

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2001

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is China Resources National Corp., a company established in the People’s Republic of China, excluding Hong Kong (the “mainland China”).

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 34.

As announced on 30th August, 2000, the Board of Directors of the Company resolved to change the financial year end date of the Company from 31st March to 31st December to bring the financial year end date into line with that of its holding company. The previous set of audited financial statements therefore cover the nine-month period from 1st April, 2000 to 31st December, 2000. As a result of the change in financial year end date, the financial statements for the current year cover the twelve-month period from 1st January, 2001 to 31st December, 2001. Accordingly, the comparative amounts shown for the consolidated income statement, consolidated statement of recognised gains and losses, consolidated cash flow statement and related notes cover the nine-month period from 1st April, 2000 to 31st December, 2000 and therefore may not be comparable with the amounts shown for the current year.

2. ADOPTION OF 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 (“SSAPs”) 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.

The adoption of these new and revised SSAPs has resulted in the following change to the Group’s accounting policies that have affected the amounts reported for the current or prior periods:

Leases

In the current year, the Group has adopted SSAP 14 (Revised) “Leases”. Disclosures for the Group’s operating lease arrangements as set out in Note 30 have been modified so as to meet the requirements of SSAP 14 (Revised). Comparative figures have been restated in order to achieve a consistent presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties.

The financial statements have been prepared 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 31st December each year.

The results of the 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.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisition of subsidiaries prior to 1st January, 2001 continues to be held in reserves, and will be charged to the consolidated income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisition of subsidiaries after 1st January, 2001 is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisition of subsidiaries prior to 1st January, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Negative goodwill arising on acquisition of subsidiaries after 1st January, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Turnover

Turnover represents the net amounts received and receivable for goods sold and service rendered to outside customers during the year/period.

Revenue recognition

Sales of goods are recognised when the 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.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of the reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the consolidated income statement. Where a deficit has previously been charged to the consolidated income statement and a revaluation surplus subsequently arises, this surplus is credited to the consolidated income statement to the extent of the deficit previously charged.

On subsequent disposal of an investment property, any revaluation surplus attributable to that property is included in the determination of the profit or loss on disposal.

No depreciation is provided in respect of investment properties which are held on leases with unexpired terms, including the renewable period, of more than twenty years.

Property, plant and equipment

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

Certain of the Group's leasehold properties were revalued at 31st March, 1994. The surplus arising on revaluation of leasehold properties was credited to other properties revaluation reserve. The Group has adopted the transitional relief provided by paragraph 80 of SSAP 17 (Revised) "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants from the requirement to make revaluations on a regular basis of the Group's leasehold properties and, accordingly, no further revaluation of these leasehold properties will be carried out. Any future impairment losses recognised in respect of these leasehold properties will be charged to the consolidated income statement to the extent that it exceeds the surplus, if any, held in other properties revaluation reserve relating to previous revaluations of the particular property. On subsequent disposal of such leasehold properties, the attributable revaluation surplus not yet transferred to retained profits in prior years is transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Depreciation or amortisation is provided to write off the cost or valuation of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, where appropriate, using the straight line method, as follows:

Leasehold land	Over the remaining terms of the leases
Buildings	25 to 40 years or over the relevant lease terms, if shorter
Furniture and fixtures	5–13 years
Machinery and equipment	5–13 years
Motor vehicles	3 $\frac{1}{3}$ –5 years
Construction in progress	Nil

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

Technical know-how

Costs incurred in the acquisition of technical know-how assets are capitalised and amortised on a straight line basis over their estimated useful lives.

Investments in subsidiaries

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs (Continued)

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

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these 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. Impairment losses are 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.

Taxation

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

Operating leases

Lessor

Rental income receivable under operating leases are recognised on a straight line basis over the terms of the relevant leases.

Lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Gains and losses arising on exchange are dealt with in the consolidated income statement.

On consolidation, the financial statements 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 the translation reserve.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into four operating divisions – compressor, semiconductor, office furniture and information technology. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Compressor – manufacture of compressors for air-conditioners.

Semiconductor – design and manufacture of consumer integrated circuits and special semiconductor devices.

Office furniture – manufacture and distribution of office furniture.

Information technology – provision of information technology related services.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Segment information about these businesses is presented below:

For the year ended 31st December, 2001

	Compressor HK\$'000	Semiconductor HK\$'000	Office furniture HK\$'000	Information technology HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<i>Revenue</i>						
External sales	732,192	168,423	146,563	53,642	—	1,100,820
Inter-segment sales	—	41	—	933	(974)	—
Total revenue	732,192	168,464	146,563	54,575	(974)	1,100,820

Inter-segment sales are priced at prevailing market rates.

Result

Segment result	229,603	31,949	10,531	1,288	—	273,371
Unallocated corporate expenses						(23,646)
Profit from operations						249,725
Finance costs						(24,512)
Profit before taxation						225,213
Taxation						16,833
Profit before minority interests						208,380

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

At 31st December, 2001

Balance sheet

	Compressor HK\$'000	Semiconductor HK\$'000	Office furniture HK\$'000	Information technology HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	1,551,569	259,673	129,173	22,495	1,962,910
Unallocated corporate assets					123,637
					2,086,547
LIABILITIES					
Segment liabilities	413,597	18,648	22,032	3,085	457,362
Unallocated corporate liabilities					875,970
					1,333,332

Other information

	Compressor HK\$'000	Semiconductor HK\$'000	Office furniture HK\$'000	Information technology HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital expenditure	435,770	24,249	8,254	755	5,746	474,774
Depreciation and amortisation	49,278	5,535	8,698	715	1,435	65,661
Other non-cash expenses	7,614	361	415	400	—	8,790

For the period from 1st April, 2000 to 31st December, 2000

The only business segment for the period from 1st April, 2000 to 31st December, 2000 was the manufacture and distribution of office furniture.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

At 31st December, 2000

Balance sheet

	Compressor HK\$'000	Semiconductor HK\$'000	Office furniture HK\$'000	Information technology HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	—	—	305,093	—	305,093
LIABILITIES					
Segment liabilities	—	—	39,002	—	39,002

Other information

	Compressor HK\$'000	Semiconductor HK\$'000	Office furniture HK\$'000	Information technology HK\$'000	Consolidated HK\$'000
Capital expenditure	—	—	2,669	—	2,669
Depreciation and amortisation	—	—	8,185	—	8,185
Other non-cash expenses	—	—	1,499	—	1,499

Geographical segments

The Group's operations are located in the mainland China and Hong Kong.

The Group's sales of compressor are carried out in the mainland China. Sales of semiconductors are carried out in the mainland China, Hong Kong and Malaysia. Sales of office furniture are carried out in the mainland China and Hong Kong. Provision of information technology and related services are rendered in Hong Kong.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Geographical segments (Continued)

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

	Revenue by geographical market		Contribution to profit (loss) from operations	
	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Mainland China	906,355	109,567	255,099	(5,805)
Hong Kong	139,443	15,943	15,954	(844)
Malaysia	41,551	—	8,015	—
Others	13,471	—	2,599	—
	1,100,820	125,510	281,667	(6,649)
Unallocated corporate expenses			(23,646)	(8,705)
Amortisation of goodwill arising on acquisition of subsidiaries			(8,296)	—
Profit (loss) from operations			249,725	(15,354)

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

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2001 HK\$'000	2000 HK\$'000	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Mainland China	1,742,307	117,802	450,523	1,402
Hong Kong	344,240	187,291	24,251	1,267
	2,086,547	305,093	474,774	2,669

5. OTHER REVENUE

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Included in other revenue are:		
Interest income from bank deposits	8,010	6,334
Property rental income	1,216	443
Exchange gain	2,540	—

6. PROFIT (LOSS) FROM OPERATIONS

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Profit (loss) from operations has been arrived at after charging:		
Amortisation of technical know-how	1,609	—
Auditors' remuneration	1,650	600
Depreciation and amortisation of property, plant and machinery	64,052	8,185
Staff costs		
— Directors' emoluments (Note 8)	7,750	1,843
— Other staff		
— Salaries and other allowances	119,123	22,915
— Retirement benefit scheme contribution net of forfeited contribution of HK\$408,000 (2000: HK\$nil)	6,701	349
	133,574	25,107
Loss on disposal of property, plant and equipment	494	1,094
Operating lease rentals paid in respect of rented premises	12,298	8,211
and after crediting:		
Interest income from bank deposits	8,010	6,334
Property rental income	1,216	443
Less: Outgoings	(38)	—
	1,178	443

7. FINANCE COSTS

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Interest on bank borrowings wholly repayable within five years	9,062	1,544
Less: Amount capitalised in construction in progress (Note)	(165)	—
	8,897	1,544
Interest on convertible bonds	15,615	—
	24,512	1,544

Note: The amount represents interest expenses incurred on the funds borrowed specifically for construction in progress.

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES

Directors

The Directors' emoluments for the year/period are analysed as follows:

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Fees to:		
Executive Directors	178	—
Non-executive Directors	—	—
Independent Non-executive Directors	160	62
	338	62
Other emoluments to Executive Directors:		
Salaries and other benefits	5,704	1,676
Retirement benefit scheme contributions	533	105
Performance related incentive payments	368	—
Compensation for loss of office paid by the Company to former Directors in respect of the office of director	807	—
	7,412	1,781
	7,750	1,843

8. DIRECTORS' EMOLUMENTS AND HIGHEST PAID EMPLOYEES (Continued)

The emoluments of each of the Directors were within the following bands:

	1st January, 2001 to 31st December, 2001 Number of Directors	1st April, 2000 to 31st December, 2000 Number of Directors
Nil to HK\$1,000,000	10	10
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$2,000,001 to HK\$2,500,000	1	—
	13	10

Employees

The five highest paid individuals of the Group included three Executive Directors (1st April, 2000 to 31st December, 2000: one Executive Director), details of whose emoluments are set out above. The emoluments of the remaining highest paid employees of the Group, other than Directors of the Company, are as follows:

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Salaries and other benefits	2,697	1,723

The emoluments of each of the above employees were within the following bands:

	1st January, 2001 to 31st December, 2001 Number of employees	1st April, 2000 to 31st December, 2000 Number of employees
Nil to HK\$1,000,000	—	4
HK\$1,000,001 to HK\$1,500,000	2	—
	2	4

9. TAXATION

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	3,395	—
Profits tax outside Hong Kong	11,782	—
	15,177	—
Deferred taxation (Note 23)	1,656	—
	16,833	—

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profit for the year.

Profits tax outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

In accordance with the relevant tax laws and regulations of the mainland China, the mainland China subsidiaries are exempted from mainland China Enterprise Income Tax for two years starting from the first profit making year after utilisation of the carried forward tax losses and eligible for a 50% relief of the mainland China Enterprise Income Tax for the following three years.

No provision for taxation was made in the prior period as the Group did not have any assessable profit for that period in respect of any of the jurisdictions in which the Group operated.

Details of the deferred taxation are set out in Note 23.

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Earnings (loss):		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share —		
Profit (loss) for the year/period	131,421	(16,574)
Effect of dilutive potential shares: Interest on convertible bonds	15,615	
	147,036	
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	1,508,832,261	1,475,942,443
Effect of dilutive convertible bonds	855,706,589	
Effect of dilutive share options	8,238,376	
Weighted average number of shares for the purposes of diluted earnings per share	2,372,777,226	

Because the exercise of the Company's outstanding share options during the period from 1st April, 2000 to 31st December, 2000 would be anti-dilutive, no diluted loss per share was presented for that period.

11. INVESTMENT PROPERTIES

THE GROUP
HK\$'000

VALUATION

At 1st January, 2001 and 31st December, 2001 4,200

The investment properties, which are rented out for rental income, were revalued as at 31st December, 2001 by DTZ Debenham Tie Leung Limited, Chartered Surveyors, on an open market value basis. No surplus or deficit arose on the revaluation of investment properties as at 31st December, 2001.

The investment properties are situated in Hong Kong and are held under medium-term leases.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK\$'000	Furniture and fixtures HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
THE GROUP						
COST OR VALUATION						
At 1st January, 2001	12,243	25,397	32,631	4,776	—	75,047
Exchange realignments	509	951	2,684	162	311	4,617
Acquisition of subsidiaries	91,977	15,919	336,379	3,373	97,258	544,906
Additions	5,668	12,599	18,912	1,664	240,713	279,556
Disposals	(203)	(10,190)	(2,109)	(1,668)	—	(14,170)
Transfer	30,516	3,627	261,315	558	(296,016)	—
At 31st December, 2001	140,710	48,303	649,812	8,865	42,266	889,956
Comprising:						
At cost	140,110	48,303	649,812	8,865	42,266	889,356
At valuation — 1994	600	—	—	—	—	600
	140,710	48,303	649,812	8,865	42,266	889,956
DEPRECIATION AND AMORTISATION						
At 1st January, 2001	4,250	20,704	21,825	3,079	—	49,858
Exchange realignments	171	760	1,268	122	—	2,321
Provided for the year	5,199	3,239	54,018	1,596	—	64,052
Eliminated on disposals	(7)	(9,063)	(1,347)	(1,676)	—	(12,093)
At 31st December, 2001	9,613	15,640	75,764	3,121	—	104,138
NET BOOK VALUES						
At 31st December, 2001	131,097	32,663	574,048	5,744	42,266	785,818
At 31st December, 2000	7,993	4,693	10,806	1,697	—	25,189

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's property interests comprise:

	Leasehold properties	
	2001	2000
	HK\$'000	HK\$'000
Situated outside Hong Kong held under long leases	3,334	1,611
Situated outside Hong Kong held under medium-term leases	9,854	502
Situated outside Hong Kong held under short leases	73,208	5,880
Situated in Hong Kong held under medium-term leases	44,701	—
	131,097	7,993

Had the property carried at valuation been restated at cost less accumulated depreciation and amortisation, the carrying value of this property as at 31st December, 2001 would have been stated at HK\$640,000 (2000: HK\$664,000).

13. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares	1,021,845	144,929
Amounts due from subsidiaries	646,393	628,124
Impairment loss	(562,190)	(562,190)
	1,106,048	210,863

The carrying value of the unlisted shares at the balance sheet date includes an amount of HK\$144,929,000 which is based on the book values of the underlying net assets of the subsidiaries attributable to the Group at the time when they became members of the Group pursuant to the group reorganisation in 1994.

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the Directors, repayments of the amounts will not be demanded by the Company within the next twelve months from the balance sheet date. Accordingly, the amounts are shown as a non-current asset in the balance sheet.

Particulars of the principal subsidiaries as at 31st December, 2001 are set out in Note 34.

14. GOODWILL

	THE GROUP
	HK\$'000
COST	
Arising on acquisition of subsidiaries (Note 25) and balance at 31st December, 2001	176,795
AMORTISATION	
Provided for the year and balance at 31st December, 2001	(8,296)
NET BOOK VALUE	
At 31st December, 2001	168,499

The amortisation periods adopted for goodwill ranging from 1.5 to 20 years.

15. TECHNICAL KNOW-HOW

	THE GROUP
	HK\$'000
COST	
Acquired on acquisition of subsidiaries	6,988
Exchange realignment	(3)
Additions	18,423
At 31st December, 2001	25,408
AMORTISATION	
Provided for the year and balance at 31st December, 2001	(1,609)
NET BOOK VALUE	
At 31st December, 2001	23,799

Technical know-how mainly comprises the acquired rights to use certain technologies for the manufacture of air-conditioner compressor products. The amortisation period adopted for technical know-how is 10 years.

16. INVENTORIES

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Raw materials	133,613	10,169
Work in progress	33,586	3,133
Finished goods	197,729	26,668
	364,928	39,970

There are raw materials of HK\$7,403,000 (2000: Nil), work in progress of HK\$366,000 (2000: Nil) and finished goods of HK\$24,183,000 (2000: HK\$26,668,000) carried at net realisable values.

17. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group generally allows credit periods ranging from 30 to 180 days to its trade debtors. The aged analysis of trade debtors, including notes receivable, of HK\$323,641,000 (2000: HK\$22,253,000) which are included in the Group's debtors, deposits and prepayments are as follows:

	2001 HK\$'000	2000 HK\$'000
0-60 days	289,955	15,957
61-90 days	11,525	4,292
Over 90 days	22,161	2,004
	323,641	22,253

The Company did not have any trade debtors at the balance sheet date.

18. CREDITORS AND ACCRUED CHARGES

The aged analysis of trade creditors of HK\$172,541,000 (2000: HK\$11,535,000) which are included in the Group's creditors and accrued charges is as follows:

	2001 HK\$'000	2000 HK\$'000
0-60 days	132,379	8,759
61-90 days	4,629	1,286
Over 90 days	35,533	1,490
	172,541	11,535

The Company did not have any trade creditors at the balance sheet date.

19. BORROWINGS

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Convertible bonds (Note)	851,715	—	851,715	—
Bank loans	178,019	—	—	—
	1,029,734	—	851,715	—
Less: Amount due within one year shown under current liabilities	(178,019)	—	—	—
Amount due after one year	851,715	—	851,715	—
Secured	40,502	—	—	—
Unsecured	989,232	—	851,715	—
	1,029,734	—	851,715	—

19. BORROWINGS (Continued)

Notes:

On 8th November, 2000, the Company entered into certain conditional subscription agreements (the "Subscription Agreements") with China Resources (Holdings) Company Limited ("CRH"), an intermediate holding company of the Company, and CRT (BVI) Limited, a then wholly owned subsidiary of CRH. Pursuant to the Subscription Agreements, the Company had conditionally agreed to subscribe for one share of US\$1 in the capital of CRT (BVI) Limited for a consideration of HK\$851,715,000, which would be satisfied in full by way of the issue of convertible bonds with an aggregate principal amount of HK\$851,715,000 to CRH by the Company upon completion of the Subscription Agreements. The Subscription Agreements was completed on 1st February, 2001 (Note 25).

Details of the above transaction were set out in a listing document of the Company dated 30th December, 2000 issued to the shareholders.

The principal terms of the convertible bonds include the following:

- (a) The convertible bond may be converted into new shares in the Company at HK\$0.9108 per share from 1st February, 2001 to the maturity date.
- (b) The convertible bonds bear interest at 2% per annum payable annually in arrears in each year.
- (c) The maturity date of the convertible bonds is the third anniversary of 1st February, 2001.
- (d) The Company has the right at any time before the maturity date to redeem the whole or part of the convertible bonds outstanding at the time as follows:

Period of redemption	Price payable on redemption = Amount of convertible bonds to be redeemed multiplied by the following factor
Within six months from 1st February, 2001	1.015
From the beginning of the seventh month from 1st February, 2001 to the day immediately before the first anniversary of 1st February, 2001	1.030
From the first anniversary of 1st February, 2001 to the day immediately before the second anniversary of 1st February, 2001	1.060
From the second anniversary of 1st February, 2001 to the day immediately before the third anniversary of 1st February, 2001	1.090

- (e) The shares in the Company to be allotted and issued upon the exercise of the conversion rights attaching to the convertible bonds rank pari passu in all respects with all other existing shares in issue on the date of conversion.

20. SHARE CAPITAL

	Number of shares		Amount	
	2001	2000	2001 HK\$'000	2000 HK\$'000
Shares of HK\$0.10 each				
Authorised:				
At beginning of year/ period	2,500,000,000	1,200,000,000	250,000	120,000
Increase during the year/ period (note a)	3,500,000,000	1,300,000,000	350,000	130,000
At end of year/period	6,000,000,000	2,500,000,000	600,000	250,000
Issued and fully paid:				
At beginning of year/ period	1,508,832,261	616,632,261	150,883	61,663
Shares issued upon Subscription (note b)	—	884,000,000	—	88,400
Shares issued upon exercise of share options	—	8,200,000	—	820
At end of year/period	1,508,832,261	1,508,832,261	150,883	150,883

Notes:

- a. Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 10th April, 2000, the authorised share capital of the Company was increased from HK\$120,000,000 to HK\$250,000,000 by the creation of an additional 1,300,000,000 new shares of HK\$0.10 each. Such new shares rank pari passu in all respects with the then existing shares in the Company.

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 22nd January, 2001, the authorised share capital of the Company was further increased from HK\$250,000,000 to HK\$600,000,000 by the creation of an additional 3,500,000,000 new shares of HK\$0.10 each. Such new shares rank pari passu in all respects with the then existing shares in the Company.

- b. Pursuant to a subscription agreement dated 23rd February, 2000 (the "Subscription") entered into among the Company, Waterside Holdings Limited ("Waterside"), China Resources Enterprise, Limited ("CRE") and CRH, a total of 884,000,000 new shares of HK\$0.10 each in the Company were issued on 11th April, 2000 to Waterside and CRH at a subscription price of HK\$0.40 per share in cash.

Details of the above transaction were set out in a circular of the Company dated 24th March, 2000 issued to the shareholders.

21. SHARE OPTIONS

A summary of the movements of share options granted under the Company's share option schemes during the year is as follows:

Option scheme adopted on	Date of grant	Exercise price	Exercisable period	Number of option shares				Outstanding at 31st December, 2001
				Outstanding at 1st January, 2001	Granted during the year	Cancelled during the year	Lapsed during the year	
HK\$								
15th October, 1994	21st September, 2000	0.590 each	Note (a)	38,000,000	—	—	(21,550,000)	16,450,000
15th October, 1994	25th April, 2001	0.547 each	Note (b)	—	50,000,000	(12,900,000)	—	37,100,000
26th November, 2001	4th December, 2001	0.790 each	Note (c)	—	20,700,000	—	—	20,700,000
				38,000,000	70,700,000	(12,900,000)	(21,550,000)	74,250,000

Notes:

- (a) The exercisable period during which the options may be exercised is either from 21st September, 2000 to 20th September, 2010 or divided into 3 tranches exercisable during the periods from 21st September, 2001, 2002 and 2003 to 20th September, 2010.
- (b) The exercisable period is divided into 3 tranches exercisable during the periods from 25th April, 2002, 2003 and 2004 to 24th April, 2011.
- (c) The exercisable period during which the options may be exercised is either from 4th December, 2001 to 3rd December, 2011 or divided into 3 tranches exercisable during the periods from 3rd December, 2002, 2003 and 2004 to 2nd December, 2012, 2013 and 2014, respectively.

22. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Goodwill reserve HK\$'000	Translation reserve HK\$'000	Deficit HK\$'000	Total HK\$'000
	(Notes a & b)		(Note c)			
THE GROUP						
At 1st April, 2000	270,488	—	58,567	(265)	(460,232)	(131,442)
Premium on shares issued pursuant to the Subscription (Note 20)	265,200	—	—	—	—	265,200
Expenses incurred in connection with the issue of shares pursuant to the Subscription	(1,957)	—	—	—	—	(1,957)
Premium on shares issued upon exercise of share options	638	—	—	—	—	638
Goodwill arising on acquisition of a subsidiary	—	—	(1,250)	—	—	(1,250)
Capital reserve arising on acquisition of additional interests in subsidiaries	—	—	593	—	—	593
Loss for the period	—	—	—	—	(16,574)	(16,574)
At 31st December, 2000	534,369	—	57,910	(265)	(476,806)	115,208
Exchange differences arising on translation of financial statements of operations outside Hong Kong	—	—	—	5,531	—	5,531
Profit for the year	—	—	—	—	131,421	131,421
At 31st December, 2001	534,369	—	57,910	5,266	(345,385)	252,160

22. RESERVES (Continued)

	Share premium HK\$'000	Contributed surplus HK\$'000	Goodwill reserve HK\$'000	Translation reserve HK\$'000	Deficit HK\$'000	Total HK\$'000
(Notes a & b)						
THE COMPANY						
At 1st April, 2000	270,488	144,729	—	—	(546,659)	(131,442)
Premium on shares issued pursuant to the Subscription (Note 20)	265,200	—	—	—	—	265,200
Expenses incurred in connection with the issue of shares pursuant to the Subscription	(1,957)	—	—	—	—	(1,957)
Premium on shares issued upon exercise of share options	638	—	—	—	—	638
Loss for the period	—	—	—	—	(17,231)	(17,231)
At 31st December, 2000	534,369	144,729	—	—	(563,890)	115,208
Loss for the year	—	—	—	—	(26,039)	(26,039)
At 31st December, 2001	534,369	144,729	—	—	(589,929)	89,169

Notes:

- (a) The contributed surplus of the Company represents the difference between the aggregate value of the underlying net assets of the subsidiaries acquired at the date on which the group reorganisation in 1994 became effective and the nominal amount of the Company's shares which were issued under the group reorganisation in 1994.
- (b) Under company law in Bermuda, in addition to retained profits of the Company, 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:
 - (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
 - (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.
- (c) The goodwill reserve at the balance sheet date comprises HK\$7,271,000 (2000: HK\$7,271,000) and HK\$65,181,000 (2000: HK\$65,181,000) in respect of goodwill and negative goodwill respectively.

The Company had no reserve available for distribution to shareholders as at 31st December, 2001.

23. DEFERRED TAXATION

(a) Provided deferred taxation

	2001 HK\$'000	2000 HK\$'000
Charge for the year/period and balance at 31st December (Note 9)	1,656	—

At the balance sheet date, the provision for deferred taxation liability was attributable to the tax effect of timing differences on the excess of tax allowances over accounting depreciation.

(b) Unprovided deferred taxation

During the year, the Group incurred an unrecognised potential deferred tax credit in relation to estimated tax losses for the year of HK\$4,500,000 (1st April, 2000 to 31st December, 2000: Nil), resulting in an unrecognised potential deferred tax asset in relation to estimated tax losses carried forward of HK\$54,000,000 (2000: HK\$49,500,000). The potential deferred tax asset has not been recognised in the financial statements as it is uncertain whether the benefit will crystallise in the foreseeable future.

Other than the above, there was no other significant amount of unprovided deferred taxation in respect of the Group and the Company for the year/period and at the balance sheet dates.

24. RECONCILIATION OF PROFIT (LOSS) BEFORE TAXATION TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Profit (loss) before taxation	225,213	(17,099)
Share of loss of an associate	—	201
Deficit arising on revaluation of investment properties	—	405
Depreciation and amortisation of property, plant and equipment	64,052	8,185
Loss on disposal of property, plant and equipment	494	1,094
Interest on bank borrowings	8,897	1,544
Interest on convertible bonds	15,615	—
Interest income	(8,010)	(6,334)
Amortisation on technical know-how	1,609	—
Amortisation of goodwill arising on acquisition of subsidiaries	8,296	—
(Increase) decrease in inventories	(59,456)	24,504
Increase in debtors, deposits and prepayments	(65,664)	(12,426)
Increase in amount due from a minority shareholder	(140)	—
Increase in amounts due from fellow subsidiaries	(5,595)	—
Increase (decrease) in creditors and accrued charges	64,749	(901)
Decrease in amount due to an intermediate holding company	(1,693)	—
Increase in amounts due to fellow subsidiaries	740	—
Increase in amount due to a minority shareholder	9,805	—
Exchange difference	3,969	—
Net cash inflow (outflow) from operating activities	262,881	(827)

25. ACQUISITION OF SUBSIDIARIES

On 1st February, 2001, the Group completed the transactions contemplated under the Subscription Agreements (Note 19) and acquired the underlying assets constituting CRT (BVI) Limited and its subsidiaries to expand the business scope of the Group to (i) manufacture and sales of compressors for air-conditioners in the mainland China; (ii) design, manufacture and sales of semiconductors in the mainland China, Hong Kong and Malaysia; and (iii) provision of information technology and related services in Hong Kong.

Particulars of the principal subsidiaries acquired during the year are set out under the headings compressor business, semiconductor business and information technology business in Note 34.

The effect of the acquisition is summarised as follows:

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Net assets (liabilities) acquired:		
Investment properties	—	2,477
Property, plant and equipment	544,906	—
Technical know-how	6,988	—
Inventories	265,502	—
Debtors, deposits and prepayments	247,773	1,512
Pledged bank deposits	26,365	—
Bank balances and cash	279,268	—
Creditors and accrued charges	(152,292)	—
Taxable payable	(4,568)	—
Borrowings — due within one year	(228,449)	(926)
Amount due to a related company	—	(5,584)
Minority interests	(285,371)	—
	700,122	(2,521)
Previously accounted for as interest in an associate	—	1,271
Net assets (liabilities) acquired	700,122	(1,250)
Goodwill arising on acquisition	176,795	1,250
Consideration	876,917	—

25. ACQUISITION OF SUBSIDIARIES (Continued)

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Satisfied by:		
Convertible bonds (Note 19)	851,715	—
Cash	25,202	—
	876,917	—
Net cash inflow from acquisition:		
Cash consideration	(25,202)	—
Bank balances and cash acquired	279,268	—
	254,066	—

The subsidiaries acquired during the year contributed HK\$265,495,000 in respect of the Group's net operating cash inflows, paid HK\$46,273,000 in respect of the net returns on investments and servicing of finance, paid HK\$11,111,000 in respect of taxation, utilised HK\$374,728,000 for investing activities and raised HK\$24,557,000 in respect of financing activities.

The subsidiaries acquired during the year contributed HK\$955,231,000 to the Group's turnover, and HK\$262,840,000 to the Group's profit from operations.

The subsidiary acquired in 2000 had no significant impact on the turnover, results and cash flows of the Group.

26. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR/PERIOD

	Share capital and premium HK\$'000	Bank loans HK\$'000	Loans from substantial shareholder HK\$'000	Minority interests HK\$'000
Balance at 1st April, 2000	332,151	75,407	74,323	525
Proceeds from shares issued pursuant to the Subscription	353,600	—	—	—
Expenses incurred in connection with the issue of shares pursuant to the Subscription	(1,957)	—	—	—
Proceeds from shares issued upon exercise of share options	1,458	—	—	—
Acquisition of a subsidiary	—	926	—	—
Minority interests in the results of subsidiaries	—	—	—	(525)
Repayments during the period	—	(76,333)	(74,323)	—
Balance at 31st December, 2000	685,252	—	—	—
Acquisition of subsidiaries	—	228,449	—	285,371
Exchange realignment	—	716	—	995
Loans raised during the year	—	262,322	—	—
Capital contribution from minority shareholders of subsidiaries	—	—	—	26,589
Dividends paid to minority shareholders of subsidiaries	—	—	—	(39,742)
Minority interests in the results of subsidiaries	—	—	—	76,959
Repayments during the year	—	(313,468)	—	—
Balance at 31st December, 2001	685,252	178,019	—	350,172

27. MAJOR NON-CASH TRANSACTIONS

- (a) Part of the consideration for the acquisition of subsidiaries as set out in Note 25 was settled by the issue of convertible bonds with a principal amount of HK\$851,715,000. Details of the acquisition were set out in Notes 19 and 25.
- (b) During the year, the Group incurred interest expense on convertible bonds amounting to HK\$15,615,000 which is included in the amount due to an intermediate holding company as at 31st December, 2001.
- (c) The additions to construction in progress included an amount of HK\$13,232,000 which has not been settled in cash but is included in the amount due to a minority shareholder as at 31st December, 2001.

28. RETIREMENT BENEFIT SCHEME

Hong Kong

Prior to 1st December, 2000, the Group operated a defined contribution retirement benefit scheme ("Defined Contribution Scheme") for its qualifying employees in Hong Kong. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where there are employees who leave the Defined Contribution Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions would be used to reduce future contributions payable by the Group.

With effective from 1st December, 2000, the Group has joined a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions would be used to reduce future contributions payable by the Group.

The retirement benefit scheme contributions arising from the Defined Contribution Scheme and the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

At the balance sheet date, there was no significant amount of forfeited contributions available to reduce future contributions.

28. RETIREMENT BENEFIT SCHEME (Continued)**Mainland China**

According to the relevant laws and regulations in the mainland China, the Group's subsidiaries in the mainland China are required to contribute a specified percentage of the payroll of their employees to the retirement benefits schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the respective schemes.

29. PLEDGE OF ASSETS

At 31st December, 2001, leasehold properties with an aggregate carrying value of HK\$4,845,000 (2000: HK\$2,213,000), machinery and equipment with an aggregate net book value of HK\$68,787,000 (2000: Nil), notes receivable of HK\$18,555,000 (2000: Nil) and bank deposits of HK\$118,256,000 (2000: Nil) were pledged to secure general banking facilities granted to a subsidiary of the Company.

The Company did not have any assets pledged at the balance sheet date.

30. OPERATING LEASE ARRANGEMENTS**The Group as lessee:**

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

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Within one year	6,185	9,676	2,711	3,098
In the second to fifth year inclusive	1,066	8,987	—	2,711
After five years	—	1,246	—	—
	7,251	19,909	2,711	5,809

Operating lease payments represent rentals payable by the Group and the Company for certain of its office premises. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

30. OPERATING LEASE ARRANGEMENTS (Continued)**The Group as lessor:**

Property rental income earned during the year was HK\$1,216,000 (1st April, 2000 to 31st December, 2000: HK\$443,000). Certain of the properties held have committed tenants for the next two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Within one year	170	—
In the second to fifth year inclusive	60	—
	230	—

31. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Capital expenditure authorised but not contracted for in respect of:				
— property, plant and equipment	175,149	909	—	—
— technical know-how	30,781	—	—	—
	205,930	909	—	—
Capital expenditure contracted for but not provided in the financial statements in respect of:				
— property, plant and equipment	175,090	507	—	363
— technical know-how	11,295	—	—	—
	186,385	507	—	363

32. RELATED PARTY TRANSACTIONS

In addition to the related parties transactions set out in Notes 19 and 25, during the year/period, the Group also entered into the following significant transactions with related parties:

	1st January, 2001 to 31st December, 2001 HK\$'000	1st April, 2000 to 31st December, 2000 HK\$'000
Interest on convertible bonds payable to an intermediate holding company	15,615	—
Rental expenses paid to a fellow subsidiary	3,789	422
Sales to and services income received from an intermediate holding company	26,402	—
Sales to and services income received from fellow subsidiaries	21,221	—
Sales to CRH's associate	632	—
Purchases from a CRH's associate	5,451	—

Note:

The transactions were carried out on terms similar to those applicable to transactions with unrelated parties, except that the interest on convertible bonds is calculated pursuant to the relevant agreement.

The amounts due from/to fellow subsidiaries and amount due to an intermediate holding company as included in the consolidated balance sheet on page 43 are unsecured, interest-free and repayable on demand.

33. POST BALANCE SHEET EVENT

On 27th February, 2002, a wholly-owned subsidiary of the Company entered into a conditional acquisition agreement (the "Acquisition Agreement") with World Ahead Limited, a third party. Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Semico Microelectronics (BVI) Limited, which holds a 55% equity interest in Wuxi China Resources Semico Microelectronics Company Limited ("Semico"), for a consideration of Rmb28,600,000 (equivalent to approximately HK\$27 million). The consideration will be satisfied by four cash installments in a three-year interval from completion of the acquisition.

33. POST BALANCE SHEET EVENT (Continued)

Semico is a fabless integrated circuit design house whose principal activities are designing, testing and sale of IC products and chips. The products of Semico are principally used in the fields of consumer electronics appliances and telecommunication devices.

The Acquisition Agreement is not completed as at the date of this report.

Details of the transaction have been set out on an announcement of the Company dated 27th February, 2002.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31st December, 2001 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Percentage of issued/registered capital held by the Company	Principal activities
<i>Compressor business</i>				
China Resources Cooling Technology Co., Ltd.	British Virgin Islands	Ordinary US\$61	100%	Investment holding
沈陽華潤三洋壓縮機有限公司 China Resources (Shenyang) Sanyo Compressor Co., Ltd.	mainland China	US\$106,560,000*	63.75%	Manufacture and sale of compressors for air-conditioners
沈陽盛潤三洋壓縮機有限公司 Shenyang Shengrun Sanyo Compressor Co. Ltd.	mainland China	US\$20,000,000	63.75%	Manufacture and sale of compressors for air-conditioners
<i>Semiconductor business</i>				
China Resources Microelectronics (Holdings) Limited	British Virgin Islands	Ordinary US\$3	100%	Investment holding
China Resources Semiconductor Company Limited	Hong Kong	Ordinary HK\$3	100%	Manufacture and sales of integrated circuit design and wafer packaging

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Percentage of issued/registered capital held by the Company	Principal activities
<i>Semiconductor business (Continued)</i>				
Fortune Property Limited	British Virgin Islands	Ordinary US\$2	100%	Property holding
華科微電子(深圳)有限公司 Huake Microelectronics (Shenzhen) Company Limited	mainland China	US\$1,800,000*	100%	Design of wafer
深圳華潤達實智能科技有限公司 Shenzhen CRC & DAS Smartech Co., Ltd.	mainland China	RMB18,868,000	60%	Design and supply of intelligent smart card
深圳科鵬微電子有限公司 Shenzhen Kope Microelectronics Co. Ltd.	mainland China	US\$1,048,000	51.07%	Manufacture and sale of integrated circuit design and wafer packaging
賽美科微電子(深圳)有限公司 Semicon Microelectronics (Shen Zhen) Co., Ltd.	mainland China	US\$1,500,000	100%	Testing and packaging of wafers
Well-Known (Hong Kong) Property Limited	Hong Kong	Ordinary HK\$3	100%	Property holding
<i>Office furniture business</i>				
重慶勵致家私有限公司 Chongqing Logic Furniture Co., Ltd.	mainland China	HK\$2,000,000	100%	Trading in office furniture
華潤勵致洋行辦公 家私有限公司 Guangzhou Logic Oriental Furniture Co., Ltd.	mainland China	HK\$13,000,000*	100%	Manufacture of and trading in office furniture

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Percentage of issued/registered capital held by the Company	Principal activities
<i>Office furniture business (Continued)</i>				
華潤勵致洋行家私(珠海)有限公司 Logic Industrial Enterprises Zhuhai Limited	mainland China	US\$4,478,800*	100%	Manufacture of and trading in office furniture
珠海勵致家私有限公司 Zhuhai Logic Far East Industrial Company Limited	mainland China	US\$1,260,000*	100%	Manufacture of office furniture
Logic Manufacturing Corporation Limited	British Virgin Islands	Ordinary US\$40	100%	Investment holding
Logic Development Corporation Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
<i>Information technology business</i>				
eSources Limited	British Virgin Islands	Ordinary US\$2	100%	Investment holding
Resources Link Network Limited	Hong Kong	Ordinary HK\$500,000	100%	Provision of information technology services
<i>Others</i>				
L & M International Limited	Hong Kong	Ordinary HK\$2	100%	Property investment
Logic Office Supplies Limited	Hong Kong	Ordinary HK\$10,271,520	100%	Investment holding
Taccio Company Limited	Hong Kong	Ordinary HK\$2	100%	Property investment

* The registered capitals of China Resources (Shenyang) Sanyo Compressor Co., Ltd., Guangzhou Logic Oriental Furniture Co., Ltd., Logic Industrial Enterprises Zhuhai Limited, Zhuhai Logic Far East Industrial Company Limited and Huake Microelectronics (Shenzhen) Company Limited were paid up to US\$75,500,476, HK\$10,000,000, US\$3,842,000, US\$1,000,000 and US\$1,200,000 respectively as at 31st December, 2001.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

All the above subsidiaries are indirectly held by the Company and operate principally in their places of incorporation/establishment.

None of the subsidiaries had any loan capital outstanding at 31st December, 2001 or at any time during the year.

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