

CHINA RESOURCES DEVELOPMENT INC  
Form 10-Q  
May 21, 2001

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarter period ended March 31, 2001  
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Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

CHINA RESOURCES DEVELOPMENT, INC.  
(Exact Name of registrant as Specified in Charter)

Nevada  
(State or other Jurisdiction of incorporation)

0-26046  
(Commission File Number)

87-02623643  
(IRS Employer Identification No.)

Room 2105, West Tower, Shun Tak Centre,  
200 Connaught Road C., Sheung Wan, Hong Kong  
Telephone: 011-852-2810-7205  
(Address and telephone number of principal executive offices)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days.

Yes    X            No  
      -----        -----

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 837,797 shares of common stock, \$0.001 par value, as of May 14, 2000.

CONVENTIONS

Unless otherwise specified, all references in this report to "U.S. Dollars," "Dollars," "US\$," or "\$" are to United States dollars; all references to "Hong Kong Dollars" or "HK\$" are to Hong Kong dollars; and all references to "Renminbi" or "RMB" or "Yuan" are to Renminbi Yuan, which is the lawful currency

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of the People's Republic of China ("China" or "PRC"). The Company and Billion Luck maintain their accounts in U.S. Dollars and Hong Kong Dollars, respectively. HARC and its subsidiaries maintain their accounts in Renminbi. The financial statements of the Company and its subsidiaries are prepared in Renminbi. Translations of amounts from Renminbi to U.S. Dollars and from Hong Kong Dollars to U.S. Dollars are for the convenience of the reader. Unless otherwise indicated, any translations from Renminbi to U.S. Dollars or from U.S. Dollars to Renminbi have been made at the single rate of exchange as quoted by the People's Bank of China (the "PBOC Rate") on March 31, 2001, which was approximately U.S.\$1.00 = Rmb8.28. Translations from Hong Kong Dollars to U.S. Dollars have been made at the single rate of exchange as quoted by the Hongkong and Shanghai Banking Corporation Limited on March 31, 2001, which was approximately US\$1.00 = HK\$7.80. The Renminbi is not freely convertible into foreign currencies and the quotation of exchange rates does not imply convertibility of Renminbi into U.S. Dollars or other currencies. All foreign exchange transactions take place either through the Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. No representation is made that the Renminbi or U.S. Dollar amounts referred to herein could have been or could be converted into U.S. Dollars or Renminbi, as the case may be, at the PBOC Rate or at all.

References to "Billion Luck" are to Billion Luck Company Ltd., a British Virgin Islands company, which is a wholly-owned subsidiary of the Company.

References to "Company" are to China Resources Development, Inc., and include, unless the context requires otherwise, the operations of its subsidiaries (all as hereinafter defined).

References to "Farming Bureau" are to the Hainan Agricultural Reclamation General Company, a division of the Ministry of Agriculture, the PRC government agency responsible for matters relating to agriculture.

References to "Hainan" are to Hainan Province of the PRC.

References to "Hainan Weilin" are to Hainan Weilin Timber Limited Liability Company, a limited liability company organized in the PRC, whose capital is owned 58% by HARC and 42% by Haikou Mechanical Factory, a PRC entity which is owned and controlled by the Farming Bureau.

References to "HARC" are to Hainan Zhongwei Agricultural Resources Company Limited, a company organized in the PRC, whose capital is owned 56% by Billion Luck, 39% by the Farming Bureau and 5% by the Company.

References to the "PRC" or "China" include all territory claimed by or under the control of the Central Government, except Hong Kong, Macau, and Taiwan.

### PART I - FINANCIAL INFORMATION

#### ITEM 1. FINANCIAL STATEMENTS

CHINA RESOURCES DEVELOPMENT, INC., AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000

(Amounts in thousands, except share and per share data)

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	Three Months Ended March 31,		
	2001	2000	2001
	RMB	RMB	US\$
NET SALES	4,528	1,397	547
COST OF SALES	(4,199)	(1,296)	(507)
GROSS PROFIT	329	101	40
DEPRECIATION	(173)	(200)	(21)
AMORTIZATION	(1,338)	--	(162)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(3,989)	(4,449)	(482)
FINANCIAL INCOME/ (EXPENSES), NET	(70)	40	(8)
OTHER INCOME, NET	10,547	13,019	1,274
INCOME BEFORE INCOME TAXES	5,306	8,511	641
INCOME TAXES	(1,262)	(1,957)	(152)
INCOME BEFORE MINORITY INTERESTS	4,044	6,554	489
MINORITY INTERESTS	1,070	(4,417)	129
NET INCOME	5,114	2,137	618
BASIC AND DILUTED EARNINGS PER SHARE	6.10	3.60	0.74
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	837,797	592,900	837,797

See notes to condensed consolidated financial statements.

CHINA RESOURCES DEVELOPMENT, INC., AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEET  
 AS OF MARCH 31, 2001 AND DECEMBER 31, 2000  
 (Amounts in thousands, except share and per share data)

March 31, December 31,

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	Notes	2001 RMB (Unaudited)	2000 RMB (Note)	(Una
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents		79,277	37,547	
Marketable securities	2	869	62,384	
Trade receivables		88	88	
Inventories - finished goods		2,900	1,884	
Other receivables, deposits and prepayments		9,192	11,721	
Amount due from Farming Bureau		13,509	13,509	
Amounts due from related companies		1,137	1,168	
		-----	-----	
<b>TOTAL CURRENT ASSETS</b>		<b>106,972</b>	<b>128,301</b>	
<b>PROPERTY AND EQUIPMENT</b>	3	<b>13,148</b>	<b>13,304</b>	
<b>INVESTMENTS</b>		<b>184,374</b>	<b>184,374</b>	
<b>INTANGIBLE ASSETS</b>		<b>6,522</b>	<b>7,860</b>	
		-----	-----	
<b>TOTAL ASSETS</b>		<b>311,016</b>	<b>333,839</b>	
		=====	=====	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable		732	748	
Other payables and accrued liabilities	4	8,076	16,653	
Margin loan payable	5	--	18,572	
Due to investment adviser		12,253	12,253	
Income taxes payable/(recoverable)		1,037	(225)	
Amounts due to related companies		666	666	
		-----	-----	
<b>TOTAL CURRENT LIABILITIES</b>		<b>22,764</b>	<b>48,667</b>	
<b>MINORITY INTERESTS</b>		<b>113,430</b>	<b>115,480</b>	
		-----	-----	
<b>TOTAL LIABILITIES AND MINORITY INTERESTS</b>		<b>136,194</b>	<b>164,147</b>	
		-----	-----	
<b>SHAREHOLDERS' EQUITY Common stock, US\$0.001 par value:</b>				
Authorized - 200,000,000 shares in 2001 and 2000				
Issued and outstanding - 837,797 shares in 2001 and 2000		7	7	
Preferred stock, authorized - 10,000,000 shares in 2001 and 2000				
Series B preferred stock, US\$0.001 par value:				
Authorized - 320,000 shares in 2001 and 2000				
Issued and outstanding - 320,000 shares in 2001 and 2000		3	3	
Additional paid-in capital		169,052	169,052	
Reserves		28,028	28,028	
Accumulated deficits		(22,302)	(27,416)	
Accumulated other comprehensive gain		34	18	
		-----	-----	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>174,822</b>	<b>169,692</b>	
		-----	-----	

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TOTAL LIABILITIES AND SHAREHOLDERS'  
EQUITY

311,016  
=====

333,839  
=====

Note: The balance sheet at December 31, 2000 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See notes to condensed consolidated financial statements.

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CHINA RESOURCES DEVELOPMENT, INC., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2001  
(Amounts in thousands)

	Common stock RMB	Series B preferred stock RMB	Additional paid-in Capital RMB	Reserves RMB	Accumulated deficits RMB	Accu compre
Balance at January 1, 2001	7	3	169,052	28,028	(27,416)	
Net income	--	--	--	--	5,114	
Currency translation Adjustments	--	--	--	--	--	
Comprehensive gain	--	--	--	--	--	
	-----	-----	-----	-----	-----	
Balance at March 31, 2001	7	3	169,052	28,028	(22,302)	
	=====	=====	=====	=====	=====	

See notes to condensed consolidated financial statements.

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CHINA RESOURCES DEVELOPMENT, INC., AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000  
(Amounts in thousands)

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	Three months ended March 31,	
	2001	2000
	-----	-----
	RMB	RMB
Net cash provided by/(used in) operating activities	41,747	(9,705)
INVESTING ACTIVITIES		
Purchases of property and equipment	(17)	(1,454)
Proceeds from disposal of investments	--	928
Proceeds from disposal of property and equipment	--	1,547
	-----	-----
Net cash provided by/(used in) investing activities	(17)	1,021
	-----	-----
FINANCING ACTIVITIES		
Reduction in minority interests	--	(1,173)
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	41,730	(9,857)
Cash and cash equivalents, at beginning of period	37,547	38,138
	-----	-----
Cash and cash equivalents, at end of period	79,277	28,281
	=====	=====

See notes to condensed consolidated financial statements.

CHINA RESOURCES DEVELOPMENT, INC., AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
(Amounts in thousands)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months period ended March 31, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

The balance sheet at December 31, 2000 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto

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included in the Company's annual report on Form 10-K for the year ended December 31, 2000.

### 2. MARKETABLE SECURITIES

	March 31, 2001 RMB	Decemb
Trading securities listed on the Hong Kong Stock Exchange		
At cost	2,846	
Less: unrealized loss	(1,977)	
	-----	
Fair value	869	
	=====	

### 3. PROPERTY AND EQUIPMENT, NET

	March 31, 2001 RMB	Decemb
At cost:		
Buildings and leasehold improvements	4,843	
Machinery, equipment and motor vehicles	10,930	
	-----	
	15,773	
Accumulated depreciation:	(2,625)	
	-----	
Net book value	13,148	
	=====	

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### 4. OTHER PAYABLES AND ACCRUED LIABILITIES

	March 31, 2001 RMB	Decemb
Other payables	4,953	
Accrued liabilities	3,123	
Call options written, at fair value (premium received RMB3,182)	--	
	-----	
	8,076	
	=====	

### 5. MARGIN LOAN PAYABLE

The Company had a margin loan payable balance of RMB18,572 as of December 31, 2000 which was used to purchase marketable securities listed on the Hong Kong Stock Exchange. The margin loan was repaid as the securities were sold in the first quarter of 2001.

## 6. SEGMENT FINANCIAL INFORMATION

	Three months ended Mar	
	2001	
	RMB	
Net sales to external customers:		
Supermarket operations, net sales to unaffiliated customers	1,343	
Processed timber, net sales to unaffiliated customers	--	
Natural rubber, net sales to unaffiliated customers	3,185	
	-----	
Total consolidated net sales	4,528	
	=====	
Segment profit/(loss):		
Supermarket operations	89	
Processed timber	(41)	
Natural rubber	(501)	
	-----	
Total segment loss	(453)	
Reconciling items:		
Corporate expenses	(4,559)	
Gain on trading of marketable securities	7,208	
Premium earned on written call options	3,180	
Interest income	159	
Interest expense	(229)	
	-----	
Total consolidated income before income taxes	5,306	
	=====	
	March 31,	December
	2001	
	RMB	
Segment assets:		
Supermarket operations	6,466	
Processed timber	7,262	
Natural rubber	44,363	
	-----	
Total segment assets	58,091	
Reconciling items:		
Corporate assets	68,551	
Investments	184,374	
	-----	
Total consolidated assets	311,016	3
	=====	=



## 7. POST BALANCE SHEET EVENT

On April 30, 2001, the Company's wholly-owned subsidiary, Billion Luck, through its nominees, acquired the 39% equity interest in its 61%-owned subsidiary, HARC, from the Farming Bureau, for total consideration of RMB129,405 (US\$15,629) (the "Purchase Consideration"). Following the acquisition, HARC has become an indirect wholly-owned subsidiary of the Company. Concurrent with the acquisition, HARC has entered into several agreements with the Farming Bureau to dispose of certain assets, including 24,877,008 shares of Hainan Sundiro Motorcycle Co. Ltd., a 13% equity interest in Xilian Timber Mill and a 58% equity interest in Hainan Weilin, valued in the aggregate at RMB78,800 (US\$9,517). The Company has ceased the timber processing operations following the disposition of its 58% interest in Hainan Weilin. Management does not anticipate recording a loss on the disposition of these assets.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION

## RESULTS OF OPERATIONS

The following table shows the selected unaudited condensed consolidated income statement data of the Company and its subsidiaries for the three months ended March 31, 2001 and 2000. The data should be read in conjunction with the unaudited Condensed Consolidated Financial Statements of the Company and related notes thereto.

The discussions below are presented in the Company's primary operating currency, which is the Renminbi Yuan ("RMB"). For information purposes only, the amounts may be translated into U.S. dollars at an exchange rate of \$1.00 = RMB8.28, which represents the approximate single rate of exchange as quoted by the People's Bank of China on March 31, 2001. No representation is made that RMB amounts could have been, or could be, converted into U.S. dollars at that rate or any other rate.

(Amounts in thousands)	Three months ended March 31,	
	2001 RMB	2000 RMB
Net sales:		
Supermarket operations	1,343	1,151
Processed timber	--	246
Natural rubber	3,185	--
	-----	-----
	4,528	1,397
	-----	-----
Gross profit	329	101
Gross profit margin (%)	7.27	7.23
Income before income taxes	5,306	8,511
Income taxes	(1,262)	(1,957)
	-----	-----

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Income before minority interest	4,044	6,554
Minority interests	1,070	(4,417)
	-----	-----
Net income	5,114	2,137
	=====	=====

### NET SALES AND GROSS PROFIT

Supermarket operations were established by the Company in the fourth quarter of 1999. Net sales from supermarket operations increased by 16.7% from RMB1,151,000 (US\$139,000) for the first quarter of 2000 to RMB1,343,000 (US\$162,000) for the first quarter of 2001. For the first quarter of 2001, supermarket operations had gross profit and gross profit margin of RMB325,000 (US\$39,000) and 24.2%, respectively. For the first quarter of 2000, supermarket operations had gross profit and gross profit margin of RMB196,000 (US\$24,000) and 17.0%, respectively. The increase in net sales and gross profit margin were due to the successful marketing efforts of the Company and its ability to source less expensive and better quality products from suppliers.

Processed timber operations commenced in the first quarter of 2000. Disposition of the processed timber business resulted in a gross loss of RMB95,000 (US\$11,000) or 38.6% on sales for the first quarter of 2000, as the processing factory was still in the start-up phase and was operated at one-third of its full capacity. There were no sales of processed timber in the first quarter of 2001 as market conditions were poor and the Company was reluctant to sell the processed timber at a reduced price. The Company's disposition of its 58% interest in Hainan Weilin to the Farming Bureau in the second quarter of 2001 resulted in cessation of its timber processing operations (see Note 7 to condensed consolidated financial statements).

Notwithstanding the cessation of natural rubber operations in early 2000, the Company engages in trading of natural rubber occasionally when a profit is anticipated. During the first quarter of 2001, the Company had sales of RMB3,185,000 (US\$385,000) and gross profit margin of 0.1%. The natural rubber market remained relatively stable in 2000 and 2001 and management anticipates that natural rubber prices will continue to remain stable for the foreseeable future. Therefore, the Company has decided to trade natural rubber again in the first quarter of 2001.

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### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the first quarter of 2001 decreased by 10% to RMB4.0 million (US\$482,000) from RMB4.4 million (US\$531,000) for the first quarter of 2000. The decrease was mainly due to set up costs incurred for its supermarket and timber operations in the first quarter of 2000, including professional and registration expenses for establishing new subsidiaries.

### AMORTIZATION

Expenses for the first quarter of 2001 represented amortization of acquired website technology on June 30, 2000 on the straight-line basis over two years.

### FINANCIAL INCOME/(EXPENSES), NET

Net financial income for the first quarter of 2000 was RMB40,000 (US\$5,000), while the net financial expenses for the first quarter of 2001 was

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RMB70,000 (US\$8,000). The change from net income to net expenses was due to margin loan interest expenses of RMB216,000 (US\$26,000) incurred in the first quarter of 2001 which were partly offset by an increase in interest income of RMB106,000 (US\$13,000) resulting from an increase in bank deposits in the first quarter of 2001.

### OTHER INCOME, NET

Other income for the first quarter of 2000 represented a net gain on trading of marketable securities. Other income for the first quarter of 2001 represented a net gain on trading of marketable securities of RMB7.2 million (US\$870,000) and a premium earned on written call options of RMB3.2 million (US\$386,000).

### INCOME TAXES

It is management's intention to reinvest all the income attributable to the Company earned by its operations outside the US. Accordingly, no US federal and state income taxes have been provided in these consolidated financial statements.

Income taxes for the first quarter of 2000 consisted of PRC federal income tax computed at 15% on assessable income in 2000 for foreign investment enterprises operating in Hainan. Income taxes for the first quarter of 2001 consisted of under-provision of PRC federal income tax on assessable income in 2000 for foreign investment enterprises operating in Hainan.

### LIQUIDITY AND CAPITAL RESOURCES

The Company's primary liquidity needs are to fund inventories, trade receivables and operating expenses, and to expand business operations. The Company has financed its working capital requirements primarily through internally generated cash.

The Company had a working capital surplus of approximately RMB84.2 million (US\$10.2 million) as of March 31, 2001, compared to that of approximately RMB79.6 million (US\$9.6 million) as of December 31, 2000. Net cash provided by operating activities for the three months ended March 31, 2001 was approximately RMB41.7 million (US\$5.0 million), as compared to net cash used in operating activities of RMB9.7 million (US\$1.2 million) for the corresponding period in 2000. Net cash flows from the Company's operating activities are attributable to the Company's income and changes in operating assets and liabilities.

There has been no other significant change in financial condition and liquidity since the fiscal year ended December 31, 2000. The Company believes that internally generated funds will be sufficient to satisfy its anticipated working capital needs for at least the next twelve months.

### MARKET RISK AND RISK MANAGEMENT POLICIES

All of the Company's sales and purchases are made domestically and are denominated in Renminbi. Accordingly, the Company and its subsidiaries do not have material market risk with respect to currency fluctuation. As the reporting currency of the Company's consolidated financial statements is also Renminbi, there is no significant translation difference arising on consolidation.

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However, the Company may suffer exchange loss when it converts Renminbi to other currencies, such as Hong Kong dollars or United States dollars.

The Company's interest income is most sensitive to changes in the general level of Renminbi interest rates. In this regard, changes in Renminbi interest rates affect the interest earned on the Company's cash equivalents. As at March 31, 2001, the Company's cash equivalents are mainly Renminbi, Hong Kong Dollar and United States Dollar deposits with financial institutions, bearing market interest rates without fixed term.

As at March 31, 2001, the Company had short-term investments in marketable securities in the Hong Kong stock market with a total market value of RMB869,000 (US\$105,000). These investments expose the Company to market risks that may cause the future value of these investments to be lower than the original cost of such investments.

### FINANCIAL POSITION

#### Marketable Securities

Marketable securities decreased by 99% from December 31, 2000 to March 31, 2001 due to the sale of the securities in the first quarter of 2001.

#### Margin Loan Payable

The margin loan payable at December 31, 2000 was used to purchase marketable securities. The margin loan was repaid when the securities were sold in the first quarter of 2001.

#### Other Payables and Accrued Liabilities

In the first quarter of 2001, the Company recognized the call option premium of RMB3,182,000 (US\$384,000) included in other payables and accrued liabilities. Also, the Company repaid a short term loan payable in the amount of RMB5,830,000 (US\$704,000).

### PART II - OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS:

NONE

#### ITEM 2. CHANGES IN SECURITIES:

NONE

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES:

NONE

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

NONE

#### ITEM 5. OTHER INFORMATION:

NONE

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following Exhibits are filed as part of this Form 10-Q or incorporated by reference as indicated below:

Exhibit No. -----	Exhibit Description -----
10.1	Agreement for the Sale and Purchase of Shares in HARC by and between the Farming Bureau and Shenzhen Shenhua Investment Co. Ltd. dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.27 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
10.2	Agreement for the Sale and Purchase of Shares in HARC by and between the Farming Bureau and Shenzhen Fengsun Development Co. Ltd. dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.28 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
10.3	Agreement for the Sale and Purchase of Shares in HARC by and between the Farming Bureau and Hainan Zhongwei Trading Co. Ltd. dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.29 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
10.4	Agreement for the Sale and Purchase of Shares in HARC by and between the Farming Bureau and Shenzhen Chaopeng Investment Co. Ltd. dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.30 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
10.5	Agreement for the Sale and Purchase of Shares in HARC by and between the Farming Bureau and Shenzhen Feishang Development Co. Ltd. dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.31 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
10.6	Form of Declaration of Trust (Certified English translation of original Chinese version filed as Exhibit 10.32 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
10.7	Agreement for the Sale and Purchase of Shares in Xilian Timber Mill by and between HARC and the Farming Bureau dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.33 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
10.8	Agreement for the Sale and Purchase of Shares in Hainan Weilin by and between HARC and the Farming Bureau dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.34 to Current Report on Form 8-K

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filed May 17, 2001, and incorporated herein by reference.)

- 10.9 Agreement for the Sale and Purchase of Shares in Hainan Sundiro Motorcycle Co. Ltd. by and between HARC and the Farming Bureau dated April 17, 2001 (Certified English translation of original Chinese version filed as Exhibit 10.35 to Current Report on Form 8-K filed May 17, 2001, and incorporated herein by reference.)
- 11 Computation of Earnings/(Loss) Per Share (Contained in Financial Statements in Part I, Item I hereof.)
- (b) During the three months ended March 31, 2001, the Company filed no current report on Form 8-K. The Company filed one current report on Form 8-K on May 17, 2001, that report reported, in Item 2, the acquisition of the 39% equity interest in HARC by Billion Luck, through its nominees, from the Farming Bureau for total consideration of Rmb129,405,000 (US\$15,629,000) and the Company's disposition of certain assets to the Farming Bureau, including 24,877,008 shares of Hainan Sundiro Motortcycle Co. Ltd., a 13% equity interest in Xilian Timber Mill and a 58% equity interest in Hainan Weilin, for total consideration of RMB78,800,000 (US\$9,517,000).

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHINA RESOURCES DEVELOPMENT, INC.

May 21, 2001

By: /s/ Ching Lung Po

-----  
Ching Lung Po, Chairman

By: /s/ Tam Cheuk Ho

-----  
Tam Cheuk Ho, Chief Financial Officer

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