People's Republic of China (the "PRC").

The following table provides an analysis of the Group's sales by geographical market:

	<b>Turnover by geographical market</b>		<b>Contribution to loss from operations</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Hong Kong	<b>47,509</b>	35,044	<b>(1,467)</b>	(3,920)
PRC	<b>6,584</b>	–	<b>(20)</b>	–
Others	<b>3,088</b>	2,978	<b>(4,137)</b>	(1,572)
	<b>57,181</b>	38,022	<b>(5,624)</b>	(5,492)
Unallocated corporate expenses			<b>(3,556)</b>	(3,662)
Loss from operations			<b>(9,180)</b>	(9,154)

**4. BUSINESS AND GEOGRAPHICAL SEGMENTS – *Continued***

**(b) Geographical segments – *continued***

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical areas in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	<b>22,441</b>	23,296	–	27
PRC	<b>13,002</b>	–	<b>6</b>	–
	<b>35,443</b>	23,296	<b>6</b>	27

**5. LOSS FROM OPERATIONS**

	2002 HK\$'000	2001 HK\$'000
Loss from operations has been arrived at after charging:		
Directors' emoluments ( <i>note 6</i> )	<b>2,745</b>	2,909
Other staff costs	<b>2,052</b>	2,068
Total staff costs	<b>4,797</b>	4,977
Auditors' remuneration	<b>266</b>	220
Depreciation and amortisation of property, plant and equipment	<b>719</b>	881
Impairment loss recognised on property, plant and equipment (included in administrative expenses)	–	890

For the year ended 30th June, 2002

**6. DIRECTORS' EMOLUMENTS**

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Directors' fees:		
Independent non-executive directors	<b>480</b>	346
Other emoluments:		
Executive directors		
Salaries and other benefits	<b>2,189</b>	2,498
Contributions to retirement benefits scheme	<b>76</b>	65
	<b>2,265</b>	2,563
<b>Total emoluments</b>	<b>2,745</b>	2,909

The emoluments of the directors were within the following bands:

	<b>Number of directors</b>	
	<b>2002</b>	2001
Nil to HK\$1,000,000	<b>8</b>	10
HK\$1,500,001 to HK\$2,000,000	<b>-</b>	1
HK\$2,000,001 to HK\$3,000,000	<b>1</b>	-

**7. EMPLOYEES' EMOLUMENTS**

Of the five individuals with the highest emoluments in the Group, two (2001: three) were directors of the Company, whose emoluments are set out in note 6 above. The emoluments of the remaining three (2001: two) individuals were as follows:

	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Salaries and other benefits	<b>880</b>	643
Contributions to retirement benefits scheme	<b>44</b>	17
	<b>924</b>	660

Their emoluments are within the following bands:

	<b>Number of employees</b>	
	<b>2002</b>	2001
Nil to HK\$1,000,000	<b>3</b>	2

During the years ended 30th June, 2002 and 2001, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, four (2001: two) executive directors have waived their emoluments.

**8. TAXATION**

The tax charge for the current year represents the PRC income tax provision of a Group's subsidiary calculated at the applicable rate prevailing.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's operations in Hong Kong incurred a loss for the year.

No deferred tax asset has been recognised in the financial statements as it is uncertain whether the benefits of the timing differences will be realised in the foreseeable future. Details of unrecognised deferred tax assets are set out in note 21.

**9. LOSS PER SHARE**

The calculation of the loss per share is based on the net loss for the year of HK\$9,215,000 (2001: HK\$9,194,000) and on weighted average of 717,693,978 (2001: on 643,727,663) shares in issue throughout the year.

No diluted loss per share is presented because the exercise of outstanding share options would reduce the loss per share in both the current and prior years.

**10. PROPERTY, PLANT AND EQUIPMENT**

	Office							
	Leasehold land and buildings	Leasehold improve- ments	Furniture and fixtures	equipment and computers	Electronic instruments	Moulds	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP								
COST								
At 1st July, 2001	6,193	1,554	848	1,697	1,524	7,619	923	20,358
Additions	-	-	-	6	-	-	-	6
Disposal							(114)	(114)
<b>At 30th June, 2002</b>	<b>6,193</b>	<b>1,554</b>	<b>848</b>	<b>1,703</b>	<b>1,524</b>	<b>7,619</b>	<b>809</b>	<b>20,250</b>
DEPRECIATION, AMORTISATION AND IMPAIRMENT								
At 1st July, 2001	2,303	661	672	1,214	1,277	6,961	771	13,859
Provided for the year	205	89	35	96	51	198	45	719
Eliminated on disposal	-	-	-	-	-	-	(109)	(109)
<b>At 30th June, 2002</b>	<b>2,508</b>	<b>750</b>	<b>707</b>	<b>1,310</b>	<b>1,328</b>	<b>7,159</b>	<b>707</b>	<b>14,469</b>
NET BOOK VALUE								
<b>At 30th June, 2002</b>	<b>3,685</b>	<b>804</b>	<b>141</b>	<b>393</b>	<b>196</b>	<b>460</b>	<b>102</b>	<b>5,781</b>
At 30th June, 2001	3,890	893	176	483	247	658	152	6,499

The leasehold land and buildings are situated in Hong Kong and are held under medium-term leases.

**11. INTERESTS IN SUBSIDIARIES**

	<b>THE COMPANY</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Unlisted investments, at cost	<b>61,869</b>	61,869
Amounts due from subsidiaries	<b>112,907</b>	95,911
	<b>174,776</b>	157,780
Less: Impairment loss recognised	<b>(148,400)</b>	(135,400)
	<b>26,376</b>	22,380

The cost of the unlisted shares is based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the companies comprising the Group under the group reorganisation in March 1993, less impairment loss on the value of the investments in subsidiaries.

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayments. In the opinion of the directors, the amounts will not be repaid within twelve months from the balance sheet date and, accordingly, the amounts are shown as non-current.

During the year, the directors of the Company reviewed the carrying amount of the investments in subsidiaries and the amounts due from subsidiaries based on the earning potential and realisable value of its principal subsidiaries. Accordingly, an impairment loss of HK\$13,000,000 was recognised in the current year.

Details of the Company's principal subsidiaries at 30th June, 2002 are set out in note 25.

**12. INVENTORIES**

	<b>THE GROUP</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Raw materials	<b>636</b>	3,154
Finished goods	<b>673</b>	5,929
	<b>1,309</b>	9,083

Inventories of approximately HK\$1,268,000 (2001: HK\$1,184,000) were carried at net realisable value.

**13. TRADE AND OTHER RECEIVABLES**

The Group allows an average credit period of 30 days to its trade customers. An aged analysis of trade receivables is as follows:

	<b>THE GROUP</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Trade receivables		
0 – 30 days	<b>7,589</b>	829
31 – 60 days	<b>756</b>	745
	<b>8,345</b>	1,574
Deposits and prepayments	<b>127</b>	87
	<b>8,472</b>	1,661

**14. TRADE AND OTHER PAYABLES**

An aged analysis of trade payables is as follows:

	<b>THE GROUP</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Trade payables		
0 – 30 days	<b>3,078</b>	577
31 – 60 days	–	95
Over 60 days	<b>43</b>	200
	<b>3,121</b>	872
Other payables and accrued charges	<b>659</b>	536
	<b>3,780</b>	1,408

**15. AMOUNT DUE TO A SUBSIDIARY**

The amount is unsecured, non-interest bearing and has no fixed terms of repayment.



For the year ended 30th June, 2002

Annual Report 2002 Shang Hua Holdings Limited

**16. SHARE CAPITAL**

	Number of shares	Amount
		HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 30th June, 2001 and 2002	1,500,000,000	150,000
Issued and fully paid:		
At 1st July, 2000 and 2001	643,727,663	64,373
Placing of shares ( <i>note a</i> )	128,745,000	12,874
Exercise of share options ( <i>note b</i> )	3,000,000	300
At 30th June, 2002	775,472,663	77,547

*Notes:*

- (a) On 6th November, 2001, Pioneer Wealth Limited, the substantial shareholder of the Company, placed 108,000,000 existing ordinary shares of HK\$0.10 each in the Company to independent investors at a price of HK\$0.15 each and subscribed for 128,745,000 new ordinary shares of HK\$0.10 each in the Company at a price of HK\$0.15 each. These new ordinary shares were allotted on 6th November, 2001 and issued for the purpose of raising additional working capital.
- (b) On 31st May, 2002, Mr. Alexander Lui Shun Wa exercised 3,000,000 share options at HK\$0.1824 per share.

All of the shares issued during the year rank *pari passu* with the then existing shares in all respects.

**17. SHARE OPTIONS**

At 30th June, 2002, the following options to subscribe for shares were outstanding under the Company's share option scheme:

Month of grant	Exercisable period	Exercise price per share	Number of share options
		HK\$	
April 2001	23.10.2001 – 22.3.2003	0.1824	3,000,000

**18. RESERVES**

	Share premium	Contributed surplus	Capital reserve	Deficit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP					
At 1st July, 2000	31,777	–	(400)	(65,210)	(33,833)
Net loss for the year	–	–	–	(9,194)	(9,194)
At 30th June, 2001	31,777	–	(400)	(74,404)	(43,027)
Premium arising from issue of shares	6,684	–	–	–	6,684
Share issue expenses	(450)	–	–	–	(450)
Net loss for the year	–	–	–	(9,215)	(9,215)
At 30th June, 2002	38,011	–	(400)	(83,619)	(46,008)
THE COMPANY					
At 1st July, 2000	31,777	60,859	–	(126,537)	(33,901)
Net loss for the year	–	–	–	(8,264)	(8,264)
At 30th June, 2001	31,777	60,859	–	(134,801)	(42,165)
Premium arising from issue of shares	6,684	–	–	–	6,684
Share issue expenses	(450)	–	–	–	(450)
Net loss for the year	–	–	–	(14,496)	(14,496)
At 30th June, 2002	38,011	60,859	–	(149,297)	(50,427)

**18. RESERVES – Continued**

The contributed surplus of the Company represents the difference between the book value of the underlying net assets of the subsidiaries which were acquired by the Company and the nominal amount of the share capital issued by the Company under a group reorganisation in March 1993.

The capital reserve represents the difference between the nominal value of the share capital issued by the Company in exchange for the nominal value of the share capital of the subsidiaries pursuant to the group reorganisation in March 1993.

In addition to retained profits, under the company law in Bermuda, contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if,

- a. it is, or would after the payment be, unable to pay its liabilities as they become due; or
- b. the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

At the balance sheet date, the Company had no reserves available for distribution to shareholders.

**19. RECONCILIATION OF LOSS BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Loss before taxation	<b>(9,187)</b>	(9,194)
Interest income	<b>(114)</b>	(603)
Interest expenses	<b>7</b>	40
Depreciation and amortisation of property, plant and equipment	<b>719</b>	881
Impairment loss recognised on property, plant and equipment	<b>-</b>	890
Decrease (increase) in inventories	<b>7,774</b>	(3,597)
Increase in trade and other receivables	<b>(6,811)</b>	(647)
Increase (decrease) in trade and other payables	<b>2,372</b>	(833)
<b>Net cash outflow from operating activities</b>	<b>(5,240)</b>	(13,063)

**20. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	<b>Trust receipt loans</b>	<b>Share capital and share premium</b>
	HK\$'000	HK\$'000
Balance at 1st July, 2000	–	96,150
New bank loans obtained	542	–
Balance at 30th June, 2001	542	96,150
Repayment of bank loans	(542)	–
Issue of shares	–	19,858
Share issue expenses	–	(450)
Balance at 30th June, 2002	–	115,558

For the year ended 30th June, 2002

Annual Report 2002 Shang Hua Holdings Limited

**21. UNRECOGNISED DEFERRED TAX ASSETS**

At the balance sheet date, the major components of the unrecognised deferred tax assets are as follows:

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	(341)	(414)	-	-
Tax losses	10,769	9,911	1,923	1,923
	<b>10,428</b>	9,497	<b>1,923</b>	1,923

The amount of unprovided deferred net tax credit for the year are as follows:

	THE GROUP		THE COMPANY	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences because of:				
Excess of depreciation over tax allowances	73	232	-	-
Tax losses arising	858	668	-	264
	<b>931</b>	900	-	264

**22. PLEDGE OF ASSETS**

At June 30, 2001, the Group has pledged bank deposits of approximately HK\$2,012,000 to secure general banking facilities granted to the Group. During the year, trust receipt loans were repaid and the said pledged bank deposits have been released.

**23. OPERATING LEASE COMMITMENTS**

**The Group as lessee**

	<b>THE GROUP</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Minimum lease payments paid under operating leases in respect of land and buildings during the year	<b>355</b>	503

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	<b>THE GROUP</b>	
	<b>2002</b> <b>HK\$'000</b>	2001 HK\$'000
Within one year	<b>430</b>	192
In the second to fifth year inclusive	<b>133</b>	66
	<b>563</b>	258

Operating lease payments represent rentals payable by the Group for staff quarters and office premises. Leases are negotiated for an average term of 1.5 years.

**24. RETIREMENT BENEFITS SCHEME**

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees.

The retirement benefits cost charged to income statement for the year ended 30th June, 2002 amounted to HK\$170,164 (2001: HK\$116,000) represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

For the year ended 30th June, 2002

Annual Report 2002 Shang Hua Holdings Limited

**25. PARTICULARS OF PRINCIPAL SUBSIDIARIES**

The following table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name of subsidiary	Place of incorporation or registration/ operations	Paid up issued/ registered ordinary share capital	Proportion of nominal value of issued share capital/registered capital held by		Principal activities
			Company Subsidiaries		
			%	%	
Wanon China MFG Limited	British Virgin Islands/ Hong Kong	US\$1	100	–	Trading of telephones
Wanon Industries Limited	Hong Kong	HK\$500,000	100	–	Trading of telephones and computer related products
Shanghai Classic Limited	British Virgin Islands	US\$1	100	–	Investment holding
上海建開國際貿易有限公司	PRC	HK\$11,000,000	–	100	Trading of computer related products

None of the subsidiaries had issued any debt securities at the end of year.