

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

16. DEVELOPMENT COSTS

HK\$

THE GROUP

COST

At 1st April, 2001	2,135,427
Additions	498,563

At 31st March, 2002	2,633,990
---------------------	-----------

AMORTISATION

At 1st April, 2001	1,533,990
Provided for the year	300,000

At 31st March, 2002	1,833,990
---------------------	-----------

NET BOOK VALUES

At 31st March, 2002	800,000
---------------------	---------

At 31st March, 2001	601,437
---------------------	---------

17. INTERESTS IN SUBSIDIARIES

THE COMPANY

	2002	2001
	HK\$	HK\$

Unlisted shares, at cost	228,042,462	228,042,362
Amounts due from subsidiaries	27,519,714	33,792,833

	255,562,176	261,835,195
--	--------------------	-------------

In the opinion of the directors, the amounts due from subsidiaries are not repayable in the next twelve month period and, accordingly, the amounts are classified as non-current.

Particulars of the principal subsidiaries at 31st March, 2002 are as follows:

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Principal activities
<i>Direct subsidiary</i>			
National Electronics (Consolidated) Limited	Hong Kong	4,000 ordinary shares of HK\$0.25 each	Investment holding and trading of electronic products
National Properties Holdings Limited	Hong Kong	100 ordinary shares of HK\$1 each	Investment holding and property management
<i>Indirect subsidiary</i>			
Batilone Limited	Hong Kong	100 ordinary shares of HK\$1 each	Property leasing
Brady Limited	Hong Kong	100 ordinary shares of HK\$1 each	Property investment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

17. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Principal activities
<i>Indirect subsidiary (continued)</i>			
Camy S.A.	Switzerland	1,500 ordinary shares of SFR 1,000 each	Manufacture and sale of analogue watches
Charteray International Limited	Hong Kong	100 ordinary shares of HK\$1 each	Property investment
Cherish Limited	Hong Kong	100 ordinary shares of HK\$1 each	Property investment
Chirac Limited	Hong Kong	10 ordinary shares of HK\$10 each	Investment holding
Cinic Limited	Hong Kong	2 ordinary shares of HK\$1 each	Property investment
Duprey Limited	Hong Kong	100 ordinary shares of HK\$10 each	Trading of electronic products
Eastbond (Hong Kong) Limited	Hong Kong	10 ordinary shares of HK\$1 each	Manufacture and sale of plastic products
Eastern Mount Limited	Hong Kong	2 ordinary shares of HK\$1 each	Investment holding and subcontracting of electronic products in the People's Republic of China
Espadon S.A.	Switzerland	Total capital of SFR 200,000	Watch trading
Majorell Limited	Hong Kong	100 ordinary shares of HK\$10 each	Property investment and investment holding
National Ebauch Limited	Hong Kong	100 ordinary shares of HK\$10 each and 100,000 non-voting deferred shares of HK\$10 each	Manufacture and sale of electronic watches
National Electronics and Watch Company Limited	Hong Kong	100 ordinary shares of HK\$10 each and 200,000 non-voting deferred shares of HK\$10 each	Manufacture and sale of LCD and quartz analogue watches
National Hong Kong Electronics & Watch Corp.	U.S.A.	10,000 common stocks of US\$10 each	Liaise for sale of watches

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

17. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Principal activities
<i>Indirect subsidiary (continued)</i>			
National Time Limited	Hong Kong	100 ordinary shares of HK\$10 each and 55,000 non-voting deferred shares of HK\$10 each	Trading of electronic watches
National Telecommunication System Limited	Hong Kong	100 ordinary shares of HK\$10 each and 200,000 non-voting deferred shares of HK\$10 each	Provision of inspection service
Rever Limited	Hong Kong	100 ordinary shares of HK\$1 each	Property investment
Samford Limited	Hong Kong	100 ordinary shares of HK\$1 each	Property investment
Super Fortune Group Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US\$1 each	Investment holding
Super Plus Limited	Hong Kong	2 ordinary shares of HK\$10 each	Property development
733954 Ontario Limited	Ontario, Canada	100 common shares for C\$20 each	Property development
1061383 Ontario Limited	Ontario, Canada	100 common shares for C\$1 each	Property holding
St. Thomas Developments Incorporated	Ontario, Canada	100 common shares for C\$1 each	Property development

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. All these subsidiaries are wholly-owned and private limited companies.

None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2002 HK\$	2001 HK\$
Share of net (liabilities) assets	(258,500)	500,000
Amounts due from jointly controlled entities	21,616,595	49,277,753
Less: Unrealised gain on disposal of subsidiaries (note 30)	(18,059,154)	(18,059,154)
	<u>3,298,941</u>	<u>31,718,599</u>

The amounts due from jointly controlled entities are unsecured, interest free and have no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

Particulars of the Group's jointly controlled entities at 31st March, 2002 are as follows:

Name	Form of business structure	Place/country of incorporation/ operations	Attributable interest to the Group		Nature of business
			Direct %	Indirect %	
New Height Developments Limited	Incorporated	British Virgin Islands/Hong Kong	50	–	Investment holding
Parklane Limited	Incorporated	Hong Kong	–	50	Property development
Phoenix Limited	Incorporated	Hong Kong	–	50	Property development

Pursuant to a joint venture deed dated 30th March, 2001 (the "Deed"), the other joint venture partner is entitled to a preferential distribution of profit of Parklane Limited and Phoenix Limited up to an amount as specified in the Deed (the "Agreed Return") and the Group is entitled to the remaining profit up to an amount equivalent to the Agreed Return. Thereafter, the Group is entitled to share the profit equally with the joint venture partner.

19. INVESTMENTS IN UNLISTED SECURITIES

	THE GROUP	
	2002 HK\$	2001 HK\$
Other securities		
Equity securities, unlisted at fair value	–	239,520
	<u>–</u>	<u>239,520</u>

20. OTHER NON-CURRENT ASSETS

	THE GROUP	
	2002 HK\$	2001 HK\$
Club debentures, at cost	8,224,504	9,395,799
Antiques and pictures, at cost	9,506,246	9,506,246
	<u>17,730,750</u>	<u>18,902,045</u>

21. INVENTORIES

	THE GROUP	
	2002 HK\$	2001 HK\$
Raw materials and consumables	42,143,367	44,589,561
Work in progress	6,630,896	2,953,801
Finished goods	74,678,848	66,064,801
	<u>123,453,111</u>	<u>113,608,163</u>

Included above are work in progress of HK\$247,763 (2001: HK\$278,156) and finished goods of HK\$43,546,374 (2001: HK\$613,770) which are carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

22. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing an average credit period of 30 - 60 days to its trade customers.

Included in trade receivables, deposits and prepayments are trade receivables of HK\$27,425,024 (2001: HK\$45,334,642) with an aged analysis as follows:

	THE GROUP	
	2002 HK\$	2001 HK\$
Within 30 days	13,827,835	23,069,515
31 to 90 days	9,621,757	15,388,592
91 to 180 days	1,896,521	4,466,259
Over 180 days	2,078,911	2,410,276
	27,425,024	45,334,642

23. TRADE PAYABLES AND ACCRUED EXPENSES

Included in trade payables and accrued expenses are trade payables of HK\$71,353,333 (2001: HK\$120,974,424) with an aged analysis as follows:

	THE GROUP	
	2002 HK\$	2001 HK\$
Within 30 days	44,703,731	61,660,934
31 to 90 days	14,123,154	33,351,918
91 to 180 days	12,525,281	25,961,572
Over 180 days	1,167	-
	71,353,333	120,974,424

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Amounts payable under finance leases				
Within one year	6,227,968	5,520,944	5,725,030	4,863,420
In the second to fifth years inclusive	2,925,304	6,294,874	2,509,968	5,571,040
	9,153,272	11,815,818	8,234,998	10,434,460
Less: future finance charges	(918,274)	(1,381,358)	N/A	N/A
Present value of lease obligations	8,234,998	10,434,460	8,234,998	10,434,460
Less: Amount due within one year shown under current liabilities			(5,725,030)	(4,863,420)
Amount due after one year			2,509,968	5,571,040

It is the Group's policy to lease certain of its plant and machinery, motor vehicles and office equipment under financial leases. The leases term are 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

25. BANK BORROWINGS

	THE GROUP	
	2002 HK\$	2001 HK\$
Secured		
Bank overdrafts	–	56,941
Bank loans	227,469,051	218,525,771
	227,469,051	218,582,712
Unsecured		
Bank overdrafts	18,301	8,313
Bank loans	60,919,450	30,419,107
	60,937,751	30,427,420
	288,406,802	249,010,132

The maturity of the above bank overdrafts and loans is as follows:

On demand or within one year	76,871,627	93,963,500
More than one year, but not exceeding two years	64,236,791	16,004,396
More than two years, but not exceeding five years	61,327,701	52,219,552
More than five years	85,970,683	86,822,684
	288,406,802	249,010,132
Less: Amount due within one year shown under current liabilities	(76,871,627)	(93,963,500)
Amount due after one year	211,535,175	155,046,632

26. SHARE CAPITAL

	Number of shares		Amount	
	2002	2001	2002 HK\$	2001 HK\$
Ordinary shares of HK\$0.1 each				
Authorised:				
At 1st April and 31st March	1,500,000,000	1,500,000,000	150,000,000	150,000,000
Issued and fully paid:				
At 1st April	1,170,895,928	1,179,337,928	117,089,593	117,933,793
Cancelled on repurchase of shares	(6,502,000)	(8,442,000)	(650,200)	(844,200)
At 31st March	1,164,393,928	1,170,895,928	116,439,393	117,089,593

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited. The directors considered that, as the Company's shares were trading at a discount to the expected net asset value per share, the repurchase would be beneficial to the Company.

These repurchased shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on repurchase was charged to retained profits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

26. SHARE CAPITAL (CONTINUED)

Month of repurchase	Number of shares of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
April 2001	280,000	0.130	0.126	36,198
May 2001	550,000	0.154	0.126	79,981
June 2001	1,468,000	0.168	0.150	234,461
July 2001	440,000	0.160	0.159	70,632
August 2001	220,000	0.166	0.159	35,929
September 2001	284,000	0.145	0.100	35,050
October 2001	410,000	0.107	0.105	43,810
November 2001	482,000	0.108	0.106	52,234
December 2001	966,000	0.119	0.115	112,478
January 2002	480,000	0.113	0.109	53,671
February 2002	522,000	0.103	0.102	53,773
March 2002	400,000	0.102	0.102	41,469
	6,502,000			849,686

27. RESERVES

THE GROUP	Share premium HK\$	Exchange reserve HK\$	Capital reserve on consolidation HK\$	Investment property revaluation reserve HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Capital redemption reserve HK\$	Retained profits HK\$	Total HK\$
At 1st April, 2000	22,785,730	5,342,169	2,256,230	3,548,372	(760,480)	66,141,751	11,387,040	166,115,432	276,816,244
Exchange difference	-	1,423,958	-	-	-	-	-	-	1,423,958
Revaluation decrease in investment properties	-	-	-	(3,548,372)	-	-	-	-	(3,548,372)
Repurchase of own shares	-	-	-	-	-	-	844,200	(1,327,054)	(482,854)
Net loss for the year	-	-	-	-	-	-	-	(38,975,888)	(38,975,888)
At 31st March, 2001	22,785,730	6,766,127	2,256,230	-	(760,480)	66,141,751	12,231,240	125,812,490	235,233,088
Exchange difference	-	422,009	-	-	-	-	-	-	422,009
Repurchase of own shares	-	-	-	-	-	-	650,200	(849,686)	(199,486)
Revaluation decrease on investment securities	-	-	-	-	(239,520)	-	-	-	(239,520)
Net loss for the year	-	-	-	-	-	-	-	(45,435,080)	(45,435,080)
Dividend	-	-	-	-	-	-	-	(5,839,681)	(5,839,681)
At 31st March, 2002	22,785,730	7,188,136	2,256,230	-	(1,000,000)	66,141,751	12,881,440	73,688,043	183,941,330

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

27. RESERVES (CONTINUED)

	Share premium <i>HK\$</i>	Contributed surplus <i>HK\$</i>	Capital redemption reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total <i>HK\$</i>
THE COMPANY					
At 1st April, 2000	22,785,730	96,693,720	11,387,040	12,920,518	143,787,008
Repurchase of own shares	–	–	844,200	(1,327,054)	(482,854)
Net profit for the year	–	–	–	517,743	517,743
At 31st March, 2001	22,785,730	96,693,720	12,231,240	12,111,207	143,821,897
Repurchase of own shares	–	–	650,200	(849,686)	(199,486)
Net profit for the year	–	–	–	1,099,532	1,099,532
Dividend	–	(5,839,681)	–	–	(5,839,681)
At 31st March, 2002	<u>22,785,730</u>	<u>90,854,039</u>	<u>12,881,440</u>	<u>12,361,053</u>	<u>138,882,262</u>

Retained profits of the Group include a loss of HK\$758,500 (2001: HK\$Nil) accumulated by its jointly controlled entities.

Note:

Under the applicable laws of Bermuda, the contributed surplus account of a company is available for distribution. 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 aggregate of its liabilities and its issued share capital and share premium accounts.

The Company's reserves available for distribution to shareholders were as follows:

	2002 HK\$	(Restated) 2001 HK\$
Contributed surplus	90,854,039	96,693,720
Retained profits	12,361,053	12,111,207
	<u>103,215,092</u>	<u>108,804,927</u>

28. DEFERRED TAXATION

	THE GROUP	
	2002 HK\$	2001 HK\$
At 1st April	921,851	1,042,912
Credit for the year	(21,988)	(121,061)
At 31st March	<u>899,863</u>	<u>921,851</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

28. DEFERRED TAXATION (CONTINUED)

At the balance sheet date, the major components of deferred taxation liability (asset), provided and unprovided, are as follows:

	PROVIDED		UNPROVIDED	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Tax effect of timing differences because of:				
Excess (shortfall) of tax allowances over depreciation	899,863	921,851	(3,059,789)	2,148,428
Tax losses not yet utilised	—	—	(36,921,817)	(32,902,000)
	<u>899,863</u>	<u>921,851</u>	<u>(39,981,606)</u>	<u>(30,753,572)</u>

A deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

The amount of unprovided deferred tax (credit) charge for the year is as follows:

	THE GROUP	
	2002 HK\$	2001 HK\$
Tax effect of timing differences of:		
(Shortfall) excess of tax allowances over depreciation	(5,208,217)	1,504,648
Development expenditure	—	(400,944)
Tax losses (arising) utilised	(4,019,817)	28,922,124
	<u>(9,228,034)</u>	<u>30,025,828</u>

Deferred tax has not been provided on the revaluation increase or decrease arising on the revaluation of investment properties as profits or losses arising on the disposal of these assets would not be subject to taxation. Accordingly, the revaluation does not constitute a timing difference for tax purposes.

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

	2002 HK\$	2001 HK\$
Loss before taxation	(42,301,534)	(27,119,986)
Share of results of joint controlled entities	758,500	—
Depreciation	20,671,379	18,888,353
Amortisation of development costs	300,000	300,000
Interest income	(3,280,082)	(3,201,909)
Interest expense	13,768,240	24,830,979
Provision for impairment loss on properties under development	2,963,839	3,456,272
Revaluation decrease on investment properties	29,408,717	60,225,467
(Gain) loss on disposal of property, plant and equipment	(50,830)	801,395
Gain on disposal of subsidiaries	—	(18,059,155)
Decrease in other non-current assets	1,171,295	—
Increase in inventories	(9,844,948)	(11,206,457)
Decrease in properties under development for sale	—	371,131,223
Increase in inventory of unsold properties	—	(1,826,150)
Increase in bills receivable	(1,539,182)	(201,528)
Decrease in trade receivables, deposits and prepayments	13,850,355	8,958,873
(Decrease) increase in trade payables and accrued expenses	(65,104,753)	94,942,503
Decrease in deposits received on sales of properties	—	(200,000,000)
Exchange realignment	1,576,984	6,320,913
Net cash (outflow) inflow from operating activities	<u>(37,652,020)</u>	<u>328,240,793</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

30. DISPOSAL OF SUBSIDIARIES

	2002	2001
	HK\$	HK\$
Properties under development	–	270,225,266
Deposits and prepayments	–	10,100
Bank balances and cash	–	88,016
Accrued expenses	–	(1,025,237)
Amounts due to fellow subsidiaries	–	(186,554,882)
Bank loans	–	(104,198,502)
	<hr/>	<hr/>
Net liabilities disposed of	–	(21,455,239)
Gain on disposal of subsidiaries	–	36,118,309
	<hr/>	<hr/>
	–	14,663,070
	<hr/> <hr/>	<hr/> <hr/>
Satisfied by:		
Cash consideration received	–	14,663,070
	<hr/> <hr/>	<hr/> <hr/>
Analysis of net cash inflow and cash and cash equivalents in connection with disposal of subsidiaries		
Cash consideration	–	14,663,070
Bank balances and cash disposed of	–	(88,016)
	<hr/>	<hr/>
	–	14,575,054
	<hr/> <hr/>	<hr/> <hr/>
Gain on disposal of subsidiaries	–	36,118,309
50% deferred and offset against interests in jointly controlled entities (note 18)	–	(18,059,154)
	<hr/>	<hr/>
Gain recognised in the income statement	–	18,059,155
	<hr/> <hr/>	<hr/> <hr/>

The subsidiaries disposed of in last year did not have any material impact on the turnover and results of the Group. The subsidiaries disposed of in last year paid approximately HK\$5 million in respect of servicing of finance, paid approximately HK\$109 million in respect of investing activities and received approximately HK\$59 million in respect of financing activities.

31. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank loans	Obligations	Share capital
	<i>HK\$</i>	under	and
		finance leases	premium
		<i>HK\$</i>	<i>HK\$</i>
At 1st April, 2000	469,729,881	10,653,205	140,719,523
Exchange difference	(2,359,592)	–	–
Net cash outflow from financing	(164,660,798)	(6,839,053)	–
Repurchase of own shares			
– consideration paid	–	–	(1,327,054)
– premium charged to retained profits	–	–	482,854
Inception of finance leases	–	6,620,308	–
On disposal of subsidiaries	(104,198,502)	–	–
	<hr/>	<hr/>	<hr/>
At 31st March, 2001	198,510,989	10,434,460	139,875,323
Exchange difference	(563,698)	–	–
Net cash inflow (outflow) from financing	35,505,762	(6,168,582)	–
Repurchase of own shares			
– consideration paid	–	–	(849,686)
– premium charged to retained profits	–	–	199,486
Inception of finance leases	–	3,969,120	–
	<hr/>	<hr/>	<hr/>
At 31st March, 2002	233,453,053	8,234,998	139,225,123
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March, 2002

32. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$3,969,120 (2001: HK\$6,620,308).

33. CONTINGENT LIABILITIES AND COMMITMENTS

	THE GROUP		THE COMPANY	
	2002 HK\$	2001 HK\$	2002 HK\$	2001 HK\$
Contingent liabilities:				
Guarantees for banking facilities granted to subsidiaries	–	–	617,454,133	620,415,103
Guarantees for banking facilities granted to jointly controlled entities	231,000,000	184,500,000	231,000,000	184,500,000
Other guarantees	162,270	181,131	–	–
	<u>231,162,270</u>	<u>184,681,131</u>	<u>848,454,133</u>	<u>804,915,103</u>
Capital commitments:				
Contracted for but not provided:				
Acquisition of property, plant and equipment	–	338,120	–	–
Expenditure of leasehold improvements	–	488,271	–	–
	<u>–</u>	<u>826,391</u>	<u>–</u>	<u>–</u>

Pursuant to a joint venture deed dated 30th March, 2001 (the “Deed”) relating to the sale of 100 per cent. of the issued share capital of Phoenix Limited and Parkland Limited (collectively the “Project Companies”), former wholly-owned subsidiaries of the Company, to a jointly controlled entity of which the Group has a 50 per cent. equity interest, the Group and the Company has undertaken and guaranteed, among other things, that the development cost of the property projects of the Project Companies would not exceed HK\$40 million and HK\$63.5 million respectively.

34. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

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

	THE GROUP	
	2002 HK\$	2001 HK\$
Within one year	2,929,984	5,270,198
In the second to fifth year inclusive	3,887,192	2,835,576
Over five years	6,740,082	6,882,763
	<u>13,557,258</u>	<u>14,988,537</u>

Operating lease payments represent rental payable by the Group for certain of its office premises, staff quarters and factories. Leases for office premises and staff quarters are negotiated for terms of 3 years. Leases for factories are negotiated for terms of 50 years.

For the year ended 31st March, 2002

34. OPERATING LEASE ARRANGEMENTS (CONTINUED)

The Group as lessor:

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

	THE GROUP	
	2002	2001
	HK\$	HK\$
Within one year	7,715,080	5,848,000
In the second to fifth year inclusive	4,240,800	7,398,000
	<u>11,955,880</u>	<u>13,246,000</u>

Leases are negotiated for terms ranging from 2 to 3 years.

35. RETIREMENT BENEFIT SCHEME

Commencing from 1st December, 2000, the Group's employees are required to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). Under the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK\$1,000 per month whichever is the smaller to the scheme. The Group's total contribution to the scheme for the year ended 31st March, 2002 is HK\$1,174,083 (2001: HK\$601,700). There is no forfeiture of employer's contribution from leaving scheme members under the MPF Scheme.

36. LONG SERVICE PAYMENTS

At 31st March, 2002, the Group had a number of employees who had completed the required number of years of service under Hong Kong's Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments if the termination of employment meets the circumstances which are specified in the Ordinance. Had the employment of all eligible employees been terminated on 31st March, 2002 under the circumstances specified by the Ordinance, the maximum potential exposure would have been approximately HK\$18,706,466 (2001: HK\$18,214,098). No provision has been made in the financial statements in respect of such long service payments.

37. PLEDGE OF ASSETS

At 31st March, 2002, the Group has pledged the following assets in favour of banks to secure the banking facilities:

	2002	2001
	HK\$	HK\$
Investment properties	185,000,000	170,800,000
Land and buildings	38,387,947	74,396,282
Properties under development	156,588,223	–
Inventory of an unsold property	–	44,826,150
Bank deposits (note)	<u>15,000,000</u>	<u>–</u>

Note:

Bank deposits are pledged to a bank as guarantees in respect of the construction costs for the projects undertaken by jointly controlled entities. The bank deposits will be released upon the completion of construction projects of which HK\$9,202,500 (2001: HK\$nil) relating to a project expected to be completed within one year and HK\$5,797,500 (2001: HK\$nil) relating to a project expected to be completed after one year.