

Annual Report 年報
2004 - 2005



PIONEER GLOBAL GROUP LIMITED
建生國際集團有限公司

Contents

Corporate Information	2
Managing Director's Report	3
Directors' Report	7
Auditors' Report	15
Consolidated Profit & Loss Account	16
Consolidated Balance Sheet	17
Balance Sheet	18
Consolidated Cash Flow Statement	19
Consolidated Statement of Changes in Equity	21
Notes to the Financial Statements	22
Schedule of the Group's Properties	63
Five Years Financial Summary	64

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*
Goodwin GAW, *Vice Chairman*
Kenneth GAW, *Managing Director*
Jane Kwai Ying TSUI

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, J.P.
The Hon. Bernard Charnwut CHAN
Arnold Tin Chee IP

AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, J.P.
The Hon. Bernard Charnwut CHAN
Arnold Tin Chee IP

COMPANY SECRETARY

Jane Kwai Ying TSUI

BANKERS

Asia Commercial Bank Limited
Bangkok Bank Public Company Limited
Citibank, N.A.
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

SOLICITORS

K.C. Yung & Co.
Morrison & Foerster

AUDITORS

Fan, Mitchell & Co.

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL OFFICE IN HONG KONG

Suites 01-03, 30th Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

INFORMATION

<http://www.pioneerglobalgroup.com>
Bloomberg: 224:HK
Reuters: 0224.hk

Managing Director's Report

BUSINESS REVIEW

Total turnover for the Group (including subsidiaries and share of associates) in the 12 months ended 31 March 2005 was HK\$122.3 million (2004: HK\$127.6 million). The turnover decreased mainly because of a drop in revenues from the Group's listed associate Siam Food Products Public Company Limited. On the other hand, I am pleased to report that net profit for the Group increased sharply to HK\$45.6 million from HK\$21.9 million in the same period in 2004. The increase in net profit was due mainly to profit from disposal of some of the Group's investment properties as well as lower operating expenses.

Property Investments



Shanghai K Wah Centre, Shanghai, People's Republic of China

For the 12 months ended 31 March 2005, the Group's directly held investment properties generated rental revenues of HK\$22.4 million, compared to HK\$24.3 million in 2004. Rental revenues decreased due to the disposal by the Group of some of its properties in the previous and current reporting periods. Profit from disposals during the period was HK\$14.0 million.

The Pioneer Building in Kwun Tong has continued to perform well and achieved an occupancy rate of 93.9% at the end of the period.

Phase II of the Pacific Plaza project in Shanghai (now named Shanghai K Wah Centre) was completed in first quarter 2005 as planned. Since its launch, the property has attracted strong demand from the market. As at the end of March 2005, the occupancy rate was already at 76%.



New Arcade, Kowloon City Plaza, Kowloon City, Kowloon (artist's impression)



New Lobby Area, 68 Yee Woo Street, Causeway Bay, Hong Kong

In May 2004, the Group formed a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited to purchase the 217,625 sq.ft. 68 Yee Woo Street in Causeway Bay and the 640,000 sq.ft. Kowloon City Plaza in Kowloon City. During the period, the partners finalized repositioning plans for the properties.

Managing Director's Report

The performance of Global Gateway, the Group's 20:80 joint venture with Morgan Stanley Real Estate Funds, has continued to improve. During the period under review, Global Gateway contributed profit of HK\$5.9 million to the Group (2004: Loss of HK\$1.8 million). Demand has been high at the company's Hong Kong asset in Tsuen Wan, pushing occupancy to over 90% during the period. Occupancy at the Singapore asset has remained at 32%.

Investments in Hotel Industry

As noted in the last interim report, the 382 rooms Garden Beach Resort in Pattaya, Thailand has been renamed in November 2004 as the Aisawan Resort & Spa after an extensive renovation program and the addition of a full serviced destination spa. The repositioning exercise has been well received by the market. For the year ended 31 March 2005, the resort produced revenues of Baht 177.9 million and gross operating profits of Baht 83.0 million. While the December 2004 tsunami that struck many of the leading beach resorts in southern Thailand (and other Indian Ocean destinations) had a mild negative impact on the performance of Aisawan Resort & Spa due to cancellations from some long-haul markets to Southeast Asia in the first quarter of 2005, Pattaya was physically unaffected by the tragic event. And by the second quarter of 2005, business has recovered to the usual level. With the completion of the renovation program at the Aisawan Resort & Spa and the planned 2006 opening of the new Suvarnabhumi Airport in Bangkok, the Group is bullish on the future prospects of the resort and Pattaya as a destination.



Upgraded Guest Room,
Aisawan Resort & Spa, Pattaya, Thailand



New Spa,
Aisawan Resort & Spa, Pattaya, Thailand

The Group's associated company Grandsworth Pte. Limited owns 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. During the year ended December 2004, Dusit Thani continued to upgrade many of its hotels and resorts, including the on-going major renovation program at the flagship Dusit Thani Bangkok. In addition to upgrading its existing assets, the company purchased an existing hotel and land in Chiang Mai, which will be renovated and re-launched under the new "D2" brand. Furthermore, the company also purchased new land in Koh Samui (a popular island destination in the Gulf of Thailand) to be developed into a brand new Dusit resort and villa project. For the 12 months ended December 2004, Dusit Thani had revenues of Baht 2.58 billion (2003: Baht 2.25 billion) and net income of Baht 565.8 million (2003: Baht 314.4 million).

Managing Director's Report

The three hotels in Yangon, Myanmar (the Strand Hotel, Dusit Inya Lake Resort, and Thamada Hotel) owned by the Group's unlisted associate, Strand Hotels International Limited, performed satisfactorily in the 2004 fiscal year. In the back of a 16% increase in tourist arrival for the country in 2004, the properties performed above budget and improved significantly from 2003. While the hotels continued to perform in line with expectation in the first quarter of 2005, the terrorist attacks in Yangon in May 2005 proved to be yet another in a seemingly endless series of set backs to the long suffering tourism market in Myanmar.

Other Investments

For the year ended 31 December 2004, Siam Food Products Public Company Limited ("Siam Food"), a listed associate of the Group, reported revenues of Baht 2.25 billion (2003: Baht 2.46 billion) and net profit of Baht 30.58 million (2003: Baht 205.6 million). The substantial decrease in net profit was due to a loss of Baht 47.52 million in 2004 from the company's core pineapple canning operation (2003: profit of Baht 146.92 million). The reason for the company's net loss from operation was due mainly to high fruits cost. As a result of the unusual weather patterns of floods at the end of 2003 followed by drought in 2004, pineapple production in Thailand was 20% below projection. In addition, manufacturing costs were hit by the increase in international commodities prices, which affected the costs of cans, fuel, steel, and chemicals. Overall, Siam Food was able to achieve a net profit in 2004 due to the strength of the company's industrial estate business. As an associated company, the Group recorded a loss of HK\$0.3 million for the year ended 31 March 2005 (2004: profit of HK\$7.0 million).

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2005, the Group continued to enjoy a strong financial position, maintaining substantial unutilized bank facilities. At the balance sheet date, the Group's total debt to equity ratio was 24.8% (March 2004: 9.3%) and the net debt (net of cash and cash equivalent) to equity ratio was 17.9% (March 2004: 5.9%).

PROSPECTS

In March and April 2005, the Group purchased a total of approximately 63,840 sq.ft. of retail space in Maximall, City Garden, North Point of Hong Kong from three different vendors for a total consideration of HK\$117.7 million. Details of the transactions were provided in a circular to shareholders dated 6 June 2005. The Group plans to turn the entire basement of Maximall into a themed education center for young children. The design and planning stage for the project is nearing completion and the center is expected to open in the last quarter of 2005.



Basement, Maximall, City Garden,
North Point, Hong Kong (artist's impression)

In April 2005, the Group also completed the purchase of an investment property, approximately 6,630 sq.ft. comprising 4 contiguous office units in Great Eagle Centre which is a high-grade commercial building located at the harbour front of Wan Chai, Hong Kong. The total consideration was HK\$34.0 million.

Managing Director's Report

In April 2005, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation to acquire a 22-storey, approximately 437,000 sq.ft. commercial building in Macau for HK\$600 million. The Group has 25% interest in the joint venture. Details of the transaction were provided in circulars to shareholders dated 3 May 2005 and 15 July 2005 respectively. The partners plan to renovate and reposition the property into an international class A office/retail/entertainment building. Plans are being finalized and renovation work is expected to be completed by the first quarter of 2006.

In May 2005, Global Gateway signed a sale & purchase agreement to sell its Hong Kong and Singapore assets for the consideration of HK\$754.2 million and S\$4.2 million respectively. The sale of the Hong Kong asset was completed in June 2005 while the sale of the Singapore asset is expected to be completed soon pending satisfaction of certain outstanding conditions. The sale will generate a profit before taxation of approximately HK\$250 million for Global Gateway.

Going forward, the Group plans to continue to look for attractive real estate and hotels investments in the region.

EMPLOYEES

As at 31 March 2005, the number of salaried staff at the holding company level was 15 (2004: 28). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Share options are granted by the Board of Directors to staff members as appropriate.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all the employees for their contributions.

Kenneth Gaw
Managing Director

Hong Kong, 18 July 2005



251A-301 Avenida Commercial de Macau, Macau (artist's impression)

Directors' Report

The Directors are pleased to present their report together with the audited financial statements for the Group and the Company for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies and partnerships are shown in notes 10, 11 and 15. An analysis of the Group's turnover and contribution to results by principal activity of operations is set out in note 2 to the financial statements.

FINANCIAL STATEMENTS AND DIVIDENDS

The consolidated profit and loss account for the year ended 31 March 2005 and the balance sheet for the Group and the Company as at 31 March 2005 are set out in the financial statements on pages 16 to 62.

The Directors recommend the payment of a final dividend for the year ended 31 March 2005 at the rate of 1 HK cent per share, payable on 28 September 2005 to all persons registered as shareholders on 31 August 2005 (2004: scrip dividend with a cash option of 1 HK cent). The transfer books and register of members of the Company will be closed from 29 August 2005 to 31 August 2005, both days inclusive.

Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

SHARE CAPITAL AND RESERVES

Details of movements in issued share capital and reserves during the year are set out in note 20 and note 21 to the financial statements.

FIXED ASSETS

Details of movements in fixed assets are set out in note 9 to the financial statements.

SUBSIDIARIES

Details of the subsidiary companies as at 31 March 2005 are set out in note 15 to the financial statements.

BORROWINGS

Details of borrowings are set out in note 18 to the financial statements.

Directors' Report

INTEREST CAPITALIZED

No interest expense was capitalized during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers being trade customers and tenants of the Group accounted for 39% of the Group's turnover, the largest trade customer accounting for 10%. The five largest suppliers of goods and services accounted for less than 20% of the Group's expenditure on goods and services, the largest supplier of goods and services accounting for 7%.

DONATIONS

During the year the Group has made charitable donations amounting to HK\$15,000 (2004: HK\$20,000).

DIRECTORS

The Directors in office during the year and up to the date of this report were:

Mrs. Rossana WANG GAW

Mr. Goodwin GAW

Mr. Kenneth GAW

Ms. Jane Kwai Ying TSUI

Dr. Charles Wai Bun CHEUNG, J.P.

The Hon. Bernard Charnwut CHAN

Mr. Arnold Tin Chee IP

In accordance with the Company's Bye-Laws, Mr. Goodwin Gaw and Mr. Kenneth Gaw retire, and being eligible, offer themselves for re-election.

Neither Mr. Goodwin Gaw nor Mr. Kenneth Gaw has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation.

Directors' Report

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mrs. Rossana WANG GAW (*Chairman*)

Aged 59. Appointed to the Board in 1980 and has been Chairman of the Group since February 1999. She is the Managing Director of Pioneer Estates Limited. She is responsible for the management of the real estate sector in the Group. Mrs. Gaw has eight years of experience in the garment manufacturing industry and over 20 years of experience in real estate investments. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a degree in Business Administration.

Mr. Goodwin GAW (*Vice-Chairman*)

Aged 36. Appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. Mr. Gaw is also the Chairman & CEO of Global Gateway, L.P. and President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in United States. He graduated with a Bachelor of Science degree in Civil Engineering from the University of Pennsylvania, a finance degree from Wharton Business School and a Master of Science degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw.

Mr. Kenneth GAW (*Managing Director*)

Aged 34. Appointed to the Board in 1994 and became Managing Director of the Group in February 1999. Mr. Gaw is also a director of Siam Food Products Public Company Limited and Dusit Thani Public Company Limited and was director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until the company was privatized in July 2000. He graduated with a Bachelor of Science degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude). Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance at Goldman Sachs (Asia) Limited in Hong Kong. Mr. Gaw was the Chairman of Young Entrepreneurs' Organisation Hong Kong Chapter for 2001-2002. He is the son of Mrs. Rossana Wang Gaw.

Ms. Jane Kwai Ying TSUI (*Company Secretary*)

Aged 61. Appointed to the Board in 1984. She is responsible for the day to day operation of the Group, including general administration. She is also responsible for all company secretarial matters of the Group. Ms. Tsui previously worked in the banking sector for about three years before joining the Group in 1980.

Directors' Report

Independent non-executive Directors

Dr. Charles Wai Bun CHEUNG, J.P.

Aged 69. Appointed to the Board in 1986, is the group chief executive and executive deputy chairman of Mission Hills Group, Hong Kong. He holds an Honorary doctorate degree in Business Administration, a Master degree in Business Administration and a bachelor degree of science. Dr. Cheung has more than thirty-eight years working experience and he has held senior management positions in various industries including banking, finance, property, hotel developments, management and investments. He is a non-executive director and chairman of the respective audit committees of K. Wah International Holdings Limited, K. Wah Construction Materials Limited and Prime Investments Holdings Limited which are companies listed on the Main Board of Hong Kong Stock Exchange. Dr. Cheung is also an independent non-executive director of B & S Entertainment Holdings Limited and adviser of the Tung Wah Group of Hospitals. He is a Vice Chairman of Guangdong Province Golf Association. Dr. Cheung was awarded the Directors of the Year Awards 2002 of Listed Company Non-executive Director. Dr. Cheung was appointed by the HKSAR Government as a member of the Estate Agents Authority on 1 November 2002.

The Hon. Bernard Charnwut CHAN

Aged 40. Appointed to the Board in 1994, is a member of the Legislative Council of the Hong Kong Special Administrative Region. A graduate of Pomona College in California, U.S.A., he holds the positions of Deputy Managing Director of Asia Financial Group and the President of Asia Insurance. He serves as the Chairman of the Standing Committee on Disciplined Services Salaries and Conditions of Service; a Director of The Hong Kong Mortgage Corporation Ltd. and a Council Member of Lingnan University. He is also a member of the Mandatory Provident Fund Schemes Advisory Committee, Insurance Advisory Committee, Economic & Employment Council, Greater Pearl River Delta Business Council and the Committee on Financial Assistance for Family members of Those Who Sacrifice Their Lives to Save Others. In addition, he serves as the Advisor of Bangkok Bank Ltd., Hong Kong Branch, the Chairman of the Hong Kong-Thailand Business Council, Chairperson of The Hong Kong Council of Social Service and the Vice Chairperson of the Community Investment & Inclusion Fund Committee.

Mr. Arnold Tin Chee IP

Aged 42. Appointed to the Board in 1999. He is a director of Altus Capital Limited where he is involved in the supervision and management of corporate finance and advisory work for companies in Hong Kong and in advising on private equity and property investments in Asia. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Company Limited thereafter until January 2001 specializing in a broad range of corporate finance and advisory activities for companies based in Hong Kong and China.

Mr. Ip's work focuses on fund raising for listed and unlisted companies, and management of real estate investment funds.

Directors' Report

From 1984 to 1988 Mr. Ip worked at Arthur Andersen & Co in London specializing in taxation and qualified as a chartered accountant in 1988.

Mr. Ip is a graduate of Trinity College, Cambridge University.

The Company has pursuant to Rule 3.13 of the Listing Rules, received from each of the Independent Non-executive Directors an annual confirmation of his independence and still considers each of them to be independent.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2005, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

Long position in shares of the Company

	Personal interests	Interests held by controlled corporation	Interests held by family trust	Total	Percentage of issued share capital
Rossana Wang Gaw	–	15,934,364 ¹	123,148,701 ³	139,083,065	18.08
Kenneth Gaw	1,805,527	8,453,375 ²	27,537,243 ⁴	37,796,145	4.91
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.08

Notes:

- Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,934,364 shares.
- Mr. Kenneth Gaw owns the entire issued share capital of Fortune South China Limited, which was beneficially interested in 8,453,375 shares.
- Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares.
- Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 27,537,243 shares.

Directors' Report

Long position in underlying shares of the Company

	Number of share options	Exercise price (HK\$)	Date of grant	Exercise period
Rossana Wang Gaw	8,389,277	1.5405	06/03/97	06/03/97 to 05/03/07
Goodwin Gaw	9,931,596	1.8897	24/10/96	24/10/96 to 23/10/06
	7,711,593	1.5405	06/03/97	06/03/97 to 05/03/07
Kenneth Gaw	9,931,596	1.8897	24/10/96	24/10/96 to 23/10/06
	7,711,593	1.5405	06/03/97	06/03/97 to 05/03/07
Jane Kwai Ying Tsui	2,336,847	1.8897	24/10/96	24/10/96 to 23/10/06
	2,336,846	1.5405	06/03/97	06/03/97 to 05/03/07

Long position in shares of associated companies

Name of Company	Name of Director	No. of shares held by controlled corporation	Percentage of issued share capital
Grandsworth Pte. Ltd.	Rossana Wang Gaw	1*	50
Grandsworth Pte. Ltd.	Kenneth Gaw	1*	50
Pioneer Hospitality Siam (GBR) Ltd.	Rossana Wang Gaw	475,000*	47.5
Pioneer Hospitality Siam (GBR) Ltd.	Kenneth Gaw	475,000*	47.5
Keencity Properties Ltd.	Rossana Wang Gaw	4,721,034*	47.5
Keencity Properties Ltd.	Kenneth Gaw	4,721,034*	47.5
Pioneer iNetwork Ltd.	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Ltd.	Kenneth Gaw	1*	50.0

* Interested by Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw represented the same interests and were therefore duplicated amongst these two Directors for the purpose of the SFO.

Saved as disclosed above, as at 31 March 2005, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code of Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

Directors' Report

DISCLOSURE OF SHAREHOLDERS' INTERESTS

As 31 March 2005, according to the register of interests in long and short positions kept by the Company under the provisions of Divisions 2 and 3 of Part XV of section 336 of the SFO and so far as the Directors were aware, the following persons had a long or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

	Number of shares	Percentage of issued share capital
Asset-Plus Investments Ltd.	68,076,076	8.85
Forward Investments Inc.	181,388,105	23.58
Intercontinental Enterprises Corporation	123,148,701	16.01
Prosperous Island Limited	65,939,293	8.57

Saved as disclosed above, there was no other person (other than the Directors of the Company) who, as at 31 March 2005, was recorded in the register of interests in long positions and short positions kept by the Company under the provisions of Divisions 2 and 3 of Part XV of section 336 of the SFO.

SHARE OPTION SCHEME

Details of share option scheme are set out in note 26 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

No Director has a service contract with any member of the Group which is not determinable within one year without payment other than statutory compensation.

No Director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company or its subsidiaries were entered into or existed during the year.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda, the jurisdiction in which the Company was incorporated.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of the annual report, there was a sufficient public float of the Company.

Directors' Report

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year, the Company has purchased its shares on the Stock Exchange. Details are as follows:

Date of purchase	No. of shares purchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration paid <i>HK\$</i>
11 May 2004	28,000	0.200	0.195	5,510

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares of the Company during the year.

AUDIT COMMITTEE

During the year, the Audit Committee held meeting twice to discuss with management and the external auditors the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters. The Members of the Audit Committee are Dr. Charles Wai Bun Cheung, J.P., The Hon Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip.

COMPLIANCE WITH CODE OF BEST PRACTICE

During the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange, which was still in force prior to 1 January 2005, except that the independent non-executive directors have no specific term of office but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

AUDITORS

The financial statements have been audited by Fan, Mitchell & Co. who retire, and being eligible, offer themselves for re-appointment.

On Behalf of the Board

Rossana Wang Gaw

Chairman

Hong Kong, 18 July 2005

Auditors' Report

To the members of

Pioneer Global Group Limited

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 16 to 62 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FAN, MITCHELL & CO.

Certified Public Accountants

Hong Kong, 18 July 2005

Consolidated Profit & Loss Account

For the year ended 31 March 2005

	Notes	2005 HK\$'000	2004 HK\$'000
Turnover			
Company and subsidiaries	2	32,048	35,518
Share of listed associate		60,459	69,796
Share of unlisted associates		29,799	22,332
		122,306	127,646
Turnover of Company and subsidiaries		32,048	35,518
Properties operating expenses		(3,801)	(3,744)
Purchases for resale		(101)	(1,286)
Staff costs		(8,880)	(11,039)
Depreciation & amortisation		(575)	(822)
Other operating expenses		(3,920)	(5,034)
		(17,277)	(21,925)
Operating profit	2	14,771	13,593
Finance costs	3a	(1,440)	(2,336)
Net profit on disposal of assets less impairment provisions	3c	21,411	3,393
		34,742	14,650
Share of profits and (losses) of associates			
Listed		(275)	7,017
Unlisted		11,820	5,062
Profit before taxation		46,287	26,729
Taxation	4	(650)	(3,645)
		45,637	23,084
Minority interests		(35)	(1,218)
Profit attributable to shareholders		45,602	21,866
Dividends	6	11,541	7,490
Earnings per share (HK cents)	7	6.01	2.92

Consolidated Balance Sheet

At 31 March 2005

	Notes	2005 HK\$'000	2004 HK\$'000
Non-current assets			
Fixed assets	9	238,856	192,437
Listed associate	10	54,938	55,032
Unlisted associates	11	232,494	204,229
Investment securities	12	148,478	108,456
Other investments	13	10,924	7,383
Deposits & advance	14	59,127	–
		744,817	567,537
Current assets			
Debtors, advances & prepayments	16	29,114	4,957
Other investments	13	30,293	38,603
Cash & bank balances		46,258	18,914
		105,665	62,474
Current liabilities			
Creditors & accruals	17	(15,586)	(13,049)
Secured bank loans	18	(143,700)	(51,729)
Taxation		(664)	(1,962)
		(159,950)	(66,740)
Net current liabilities		(54,285)	(4,266)
Non-current liabilities			
Secured bank loan	18	(21,450)	–
Deferred taxation	19	(2,373)	(2,554)
		(23,823)	(2,554)
Minority interests		(1,481)	(2,134)
Net assets		665,228	558,583
Capital & reserves			
Share capital	20	76,935	74,898
Reserves	21	588,293	483,685
		665,228	558,583

Kenneth Gaw
Director

Jane Kwai Ying Tsui
Director

Balance Sheet

At 31 March 2005

	Notes	2005 HK\$'000	2004 HK\$'000
Non-current assets			
Subsidiary companies	15	491,564	444,036
Unlisted associates	11	40,448	38,978
		532,012	483,014
Current assets			
Debtors, advances & prepayments		198	517
Other investments		9,899	34,697
Cash & bank balances		41,430	14,670
		51,527	49,884
Current liabilities			
Creditors & accruals		(1,172)	(1,371)
Secured bank loan		(59,000)	(9,129)
Taxation		(147)	(17)
		(60,319)	(10,517)
Net current (liabilities)/assets		(8,792)	39,367
Net assets		523,220	522,381
Capital & reserves			
Share capital	20	76,935	74,898
Reserves	21	446,285	447,483
		523,220	522,381

Kenneth Gaw
Director

Jane Kwai Ying Tsui
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2005

	2005 HK\$'000	2004 HK\$'000
Cash flows from operating activities		
Profit before taxation	46,287	26,729
Share of net profit of unlisted associates	(11,820)	(5,062)
Share of net loss/(profit) of listed associate	275	(7,017)
Net profit on disposal of assets less impairment provisions	(21,411)	(3,393)
Depreciation & amortisation	575	822
Interest income	(3,470)	(3,231)
Interest expense	1,440	2,336
Investment income		
– listed	(4,576)	(2,021)
– unlisted	(1,289)	(858)
Provision for long service payments	33	339
(Increase)/decrease in debtors, advances & prepayments	(26,765)	1,674
Increase/(decrease) in creditors & accruals	2,515	(299)
Exchange adjustment	262	237
Cash (used in)/generated from operations	(17,944)	10,256
Hong Kong profits tax paid	(1,985)	(893)
Hong Kong profits tax refunded	195	–
Overseas profits tax paid	(267)	(273)
Net cash (outflow to)/inflow from operating activities	(20,001)	9,090

Consolidated Cash Flow Statement

For the year ended 31 March 2005

	Notes	2005 HK\$'000	2004 HK\$'000
Cash flows from investing activities			
Interest received		3,787	3,290
Dividends received from:			
Investment securities		4,188	1,770
Other investments		1,677	1,109
Listed associate		2,666	2,728
Unlisted associate		325	–
Purchase of fixed assets		(38,222)	(1,150)
Proceeds on disposal of fixed assets		29,781	56,271
Deposits on investment properties & advances		(59,127)	–
Investment in unlisted associates		–	(516)
Capital repayment from unlisted associates		4,873	1,694
Net repayment from/(advances to) unlisted associates		20,389	(53,673)
Advances to a former associate	25(c)	(447)	–
Purchase of investment securities		(40,022)	–
Proceeds on disposal of other investments		31,989	5,882
Purchase of other investments		(21,753)	(24,618)
Recovery of receivables previously provided for		2,629	–
Reclassification of subsidiary to other investments	25(c)	(830)	–
Net cash used in investing activities		(58,097)	(7,213)
Cash flows from financing activities			
Interest paid		(1,142)	(2,311)
Share repurchased		(6)	–
Distributions to minority shareholders	25(b)	(504)	(324)
Dividends paid		(6,336)	–
Bank loan raised/(repaid)	25(b)	21,450	(22,800)
Net cash generated from/(used in) financing activities		13,462	(25,435)
Decrease in cash and cash equivalents		(64,636)	(23,558)
Cash and cash equivalents at the beginning of the year		(32,815)	(9,281)
Effect of foreign exchange rate changes		9	24
Cash and cash equivalents at the end of the year		(97,442)	(32,815)
Analysis of the balances of cash and cash equivalents			
Bank balances, cash and deposits placed with banks up to three months' maturity		46,258	18,914
Bank loans repayable up to three months	25(a)	(143,700)	(51,729)
		(97,442)	(32,815)

Consolidated Statement of Changes in Equity

For the year ended 31 March 2005

	<i>Notes</i>	2005 HK\$'000	2004 <i>HK\$'000</i>
Total equity at 1 April		558,583	531,938
Exchange adjustment of:			
– subsidiaries	21	374	378
– associates	21	355	4,602
Surplus on revaluation of investment properties			
– subsidiaries		28,884	1,000
– associate		41,926	–
Net gains not recognised in the profit & loss account		71,539	5,980
Profit for the year		45,602	21,866
Reserves realised on disposal of investment properties		(4,154)	(1,201)
Shares repurchased		(6)	–
Shares issued as scrip dividend		2,040	–
Premium arising on scrip dividend		2,961	–
Final dividend paid for the year ended 31 March 2004		(7,490)	–
Interim dividend paid for the year ended 31 March 2005		(3,847)	–
Total equity at 31 March		665,228	558,583

Notes to the Financial Statements

For the year ended 31 March 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

These financial statements are prepared under historical cost convention as modified by the revaluation of investment properties and the valuation to fair value of other investments, and in accordance with accounting principles generally accepted in Hong Kong including Statements of Standard Accounting Practice (“SSAP”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and with the disclosure requirements of the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited and of the Hong Kong Companies Ordinance.

(b) Impact of Recently Issued Hong Kong Financial Reporting Standards (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“HKAS”), herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether and to what extent these new HKFRSs would have an impact on its results of operations and financial position.

(c) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year together with the Group’s share of the net assets and post-acquisition results of the associated companies using the equity method of accounting.

(d) Goodwill

Goodwill on acquisition of subsidiaries and associated companies represents the excess of the purchase consideration paid for such companies over the fair values ascribed to the net underlying assets and liabilities at the date of acquisition. Goodwill is recognized as an asset, and amortized on a straight line basis over its estimated useful life.

(e) Subsidiaries

A subsidiary is an entity over which the Company has direct or indirect control. In the case of limited companies, control means the continuing ability to exercise more than half of the voting rights or to appoint a majority of the directors. In the case of partnerships, control means the continuing ability to exercise more than half of the voting rights or to appoint the general partner.

The Company’s interests in subsidiaries are stated at cost less provision for impairment losses.

Notes to the Financial Statements

For the year ended 31 March 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Associates

An associate is an entity, other than a subsidiary, over which the Group has the ability to exercise significant influence, including participation in financial and operating policy decisions.

Investments in associates are stated in the consolidated balance sheet at the Group's share of net assets other than goodwill less provision and in the balance sheet of the Company at cost less provision for impairment losses.

Provision is made when the directors consider that there is a diminution in the underlying value which is other than temporary. Any such provision is recognized as an expense in the profit and loss account.

(g) Fixed Assets and Depreciation

(1) *Investment Properties*

Properties which are intended to be held for long-term rental income purposes are classified as investment properties. Investment properties are valued annually by independent professional valuers on an open market value basis. Changes in the value of investment properties are dealt with in the investment properties valuation reserve. If the total of this reserve is insufficient to cover a deficit on a portfolio basis, the excess of the deficit is charged to the profit and loss account. On disposal of a revalued investment property, the relevant revaluation surplus or deficit is transferred to the profit and loss account.

(2) *Depreciation*

Depreciation is calculated to write off the cost or valuation of assets over their estimated useful lives on the following bases:

Investment properties	Nil
Other assets	10-30% p.a. reducing balance method

(h) Investment Securities

Investment securities are securities which are intended to be held on a continuous basis, for example for strategic reasons or to cement commercial relationships. Investment securities are stated at cost less provision for impairment losses.

Notes to the Financial Statements

For the year ended 31 March 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Other Investments

Other investments are securities, other than investments in subsidiaries, associates and investment securities, the accounting policies for which are disclosed above. Other investments intended by the directors to be held for more than one year are classified as non-current assets and other investments intended by the directors to be held less than one year are classified as current assets. Other investments are stated at fair value as at the balance sheet date, and those unlisted being stated at fair value as estimated by the directors. Changes in fair value are recognized in the profit and loss account as they arise.

(j) Impairment of Assets

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 those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment reversal is treated as a revaluation increase.

(k) Operating Leases

Leases whereby substantially all the rewards and risks of ownership of assets remain with the leasing company are considered as operating leases. Rental payable and receivable under operating leases are accounted for on a straight line basis over the respective periods of the leases.

(l) Foreign Currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the profit and loss accounts of overseas subsidiaries and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange reserve.

Notes to the Financial Statements

For the year ended 31 March 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Deferred Taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(n) Revenue Recognition

(1) Rental Income

Rental income is recognised on a straight line basis over the periods of the leases.

(2) Rendering of Services

Services income is recognised when the services are rendered and billed to clients.

(3) Dividend Income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognized when the Group's right to receive payment is established.

(4) Interest Income

Interest income is recognized on a time proportion basis.

(5) Sales of Investments

Profits and losses on sales of investments are recognised when the transaction is completed and represent the difference between the estimated net proceeds and the carrying amount of the investments.

(o) Employee Benefits

(1) Retirement Scheme

The Group participates in a defined contribution mandatory provident fund retirement benefits scheme in compliance with the Mandatory Provident Fund Schemes Ordinance. The assets of this scheme are held separately from those of the Group and administered independently. The Group's contributions are recognized in the profit and loss account when incurred.

Notes to the Financial Statements

For the year ended 31 March 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Employee Benefits *(continued)*

(2) Long Service Payments

Certain of the Group's employees have completed the required number of years of service in order to be eligible for long service payments under the Employment Ordinance in the event of termination of their employment, including retirement. The Group has had and continues to maintain a provision in respect of probable future long service payments expected to be made. The provision is based on an estimate of future payments which have been earned by the employees, including executive directors, from their service to the Group, net of the Group's employer contributions to the mandatory provident fund scheme.

(3) Share Option Scheme

The Group operated a share option scheme, details of such which are provided in note 26. Upon the exercise of share options, no charge is recorded in the profit and loss account. The resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

2. SEGMENT INFORMATION

Segment information is presented in respect of the Group primary business segment and secondary geographical segment.

Segment revenue, expenses and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Unallocated items mainly comprise corporate, financing expenses and non-operating items shown below.

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Property and Hotels is HK\$47,000 (2004: HK\$32,000). The amount eliminated attributable to Investments and Others is HK\$957,000 (2004: HK\$330,000).

In determining the Group's geographical segments, revenues are attributed based on the geographical location of customers.

Notes to the Financial Statements

For the year ended 31 March 2005

2. SEGMENT INFORMATION (continued)

Business Segment

	Property and hotels		Investments and others		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment turnover	22,472	24,299	9,576	11,219	32,048	35,518
Segment result	7,367	8,896	8,061	6,284	15,428	15,180
Unallocated corporate expenses					(657)	(1,587)
Operating profit					14,771	13,593
Finance costs					(1,440)	(2,336)
Net profit on disposal of assets less impairment provisions					21,411	3,393
Share of profits and (losses) of associates						
– Listed	–	–	(275)	7,017	(275)	7,017
– Unlisted	11,820	5,062	–	–	11,820	5,062
Taxation					(650)	(3,645)
Minority interests					(35)	(1,218)
					45,602	21,866

Notes to the Financial Statements

For the year ended 31 March 2005

2. SEGMENT INFORMATION (continued)

Business Segment (continued)

	Property and hotels		Investments and others		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment assets and liabilities						
Segment assets	367,830	194,509	195,220	176,241	563,050	370,750
Investment in associates:						
– Listed	–	–	54,938	55,032	54,938	55,032
– Unlisted	232,494	204,229	–	–	232,494	204,229
Consolidated total assets					850,482	630,011
Segment liabilities	(178,058)	(52,282)	(1,896)	(11,483)	(179,954)	(63,765)
Unallocated corporate liabilities					(3,819)	(5,529)
Consolidated total liabilities					(183,773)	(69,294)
Other information						
Capital expenditure	38,222	1,130	–	20	38,222	1,150
Depreciation	562	672	13	150	575	822

Geographical Segment

	Turnover		Segment assets	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong	30,044	33,120	464,724	343,726
Overseas	2,004	2,398	98,326	27,024
	32,048	35,518	563,050	370,750

Notes to the Financial Statements

For the year ended 31 March 2005

3. PROFIT BEFORE TAXATION

	2005 HK\$'000	2004 HK\$'000
(a) Charging		
Borrowing costs for interest expenses on bank loans & overdraft	1,346	2,336
Loan interest to an unlisted associate	94	–
Auditors' remuneration	261	279
Depreciation & amortisation	575	822
Provision for long service payments to employees	33	339
Contributions to mandatory provident fund	98	131
Rental payment under non-cancellable leases	1,810	1,965
(b) Crediting		
Share of results of listed associate	(275)	7,017
Share of results of unlisted associates	11,820	5,062
	11,545	12,079
Rental income from investment properties less direct outgoings	15,226	18,205
Listed investment income	4,576	2,021
Unlisted investment income	1,289	858
Interest income	3,470	3,231
Exchange gain	7	167

Notes to the Financial Statements

For the year ended 31 March 2005

3. PROFIT BEFORE TAXATION *(continued)*

(c) Net profit on disposal of assets less impairment provisions

	2005 HK\$'000	2004 HK\$'000
Net profit on disposal of other investments	3,590	331
Profit on sale of investment properties and other fixed assets	13,958	6,433
Gain on winding up of former subsidiary	–	2,814
Unrealised increase/(decrease) in fair value of other investments		
– listed	3,273	1,911
– unlisted	–	(666)
Unrealised holding gain/(loss) on foreign exchange contract	37	(585)
Provision for impairment losses on investments	(2,076)	(6,785)
Recovery of (provision for) receivables, debtors and advances	2,629	(60)
	21,411	3,393

Notes to the Financial Statements

For the year ended 31 March 2005

4. TAXATION

(a) Taxation

	2005			2004		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	761	(45)	716	1,419	(62)	1,357
– (Over)/under provision in prior year	(65)	–	(65)	292	–	292
Overseas	19	–	19	6	–	6
	715	(45)	670	1,717	(62)	1,655
Associates – overseas						
Listed	(225)	(60)	(285)	1,311	277	1,588
Unlisted	120	145	265	326	76	402
	610	40	650	3,354	291	3,645

Hong Kong profits tax has been provided at the rate of 17.50% (2004: 17.50%) on the estimated Hong Kong source assessable profits for the year. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

Notes to the Financial Statements

For the year ended 31 March 2005

4. TAXATION (continued)

(b) Reconciliation between accounting profits and the tax charge

	2005 HK\$'000	2004 HK\$'000
Profit before taxation	46,287	26,729
Less: Share of (profits) and losses of associates		
– listed	275	(7,017)
– unlisted	(11,820)	(5,062)
Profit before taxation attributable to the Company and its subsidiaries	34,742	14,650
Tax on profit before taxation, calculated at the applicable tax rate of 17.5% (2004: 17.5%)	6,080	2,564
Tax effect of the following:		
– non-deductible expenses in determining taxable profit	513	1,359
– non-taxable revenue in determining taxable profit	(4,974)	(2,435)
– current year's tax losses not recognised	13	69
– prior year's unrecognised tax losses utilised this year	(897)	(347)
Increase in opening deferred tax liabilities resulting from an increase in the tax rate	–	153
(Over)/under provision in respect of prior years	(65)	292
Taxation attributable to the Company and its subsidiaries for the year	670	1,655

5. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit of the Company is HK\$7,181,000 (2004: Loss of HK\$1,289,000) and is included in determining the net profit attributable to shareholders in the consolidated profit and loss account.

Notes to the Financial Statements

For the year ended 31 March 2005

6. DIVIDENDS

	2005 HK\$'000	2004 HK\$'000
Interim dividend of HK0.50 cent (2004: Nil) per ordinary share	3,847	–
Proposed final cash dividend of HK1.00 cent (2004: scrip dividend with a cash option of HK1.00 cent) per ordinary share	7,694	7,490
	11,541	7,490
The dividends which have been partially paid during the year by cash are as follows:		
Interim for the year ended 31 March 2005	3,847	–
Final for the year ended 31 March 2004	2,489	–
	6,336	–

The 2005 final cash dividend of HK1.00 cent (2004: scrip dividend with a cash option of HK1.00 cent) per ordinary share has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$45,602,000 (2004: HK\$21,866,000) and on weighted average number of 758,295,989 shares in issue during the year (2004: 748,984,917 shares in issue during the year).

No diluted earnings per share have been presented for the years ended 31 March 2005 and 31 March 2004 as the exercise prices of the share options granted by the Company were higher than the fair value per share at the balance sheet date.

Notes to the Financial Statements

For the year ended 31 March 2005

8. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' Emoluments

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

	2005 HK\$'000	2004 HK\$'000
Fees	210	210
Basic salaries, housing, other allowances and benefits in kind	5,911	5,841
Bonuses	250	160
Contributions to mandatory provident fund	31	31
	6,402	6,242

The number of directors fell within emoluments bands are as follows:

	2005	2004
HK\$		
Nil – 1,000,000	5	5
2,000,001 – 2,500,000	1	1
2,500,001 – 3,000,000	0	1
3,000,001 – 3,500,000	1	–
	7	7

- (2) Share Options to Executive Directors

The Company granted share options to executive directors, details of which are provided in note 26.

Notes to the Financial Statements

For the year ended 31 March 2005

8. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) Other Senior Management's Emoluments

- (1) During the year, the five highest paid individuals included four directors (2004: four directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2004: one) highest paid individual are set out below:

	2005 HK\$'000	2004 HK\$'000
Salaries, allowances and benefits in kind	925	928
Bonuses	70	70
Contributions to mandatory provident fund	12	12
	1,007	1,010

The remuneration of one highest paid individuals fell within the band of HK\$1,000,001 – HK\$1,500,000.

- (2) Share Options to employees

The Company granted share options to employees, details of which are provided in note 26.

Notes to the Financial Statements

For the year ended 31 March 2005

9. FIXED ASSETS

	Notes	Investment properties HK\$'000	Other assets HK\$'000	Total HK\$'000
At valuation		180,203	–	180,203
At cost		9,537	10,357	19,894
<hr/>				
At 31 March 2004		189,740	10,357	200,097
Additions		37,716	506	38,222
Disposals		(19,645)	(1,690)	(21,335)
Exchange adjustment		(58)	(5)	(63)
Reclassified to other investments	25(c)	–	(152)	(152)
Revaluation		28,884	–	28,884
<hr/>				
At 31 March 2005		236,637	9,016	245,653
<hr/>				
Accumulated depreciation				
At 31 March 2004		–	7,660	7,660
Charge for the year		–	575	575
Disposals		–	(1,348)	(1,348)
Exchange adjustment		–	(4)	(4)
Reclassified to other investments	25(c)	–	(86)	(86)
<hr/>				
At 31 March 2005		–	6,797	6,797
<hr/>				
Net book value				
At 31 March 2005		236,637	2,219	238,856
<hr/>				
At 31 March 2004		189,740	2,697	192,437
<hr/>				

Notes to the Financial Statements

For the year ended 31 March 2005

9. FIXED ASSETS (continued)

Investment properties comprises the following:

	2005	2004
	HK\$'000	HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	48,100	21,500
Leasehold properties in Hong Kong – medium term	179,000	152,000
Freehold properties in Thailand	–	6,703
	227,100	180,203
At cost:		
Long term leasehold properties in Mainland China	7,947	7,947
Freehold property in Myanmar	1,590	1,590
	9,537	9,537
	236,637	189,740

Investment properties have been valued as follows:

- (a) Properties in Hong Kong as at 31 March 2005 by AA Property Services Limited and Knight Frank Hong Kong Limited, professional valuers, on an open market value basis.
- (b) The other properties which are stated at cost, have not been valued as the directors consider that any revaluation difference would not be significant to these financial statements.

Other assets comprised of furniture and fixtures and motor vehicles.

Notes to the Financial Statements

For the year ended 31 March 2005

10. LISTED ASSOCIATE

	2005 HK\$'000	2004 HK\$'000
At cost	38,471	38,471
Attributable post acquisition reserves	7,678	8,626
Exchange reserves	6,799	6,443
Increase in fair value	1,990	1,492
Share of net assets	54,938	55,032
Market value	38,377	47,322

Particulars of the listed associate are as follows:

	Main activity	Country of incorporation	Class of shares held
Siam Food Products Public Company Limited	Canned fruits for exports	Thailand	Ordinary

The Group holds 14.31% (2004: 14.31%) of the ordinary share capital of Siam Food Products Public Company Limited ("Siam Food") which is listed on the Stock Exchange of Thailand, and it accounts for this investment as an associate on the ground that the Group exercises significant influence.

In the opinion of the directors the Group exercises significant influence over Siam Food following the appointment of Mr. Kenneth Gaw, the Group's managing director, as a director of Siam Food and his continuing activity in that appointment. Furthermore the Group is the largest single shareholder in Siam Food. Significant influence is considered to have commenced for financial statements purposes on 1 April 2001.

Notes to the Financial Statements

For the year ended 31 March 2005

10. LISTED ASSOCIATE (continued)

Siam Food draws up its audited financial statements to 31 December of each year and it publishes unaudited financial information quarterly. The currency of its financial statements is the Thai Baht. Financial information summarized from published sources is as follows:

	2005 Baht '000	2004 <i>Baht '000</i>
Result for the year ended 31 March 2005:		
Turnover	2,117,757	2,540,360
(Loss)/profit before the following items	(101,126)	148,583
Prior period adjustments	–	703
Share of result of associated company and a joint venture	74,065	88,014
(Loss)/profit before taxation	(27,061)	237,300
Taxation	9,422	(38,011)
Net (loss)/profit for the year	(17,639)	199,289
Balance sheet as at 31 March 2005:		
Property, plant and equipment and plantation	1,579,722	1,033,063
Associated company and joint venture	573,955	585,490
Other non-current assets	68,718	106,825
	2,222,395	1,725,378
Inventories	458,386	552,712
Other current assets	446,592	473,246
Current liabilities	(768,533)	(670,553)
Non-current liabilities	(302,242)	–
Minority interests	(21,463)	(12,577)
	2,035,135	2,068,206
Represented by:		
Issued share capital, share premium and other reserves	600,767	600,448
Retained earnings	1,434,368	1,467,758
Shareholders' funds at 31 March 2005	2,035,135	2,068,206

Notes to the Financial Statements

For the year ended 31 March 2005

10. LISTED ASSOCIATE (continued)

Equity accounting requires, inter alia, that as at the date of acquisition the cost of the investment is compared with the fair values of the underlying net assets; in this case it was determined that the excess of the Group's share of the book value of Siam Food's net assets over the cost of the investment was represented by a fair value difference ascribed collectively to Siam Food's property, plant, equipment and capitalized plantation cost.

The fair value difference at the date Siam Food became an associate was HK\$4,974,000.

The directors consider it reasonable to amortise the fair value difference of HK\$4,974,000 over a 10 year period effective 1 April 2001 so that each year HK\$497,400 is included in the Group's share of Siam Food's net profit. However, the Group's accounting policy on impairment of assets will be applied to this amount in accordance with SSAPs issued by the Hong Kong Institute of Certified Public Accountants.

A reconciliation from Siam Food's profit to the Group's attributable share of profit for year ended 31 March 2005 is as follows:

	2005 Baht '000	2004 <i>Baht '000</i>
Siam Food's (loss)/profit before taxation as above	(27,061)	237,300

	2005 HK\$'000	2004 <i>HK\$'000</i>
Group's share before adjustment, translated into HK\$ at 0.1995 in 2005 (2004: 0.192)	(773)	6,519
Add: Fair value increment for the year	498	498
Group's share of (loss)/profit	(275)	7,017

Notes to the Financial Statements

For the year ended 31 March 2005

11. UNLISTED ASSOCIATES

	2005 HK\$'000	2004 HK\$'000
At cost	122,805	130,580
Goodwill written off	(3,029)	(5,188)
Impairment loss	(11,497)	(11,497)
Exchange reserves	46	46
Attributable post acquisition losses	(30,678)	(44,604)
Attributable investment properties revaluation reserves	41,926	–
Share of net assets	119,573	69,337
Amount due from associates	132,921	134,892
Amount due to an associate	(20,000)	–
	232,494	204,229

Particulars of unlisted associates are as follows:

(a) Associates held by the Group

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
Global Gateway, L.P.	Telecom Infrastructure	United States	20	20
Grandsworth Pte. Ltd.	Investment	Singapore	50	50
Keencity Properties Limited (operates in Thailand)	Investment	British Virgin Islands	49.5	49.5
PGG Siam Property Fund	Real Estate	Thailand	49.5	49.5

Notes to the Financial Statements

For the year ended 31 March 2005

11. UNLISTED ASSOCIATES (continued)

(a) Associates held by the Group (continued)

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
Pioneer iNetwork Limited	Investment	Hong Kong	50	50
Strand Hotels International Limited (the hotels operate in Myanmar)	Hotels	British Virgin Islands	28	28
Winman Investment Limited	Real Estate	Hong Kong	35	35

(b) Associates held by the Company

	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	516	516
Amount due by associates	39,932	38,462
	40,448	38,978

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
Pioneer Hospitality Siam (GBR) Limited	Hotel operator	Thailand	49.5	49.5
Tidefull Investment Limited*	Investment	Liberia	50	50

Except as indicated, the principal countries of operation of the associates are the same as that of their incorporation.

* operates in Hong Kong

Notes to the Financial Statements

For the year ended 31 March 2005

11. UNLISTED ASSOCIATES *(continued)*

(b) Associates held by the Company *(continued)*

The share of turnover, results and net assets of unlisted associates are based on management accounts, as except for Grandsworth Pte Ltd., Pioneer iNetwork Limited and Pioneer Hospitality Siam (GBR) Limited, none of their financial statements are audited as at or within 6 months prior to 31 March 2005.

The above list includes the associates which in the opinion of the directors principally affect the results of the year or form a material portion of the net assets of the Group. To give details of other associates would in the opinion of the directors result in particulars of excessive length.

(c) Additional information in respect of two major associates held by the Group as at 31 March 2005 is provided as follows:

(i) Global Gateway, L.P. (“Global Gateway”)

The Group holds 20% equity interest of Global Gateway, L.P.. The principal activities of Global Gateway, L.P. are telecom infrastructure and related service.

(ii) Keencity Properties Limited (“Keencity”)

The Group holds 49.5% equity interest of Keencity. The principal activity of Keencity is its investment holding of 100% of PGG Siam Property Fund in Thailand. PGG Siam Property Fund owns the 382-rooms Aisawan Resort & Spa (formerly known as Garden Beach Resort) in Pattaya, Thailand.

As at 31 March 2005, the Group’s shares in respect of the investment in Keencity were pledged to a bank for banking facilities granted for its investment in Aisawan Resort & Spa.

Notes to the Financial Statements

For the year ended 31 March 2005

11. UNLISTED ASSOCIATES (continued)**(c) Additional information in respect of two major associates held by the Group as at 31 March 2005 is provided as follows:** (continued)

The extracts of the financial information of the above two associates based on their unaudited consolidated financial statements as at 31 March 2005 are set out below:

	Global Gateway		Keency	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Result for the year				
Turnover	45,483	38,914	17,943	12,243
Net profit/(loss)	28,368	(9,018)	14,565	10,040
Summarised balance sheet				
Total assets	741,721	499,449	184,113	184,663
Total liabilities	(279,750)	(251,121)	(63,991)	(79,005)
	461,971	248,328	120,122	105,658
Equity				
Partners' equity/ Share capital				
– Ordinary	465,066	489,419	77,524	77,524
– Preference	–	–	18,330	18,330
Property revaluation reserve	209,628	–	–	–
Other reserves	(212,723)	(241,091)	24,268	9,804
	461,971	248,328	120,122	105,658
Group's share of profit/(loss)	5,673	(1,804)	7,210	4,813
Group's share of net assets and advances	92,365	49,716	50,387	43,227

Notes to the Financial Statements

For the year ended 31 March 2005

12. INVESTMENT SECURITIES

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Listed shares in Hong Kong	108,456	108,456
Unlisted shares and loans	40,022	–
	148,478	108,456
Market value of listed shares in Hong Kong	95,398	84,557

Details of the listed investment securities are as follows:

Name	Country of incorporation	Listed in	Cost <i>HK\$'000</i>
Asia Financial Holdings Limited	Bermuda	Hong Kong	108,456 (2004: HK\$108,456,000)

As at 31 March 2005, the investment in Asia Financial Holdings Limited ("AFH") represented 4.1% (2004: 4.1%) interest in the ordinary share capital of AFH.

13. OTHER INVESTMENTS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Non-current		
Unlisted shares and debentures	9,471	5,930
Loans and other assets	1,453	1,453
	10,924	7,383
Current		
Listed shares and bonds, at market value		
In Hong Kong	10,095	10,542
Outside Hong Kong	15,937	21,093
	26,032	31,635
Unlisted shares/equity linked notes outside Hong Kong	4,261	6,968
	30,293	38,603

Notes to the Financial Statements

For the year ended 31 March 2005

14. DEPOSITS & ADVANCES

	2005 HK\$'000	2004 HK\$'000
Non-current		
Deposits	14,127	–
Advance	45,000	–
	59,127	–

Deposits amounting to HK\$14,127,000 represent the down payments made for acquisition of investment properties. Detail is referred to Note 27(1).

Advance represents the loan made to a company for a joint venture entered into by the Group. Detail is referred to Note 27(2).

15. SUBSIDIARIES

	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	424,433	424,433
Amount due by subsidiaries	362,797	315,269
Provision for subsidiaries	(295,666)	(295,666)
	491,564	444,036

Notes to the Financial Statements

For the year ended 31 March 2005

15. SUBSIDIARIES (continued)

Particulars of subsidiary companies are as follows:

(a) Subsidiaries held by the Company

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Asian Champion Limited (operates in Hong Kong)	Investment	Liberia	2	US\$1,000	100
Brilliant Valley Investment Limited (operates in Hong Kong)	Investment	Liberia	1	Nil	100
Eternal Champion Limited	Investment	Hong Kong	1	HK\$1	100
Fortune Far East Limited (operates in U.S.A.)	Investment	Liberia	1	US\$1,000	100
Future Star Company Limited*	Investment	British Virgin Islands	1	US\$1	100
Glory East Limited (operates in Mainland China and in Myanmar)	Real Estate	Liberia	1	Nil	100
Golden Mile Limited (operates in Mainland China)	Real Estate	Liberia	1	Nil	100
Green Harmony Global Co., Ltd (operates in Thailand)	Investment	British Virgin Islands	1	US\$1	100
Pearl River Investment Limited*	Investment	Liberia	1	Nil	100
Pine International Limited*	Investment	British Virgin Islands	1	HK\$1	100
Pioneer Global Communications Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer (USA) Holdings, Inc.	Investment	United States	1	Nil	100
Shining Galaxy Limited*	Investment	Liberia	1	Nil	100
Wealth Instrument Inc.*	Investment	British Virgin Islands	1	US\$1	100

Notes to the Financial Statements

For the year ended 31 March 2005

15. SUBSIDIARIES (continued)**(b) Subsidiaries held by the Group**

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Anpona Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Bestcom Holdings Limited*	Investment	British Virgin Islands	1	US\$1	100
Bloomcom Investments Limited*	Investment	British Virgin Islands	1	US\$1	100
Bright Orient Holdings Limited	Investment	Hong Kong	2	HK\$1	100
Dearwood Estates Limited	Investment	Hong Kong	2	HK\$10	100
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Fomax Limited	Computer Consultancy Services	Hong Kong	10,000	HK\$1	55
Forerunner Investments Limited	Investment	Hong Kong	3,000,000	HK\$1	60
Gamolon Investments Limited	Real Estate	Hong Kong	100	HK\$10	100
Golden Joy Technology Limited	Computer Consultancy Services	Hong Kong	5,000	HK\$1	55
Grand Prospect Enterprises Limited	Inactive	Hong Kong	1,000	HK\$1	100
Internet Group Technology Company Limited (operates in Hong Kong)	Investment	British Virgin Islands	1	US\$1	55

Notes to the Financial Statements

For the year ended 31 March 2005

15. SUBSIDIARIES (continued)**(b) Subsidiaries held by the Group** (continued)

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Long Growth Investments Limited (operates in Hong Kong)	Real Estate	British Virgin Islands	1	US\$1	100
Nice Fortune Limited	Real Estate	Hong Kong	1	HK\$1	100
PGG Development Company Limited	Real Estate	Hong Kong	70,000	HK\$10	100
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Global Gateway Asia Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer Global Gateway LLC*	Investment	United States	1	Nil	100
Pioneer Global Gateway USA Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer iConcepts Limited	Computer Consultancy Services	Hong Kong	36,363,636	HK\$1	55
Pioneer Industries (Holdings) Limited	Investment and Group Administration	Hong Kong	150,794,424	HK\$0.50	100
Supreme Success Limited	Real Estate	Hong Kong	1	HK\$1	100

Except as indicated, the companies' principal countries of operation are the same as that of their incorporation.

* No definite country of operation

Notes to the Financial Statements

For the year ended 31 March 2005

16. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2005 HK\$'000	2004 HK\$'000
Trade and rental debtors	73	332
Advances & prepayments	29,041	4,625
	29,114	4,957

The Group does not allow credit period to its tenants and allows an average credit period of 30 days to its trade customers.

	2005 HK\$'000	2004 HK\$'000
Aged analysis		
0 – 30 days	73	183
31 – 60 days	–	73
61 – 90 days	–	76
> 90 days	–	–
	73	332

Notes to the Financial Statements

For the year ended 31 March 2005

17. CREDITORS & ACCRUALS

Creditors & accruals comprised the following:

	2005 HK\$'000	2004 <i>HK\$'000</i>
Trade creditors	41	246
Provision for long service payments	1,769	1,860
Accruals & other creditors	13,776	10,943
	15,586	13,049

	2005 HK\$'000	2004 <i>HK\$'000</i>
Aged analysis		
0 – 30 days	–	50
31 – 60 days	–	16
61 – 90 days	–	16
> 90 days	41	164
	41	246

18. SECURED BANK LOANS

	2005 HK\$'000	2004 <i>HK\$'000</i>
Current		
Secured bank loans, repayable within one year	143,700	51,729
	143,700	51,729
Non-current		
Secured bank loan, repayable more than two years but not exceeding five years	21,450	–
	21,450	–

Notes to the Financial Statements

For the year ended 31 March 2005

19. DEFERRED TAXATION

The components of deferred tax liabilities recognised in the consolidated balance sheet and movements thereon during the current and prior years:

	Accelerated tax depreciation <i>HK\$'000</i>	Unremitted profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2004	1,568	986	2,554
(Credit) to profit and loss account			
– company and its subsidiaries	(45)	–	(45)
– listed associate	–	(60)	(60)
– unlisted associates	–	(76)	(76)
At 31 March 2005	1,523	850	2,373

	Accelerated tax depreciation <i>HK\$'000</i>	Unremitted profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2003	1,630	581	2,211
(Credit)/charge to profit and loss account	(215)	352	137
Effect of change in tax rate			
– charge to profit and loss account	153	–	153
Exchange differences charged to exchange reserve	–	53	53
At 31 March 2004	1,568	986	2,554

The Group has tax losses of HK\$38,700,000 (2004: HK\$9,552,000) to offset against future taxable profits for which no deferred tax assets have been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

Notes to the Financial Statements

For the year ended 31 March 2005

20. SHARE CAPITAL

	No. of Shares of HK\$0.10 each	<i>HK\$'000</i>
<hr/>		
Authorised		
At 31 March 2005 and 31 March 2004	2,000,000,000	200,000
<hr/>		
Issued and fully paid		
At 31 March 2004	748,984,917	74,898
Shares repurchased	(28,000)	(3)
Shares issued as scrip dividend	20,402,187	2,040
<hr/>		
At 31 March 2005	769,359,104	76,935
<hr/>		

Notes to the Financial Statements

For the year ended 31 March 2005

21. RESERVES

Group	Share premium HK\$'000	Capital reserve & contributed surplus HK\$'000	Exchange reserve HK\$'000	Investment properties revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31 March 2005						
At 31 March 2004	304,729	64,120	5,283	146,822	(37,269)	483,685
Shares repurchased	(3)	-	-	-	-	(3)
Exchange on translation of						
- subsidiaries	-	-	374	-	-	374
- listed associate	-	-	355	-	-	355
Revaluation on investment properties						
- subsidiaries	-	-	-	28,884	-	28,884
- unlisted associate	-	-	-	41,926	-	41,926
Disposal of investment properties	-	-	3,550	(7,704)	-	(4,154)
Profit for the year	-	-	-	-	45,602	45,602
Shares issued as scrip dividend	2,961	-	-	-	-	2,961
Final dividend paid for the year ended 31 March 2004	-	(7,490)	-	-	-	(7,490)
Interim dividend paid for the year ended 31 March 2005	-	(3,847)	-	-	-	(3,847)
At 31 March 2005	307,687	52,783	9,562	209,928	8,333	588,293
Dealt with by:						
Company and subsidiaries	307,687	52,783	2,717	168,002	31,333	562,522
Listed associate	-	-	6,799	-	7,678	14,477
Unlisted associates	-	-	46	41,926	(30,678)	11,294
At 31 March 2005	307,687	52,783	9,562	209,928	8,333	588,293
At 31 March 2004						
At 31 March 2003	304,729	64,120	6	147,320	(59,135)	457,040
Exchange on translation of						
- subsidiaries	-	-	378	-	-	378
- associate	-	-	4,602	-	-	4,602
Revaluation on investment properties – subsidiaries	-	-	-	1,000	-	1,000
Disposal of investment properties	-	-	297	(1,498)	-	(1,201)
Profit for the year	-	-	-	-	21,866	21,866
At 31 March 2004	304,729	64,120	5,283	146,822	(37,269)	483,685
Dealt with by:						
Company and subsidiaries	304,729	64,120	(1,206)	146,822	(1,291)	513,174
Listed associate	-	-	6,443	-	8,626	15,069
Unlisted associates	-	-	46	-	(44,604)	(44,558)
At 31 March 2004	304,729	64,120	5,283	146,822	(37,269)	483,685

Notes to the Financial Statements

For the year ended 31 March 2005

21. RESERVES (continued)

At 31 March 2005

Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31 March 2004	304,729	403,929	(261,175)	447,483
Shares repurchased	(3)	–	–	(3)
Shares issued as scrip dividend	2,961	–	–	2,961
Profit for the year	–	–	7,181	7,181
Final dividend paid for the year ended 31 March 2004	–	(7,490)	–	(7,490)
Interim dividend paid for the year ended 31 March 2005	–	(3,847)	–	(3,847)
At 31 March 2005	307,687	392,592	(253,994)	446,285

The contributed surplus arose in 1989 as a result of the Group reorganisation and represented the difference between the nominal value of the Company's shares allotted under the reorganisation scheme and the consolidated shareholders' funds of the acquired subsidiary company. The contributed surplus is distributable as dividend under Bermudian Law and the Bye-Laws of the Company.

The reserves of the Company available for distribution to shareholders as at the balance sheet date, calculated in accordance with the Bermuda Companies Act, amount to HK\$138,598,000 (2004: HK\$142,754,000).

At 31 March 2004

Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31 March 2003	304,729	403,929	(259,886)	448,772
Loss for the year	–	–	(1,289)	(1,289)
At 31 March 2004	304,729	403,929	(261,175)	447,483

Notes to the Financial Statements

For the year ended 31 March 2005

22. CONTINGENT LIABILITIES & COMMITMENTS

	Notes	Group		Company	
		2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Guarantees					
– for banking facilities granted to subsidiaries		–	–	142,070	98,260
– to bankers in lieu of utility deposits		224	224	–	–
– for payment of banking facilities to an associate		30	196	–	–
Commitments					
– to purchase foreign currency (US\$10,000,000)		78,488	78,488	78,488	78,488
– to sell Hong Kong Dollars		78,488	78,488	78,488	78,488
– to purchase investment properties	27(1)	93,509	–	–	–
– for further investment in other investments		682	819	–	–
– for credit facilities made to an associate		–	1,479	–	1,479
– for total future minimum lease payments					
– not later than one year		1,423	1,886	–	–
– later than one year and not later than five years		240	909	–	–

Notes to the Financial Statements

For the year ended 31 March 2005

23. OPERATING LEASE RECEIVABLE

At the balance sheet date, the Group's total future minimum lease payments to be received under non-cancellable rental leases in respect of investment properties are as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Not later than one year	16,879	15,645
Later than one year but not later than five years	18,288	20,545
	35,167	36,190

24. PLEDGE OF ASSETS

At the balance sheet date, properties, investments and bank balances of the Group with an aggregate book value of approximately HK\$366 million (2004: HK\$241 million) were pledged to secure banking and other loan facilities to the extent of HK\$198 million (2004: HK\$153 million) of which HK\$165 million (2004: HK\$52 million) was utilised at that date.

25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of bank loans

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Bank loans repayable up to three months, included in cash and cash equivalents	143,700	51,729
As shown in the consolidated balance sheet	143,700	51,729

Notes to the Financial Statements

For the year ended 31 March 2005

25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)**(b) Analysis of changes in financing during the year**

	Share capital and share premium HK\$'000	Bank loan under non-current liabilities HK\$'000	Bank loans repayable beyond three months and included in current liabilities HK\$'000	Minority interest HK\$'000
At 31 March 2004	379,627	–	–	2,134
Shares issued as scrip dividend	2,040	–	–	–
Premium on shares issued as scrip dividend	2,961	–	–	–
Share of profits	–	–	–	35
Shares repurchased	(6)	–	–	–
Distribution to minority shareholders	–	–	–	(504)
Reclassification (Note 25(c))	–	–	–	(184)
Net cash inflow from financing	–	21,450	–	–
At 31 March 2005	384,622	21,450	–	1,481

	Share capital and share premium HK\$'000	Bank loan under non-current liabilities HK\$'000	Bank loans repayable beyond three months and included in current liabilities HK\$'000	Minority interest HK\$'000
At 31 March 2003	379,627	21,600	1,200	1,241
Share of profits	–	–	–	1,218
Distribution to minority shareholders	–	–	–	(325)
Bank loans repaid	–	(21,600)	(1,200)	–
At 31 March 2004	379,627	–	–	2,134

Notes to the Financial Statements

For the year ended 31 March 2005

25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)**(c) Reclassification of Investments**

The following investments have been reclassified as other investments, unlisted shares held under non-current assets, during the year.

- (i) A subsidiary, Wuhan Huazhong Science Union Software Development Co. Ltd. ("Wuhan") was reclassified as other investment effective 1 April 2004 on the ground that the Group no longer has control nor influence over this company.

	Note	HK\$'000
Fixed assets at cost	9	152
Accumulated depreciation	9	(86)
Net book value		66
Minority interest in Wuhan	25(b)	(184)
Exchange reserves		(3)
Debtors, advances and prepayments		53
Creditors		(278)
Cash and bank balances		830
Carrying value at 1 April 2004		484

Full provision for impairment of HK\$484,000 has been made against the carrying value as at 31 March 2005. The cash and bank balances of HK\$830,000 are shown as a Cash Outflow under investing activities in the Cash Flow Statement.

- (ii) An associate, Easy Group (BVI) Holdings Limited, was reclassified as other investment effective 31 March 2005 on the ground that the Group no longer exercises influence over this company.

	HK\$'000
Cost brought forward	2,902
Goodwill brought forward written off	(2,159)
Attributable post-acquisition losses brought forward	(2,770)
Advances made brought forward	2,027
Advances made during the year	447
Impairment loss for the year	(447)
	-

The advances made during the year of HK\$447,000 are shown as a Cash Outflow under investing activities in the Cash Flow Statement.

Notes to the Financial Statements

For the year ended 31 March 2005

26. SHARE OPTION SCHEME

On 3 September 1996, a Share Option Scheme (the "Scheme") was approved by the shareholders, under which the directors of the Company may, at its discretion, offer any employee (including any executive director) options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme.

Summary of the Scheme

(a) Purpose of the Scheme

To provide the participants to subscribe for ordinary shares in the Company with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole.

(b) Participants of the Scheme

The Board may at its discretion, grant to any employee (including any executive director) options to subscribe for the Company's shares.

(c) Maximum number of shares available for issue under the Scheme

The maximum number of the shares in respect of which options may be granted under the Scheme will be such number of shares, when aggregated with shares already subject to any share option schemes of the Company, shall not exceed 10% of the issued share capital of the Company.

(d) Maximum entitlement to any one participant

Under the Scheme, no options may be granted to any one employee which if exercised in full would result in the total number of the Company's shares already issued and issuable to him under all the options granted to him exceeding 25% of the aggregate number of shares of the Company for the time being issued and issuable under the Scheme.

(e) Period and payment on acceptance of options

Under the Scheme, the offer of an option to acquire shares must be accepted in writing in such manner as the Board of Directors may prescribe within 2 days from the date of grant and upon payment of a nominal consideration of HK\$1 in total by the participant to the Company.

(f) Period within which the shares must be taken up under an option

Within ten years from the date of grant or such shorter period as the Board of Directors will specify at the time of grant.

(g) The basis of determining the exercise price

The exercise price of the options is determined by the Board of Directors and will not be less than the greater of (i) an amount equal to 80% of the average closing price of the Company's share as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of grant and (ii) the nominal amount of the Company's share.

Notes to the Financial Statements

For the year ended 31 March 2005

26. SHARE OPTION SCHEME (continued)**(h) Life of the Scheme**

The Scheme expired on 2 September 2001 but without prejudice to the rights attached to outstanding options granted prior to expiry.

As at 31 March 2005, the Company had outstanding options to subscribe for an aggregate of 50,052,962 (2004: 48,893,641) shares in the Company. Summary of the outstanding options is as follows:

Number of options				At 31 March 2005	Exercise Price*	Date of grant	Exercise period
At 1 April 2004	Adjustments*	Lapsed during the year**					
<i>To executive directors</i>							
21,612,137	587,902	-	22,200,039	HK\$1.8897	24 October 1996	24 October 1996 to 23 October 2006	
25,456,823	692,486	-	26,149,309	HK\$1.5405	6 March 1997	6 March 1997 to 5 March 2007	
47,068,960	1,280,388	-	48,349,348				
<i>To employees</i>							
1,658,499	45,115	-	1,703,614	HK\$0.6359	30 August 2001	30 August 2001 to 29 August 2006	
166,182	(6)	(166,176)	-	HK\$0.6532	30 August 2001	30 August 2001 to 29 August 2004	
1,824,681	45,109	(166,176)	1,703,614				
48,893,641	1,325,497	(166,176)	50,052,962				

* Adjustment were made during the year in accordance with the Share Option Scheme to both the exercise prices and the number of options consequent on shares repurchased and scrip dividend issued during the year. No options were exercised during the year. The names of the executive directors and their individual entitlements to share options are set out in the Directors Report.

** The share option were granted during the period 30 August 2001 to 29 August 2004, 166,176 (2004: Nil) share options were lapsed during the year.

Notes to the Financial Statements

For the year ended 31 March 2005

27. SUBSEQUENT EVENTS

- (1) In April 2005, the Group completed the closing of the following properties in Hong Kong:
- (a) Units 1 & 87 on the first floor, units 1 & 2 on the ground floor and units 9 & 10 on the basement floor of the podium of blocks 1, 2 & 3, City Garden, No. 233 Electric Road, Hong Kong for HK\$50.0 million.
 - (b) Units 47 & 59 on the first floor of the podium of blocks 1, 2 & 3, City Garden, No. 233 Electric Road, Hong Kong for HK\$23.6 million.
 - (c) Units 8-11 on the 18th floor of Great Eagle Centre, No. 23 Harbour Road, Wanchai, Hong Kong for HK\$34.0 million.

Details of transaction were provided in a circular to shareholders dated 6 June 2005.

- (2) In April 2005, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation. The joint venture subsequently acquired a 22 storey commercial building on 251A-301 Avenida commercial de Macau in Macau for HK\$600 million. The Group's investment was HK\$80 million. Details of transaction were provided in circulars to shareholders dated 3 May 2005 and 15 July 2005.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 16 to 62 have been approved by the Board of Directors on 18 July 2005.

Schedule of the Group's Properties

For the year ended 31 March 2005

The following is a list of properties held for investment as at 31 March 2005:

Location/Lot No.	Type of property	Lease term	Group's effective interest
1. Pioneer Building, 213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Industrial	Medium-term	100%
2. 12th Floor and the roof and car parking spaces Nos. 24 and 25, Edwick Industrial Centre, 4-30 Lei Muk Road, Kwai Chung, New Territories 98/1210 shares of and in the remaining portion of Kwai Chung Town Lot No. 302	Industrial	Medium-term	100%
3. 6th Floor, On Lok Yuen Building, Nos. 25, 27 and 27A Des Voeux Road Central, Hong Kong 5/81 shares of and in Inland Lot No. 2178	Office	Long-term	100%
4. Units 1-8, 11-34B, 36A-36B, 38-45 on the basement floor of the podium of blocks 1, 2 & 3, City Garden, No. 233 Electric Road, Hong Kong	Commercial	Long-term	100%
5. Building No. (B39/90) at Baho-Si Residential Area, Baho-Si quarter Lanmadaw Township, Yangon, Myanmar	Residential	Freehold	100%
6. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 ZhaoJiaBang Road, Shanghai, People's Republic of China	Residential	Long-term	100%

Five Years Financial Summary

For the year ended 31 March

	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000
RESULTS					
Turnover	63,913	49,256	42,264	35,518	32,048
Profit/(loss) attributable to shareholders	195	(53,538)	2,598	21,866	45,602
Dividends	–	–	–	7,490	11,541
Earnings/(loss) per share (HK cents)	0.03	(7.11)	0.35	2.92	6.01
BALANCE SHEET					
Total assets	604,030	608,156	637,741	630,011	850,482
Total liabilities	(14,310)	(69,793)	(104,562)	(69,294)	(183,773)
Minority interests	(5,358)	(2,517)	(1,241)	(2,134)	(1,481)
	584,362	535,846	531,938	558,583	665,228
Capital and reserves					
Share capital	75,267	74,948	74,898	74,898	76,935
Reserves	509,095	460,898	457,040	483,685	588,293
Shareholders' funds	584,362	535,846	531,938	558,583	665,228