



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

Stock Code 股份代號 : 00224





PIONEER GLOBAL GROUP LIMITED

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Alan Kam Hung LEE

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, JP, *Chairman*

Arnold Tin Chee IP

Stephen TAN

REMUNERATION COMMITTEE

Arnold Tin Chee IP, *Chairman*

Dr. Charles Wai Bun CHEUNG, JP

Stephen TAN

Kenneth GAW

NOMINATION COMMITTEE

Rossana WANG GAW, *Chairman*

Kenneth GAW

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

COMPANY SECRETARY

Tsui Yan LAW

BANKERS

Bangkok Bank Public Company Limited

Citibank N.A. Hong Kong

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

SOLICITORS

Baker & McKenzie

AUDITORS

Wong Brothers & Co.

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL OFFICE IN HONG KONG

20th Floor, Lyndhurst Tower

No. 1 Lyndhurst Terrace

Central

Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fulcrum Group (Bermuda) Limited

26 Burnaby Street,

Hamilton HM11, 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>

<http://www.irasia.com/listco/hk/pioneer/index.htm>

Bloomberg: 224:HK

Reuters: 0224.hk

Managing Director's Report

BUSINESS REVIEW

During the past year, China has successfully tamed inflation, achieved a smooth political transition, and property prices have been largely stable. With the continued transition of the economy from an export-led growth model to domestic consumption growth, wages have continued to rise and growth has moderated to between 7-8% per annum. On the other hand, worries persist on the risks of “shadow banking” industry and high debt levels in certain industries, especially among local government financing vehicles. While these are legitimate concerns by the pundits, we also believe that the Chinese government has done a remarkably fine job in stabilizing the economy, essentially achieving a “soft landing”.

In 2012, Hong Kong property prices had been among the most buoyant in the world. With hot money flows from China and other parts of the world (as a result of QE and other forms of stimulus programs from central banks around the world) and an unnaturally low interest rate environment, Hong Kong's property market faced tremendous upward momentum. Facing intense political pressure from widespread discontent among the less privileged class, the Hong Kong government rolled out measures such as a Buyers Stamp Duty and an extension of the two-year-old Special Stamp Duty in order to dampen residential price growth. When capital flows caused a surge in investment in commercial properties, the government also announced a Double Stamp Duty on all property transactions. With these harsh administrative measures, the Hong Kong Government has signaled that it is determined to suppress market demand on property investments, at least until physical supply catches up with demand.

Thailand's economy recovered strongly in 2012 from the massive flood in fourth quarter of 2011. Both export and domestic economy have seen strong growth and The Stock Exchange of Thailand was one of the world's top performing stock markets. Tourism markets such as Pattaya, Koh Samui, and Phuket have performed fabulously. While average room rates in Bangkok hotels have continued to be relatively weak due to substantial amount of new supply, occupancy rates have recovered since the 2011 flood. One of the most positive aspects for Thailand is that after many years of political infighting, the government of Yingluck Shinawatra is performing well and seems to have found a stable footing.

For the year ended 31 March 2013, turnover for the Group and share of associates was HK\$306.5 million, compared to HK\$258.1 million in 2012. Operating profits increased to HK\$149.7 million, from HK\$129.5 million in the same period last year. The increase in the Group's turnover and operating profits are due mainly to the first full year result (as opposed to partial year the previous period) from the Pemberton Building, and better performance (occupancy and rental rates) from 68 Yee Wo Street. At the same time, operating costs have been kept slightly below that of 2012. Net profit attributable to shareholders was HK\$671.1 million, significantly higher than HK\$405.5 million (restated) during the same period last year. In addition to increase in operating profits as noted above, the large rise in net profits was due mainly to the substantial increase in fair value of the Group's investment properties.

Managing Director's Report



Pioneer Building Elevation (before conversion)

Property Investments

The Group's 60% owned 68 Yee Wo Street Building (229,200 sq.ft.) in Causeway Bay, Hong Kong has performed well. As at 31 March 2013, occupancy was 99% and achieving healthy increase in rental rates on renewals and new leases. During the reporting period, the property contributed rental and related revenues of HK\$104.7 million and a fair value gain of HK\$252.8 million to the Group.

The Club Lusitano Building (80,100 sq.ft.) in Central, Hong Kong contributed HK\$38.6 million in rental and related revenues in the year to 31 March 2013, with fair value also increasing by HK\$105.9 million. The building's occupancy rate was at 92%, with average rental rates increasing in line with reversionary market levels.

For the year ended 31 March 2013, the Pioneer Building (245,678 sq.ft.) in Kwun Tong, Hong Kong contributed HK\$19.7 million in rental and related revenues and HK\$160.6 million in fair value increase. As reported previously, we will be converting the property from industrial to commercial use under Hong Kong Government's revitalization scheme for industrial buildings. As such, currently the Pioneer Building has no remaining tenants and the conversion works have been recently started.

As at 31 March 2013, the Pemberton Building in Sheung Wan, Hong Kong enjoyed an occupancy rate of 100% and contributed HK\$22.6 million in rental and related revenues. The property's fair value also increased by HK\$80.0 million during the period.

The Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held 15.4% through the Group's 50% owned associated company) contributed an associate profit of HK\$33.9 million to the Group.

In May and July of 2012 respectively, the Group disposed of a shop unit at 14 Kau U Fong, Central and the 12th Floor and the roof and car parking spaces of Edwick Industrial Centre, Kwai Chung. The Kau U Fong shop was sold at a consideration of HK\$30.0 million and generated a profit of HK\$4.5 million (of which HK\$3.8 million was recognized in the previous period). The Edwick Industrial Centre property was disposed at a price of HK\$36.2 million, generating a profit of HK\$30.0 million (of which about HK\$20.2 million was recognized previously) to the Group.



Pioneer Building Elevation (after conversion)



Pioneer Building Atrium Green Wall (after conversion)



Pioneer Building Main Entrance Lobby (after conversion)

Investments in Hotel Industry

The Group's investments in hotel industry have all been made through associated companies.

In order to take advantage of synergistic marketing effects of our newly acquired sister property in Bangkok, the 353 rooms Pullman Pattaya Aisawan Resort has been rebranded as Pullman Pattaya Hotel G since April 2012. During the year ended 31 March 2013, the Pullman Pattaya Hotel G (owned by the Group's 49.5% owned associated company) generated revenues of Baht 394.3 million (2012: Baht 310.2 million) and operating profits of Baht 178.9 million (2012: Baht 125.5 million). Along with other resort markets in Thailand, the Pattaya market has performed strongly and has continued its recovery from the various political crises in the past years. The management is confident that the performance of this property will continue to strengthen in the year ahead.

Since April 2012, the newly acquired 469 rooms Sofitel Silom Hotel in Bangkok has been renamed Pullman Bangkok Hotel G, after new lobby, new rooms, new restaurants, and new function rooms were all unveiled in the first half of 2012. The new renovations were all part of the plan to rebrand the property into a lifestyle hotel, distinguishing it in a city already populated by many luxury hotels. The hotel is held by the Group through the same 49.5% owned associate that holds the Pullman Pattaya Hotel G. For the year ended 31 March 2013, the Pullman Bangkok Hotel G had revenues of Baht 415.6 million and operating profit of Baht 91.8 million. In its first full year of operation, the Pullman Bangkok Hotel G has not yet made any contribution to the Group. However, we believe that its performance will continue to improve as the Bangkok market absorbs its many new hotel openings over the next 2-3 years. Since the rebranding, Pullman Bangkok Hotel G and its restaurants have generated many positive reviews in the market. We believe that our attractive acquisition price and our differentiated product will make the Pullman Bangkok Hotel G competitive in the market.

The Group (through its 49.5% owned Thai associated company) owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. We plan to develop a world-class luxury resort with branded residences. Phase 1 of the project is planned as a 100-keys all villa resort and luxury residences operating under the brand of Park Hyatt Phuket. The construction permit has recently been granted and the management is now moving forward with interior design and other preparation works before commencing construction.

A 50% owned associated company of the Group holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. For the year ended 31 December 2012, Dusit Thani achieved total revenues of Baht 4.75 billion (2011: Baht 3.92 billion) and net profit attributable to shareholders of Baht 149.4 million (2011: Baht 31.0 million). Dividend income to our associated company was Baht 4.4 million (2011: Baht 4.4 million).

Managing Director's Report

The Group's unlisted associate (27.71% owned by the Group), Strand Hotels International Limited, is in a 50/50 joint venture with the government of Myanmar to own and operate (for 30 years) three hotels in Yangon – the Strand Hotel, the Inya Lake Hotel, and the Thamada Hotel. Due to Myanmar's ongoing political and economic reforms, there has been a significant increase in both tourists and business visitors to the country. With hardly any new hotel construction in Yangon since the Asia Financial crisis some 15 years ago, the city is now facing a severe shortage in hotel rooms. Hence, our three properties have been performing well in the past 12 months, and the joint venture company has enjoyed its best financial year in its 20 years history.

PROSPECTS

For the coming year, the most significant project for the Group will be the planned conversion of the Pioneer Building into a modern commercial building under Hong Kong Government's revitalization scheme for industrial buildings. Due to the shortage of large floor plate international Class A office space in traditional CBD areas, new developments in Kowloon East (Kowloon Bay and Kwun Tong) have been attracting many large office space users as the area develops into the new CBD of Hong Kong.

Due to Hong Kong's currency peg to the US Dollar, it is expected that interest rate in the territory will continue to be low for the next 12-18 months, but the fear is that the US interest rate cycle will rise at the same time as new supply of properties hit the Hong Kong market. While we do not foresee any collapse in prices under the current environment (in light of healthy debt levels for both corporate and personal balance sheets), government actions are creating uncertainties for property market in Hong Kong. The Group's policy for the coming year is to continue to be vigilant in asset management of our investment properties, keep a conservative balance sheet, and explore any potential new opportunities.

For Myanmar, the political reform and the accompanying re-opening of the country have continued at an astonishing pace during the past year. It is indeed an exciting time for the country. Among the many dignitaries who visited Myanmar in the past year were US President Obama and UK Prime Minister Cameron. The country also successfully hosted the World Economic Forum at its capital Nay Pyi Taw recently. In addition to its wealth of natural resources, we believe that the country offers exciting investment opportunities particularly in tourism and agriculture businesses. And due to its low level of existing developments, there will also be real estate and infrastructure development opportunities. Due to our existing investments in the country, the Group will be interested to explore further in Myanmar.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2013, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 31 March 2013, the Group's total debts to total assets ratio was 25.5% (31 March 2012: 30.2%) and net debt to total assets ratio was 22.3% (31 March 2012: 27.3%).

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, 25 June 2013

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies are shown in notes 12 and 28 to the financial statements. 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.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2013 are set out in the consolidated income statement on page 27.

An interim dividend of HK1.30 cent per share, totalling HK\$15,002,000 which was paid on 7 January 2013.

The Directors recommend the payment of a final dividend for the year ended 31 March 2013 at the rate of HK2.50 cents (2012: HK2.30 cents) per share, payable on 27 September 2013 to all persons registered as shareholders on 24 September 2013. The transfer of books and register of members of the Company will be closed from 19 September 2013 to 24 September 2013, both days inclusive, during which period no transfer of shares will be effected. Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 18 September 2013.

SHARE CAPITAL

There was no movements in the share capital of the Company during the financial year.

DISTRIBUTABLE RESERVES

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

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

The reserves of the Company available for distribution to shareholders as at 31 March 2013, including contributed surplus and retained earnings amounted to HK\$734,724,000 (2012: HK\$702,418,000).

Directors' Report

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 76.

FIXED ASSETS

Details of movements in fixed assets are set out in note 11 to the financial statements.

MAJOR SUBSIDIARIES

Details of the major subsidiaries as at 31 March 2013 are set out in note 28 to the financial statements.

LOANS AND BORROWINGS

Details of loans and borrowings are set out in notes 20 and 21 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year, the five largest customers of the Group accounted for less than 30% of the Group's turnover and the five largest suppliers also accounted for less than 30% of the Group's expenditure on goods and services.

DONATIONS

During the financial year, the Group has made HK\$92,000 charitable donations (2012: HK\$80,000).

DIRECTORS

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

Executive Directors

Rossana WANG GAW

Goodwin GAW

Kenneth GAW

Jane Kwai Ying TSUI (*retired on 28 March 2013*)

Alan Kam Hung LEE (*appointed on 1 April 2013*)

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

In accordance with Bye-Laws 82 & 83, Mrs. Rossana Wang Gaw, Dr. Charles Wai Bun Cheung, JP and Mr. Stephen Tan will retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Bye-Laws 77, Mr. Alan Kam Hung Lee who was appointed as Executive Director of the Company on 1 April 2013 will hold office until the forthcoming annual general meeting and being eligible for re-election.

None of directors proposed for re-election at the forthcoming annual general meeting 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 other than statutory compensation.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2013, 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 Part XV 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 (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 for Securities Transactions by Directors (the "Model Code") 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	%
Rossana Wang Gaw	–	24,894,731 ¹	215,768,260 ²	240,662,991	20.85
Kenneth Gaw	61,418,428	12,725,857 ³	41,305,864 ⁴	115,450,149	10.00
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.05

¹ Mrs. Rossana Wang Gaw owns the entire issue share capital of Vitality Holdings Limited, which was beneficially interested in 24,894,731 shares.

² Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares.

³ Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 12,725,857 shares.

⁴ Family trust of which Mr. Kenneth Gaw is the sole beneficiary held an aggregate of 41,305,864 shares.

Directors' Report

Long Position in Shares of Associated Corporations

Name of company	Name of director	Number of shares held by controlled corporation	%
Grandsworth Pte. Limited	Rossana Wang Gaw	1*	50.0
Grandsworth Pte. Limited	Kenneth Gaw	1*	50.0
Pioneer Hospitality Siam (GBR) Limited	Rossana Wang Gaw	2,020,000*	50.5
Pioneer Hospitality Siam (GBR) Limited	Kenneth Gaw	2,020,000*	50.5
Keencity Properties Limited	Rossana Wang Gaw	5,019,205*	50.5
Keencity Properties Limited	Kenneth Gaw	5,019,205*	50.5
Pioneer iNetwork Limited	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Limited	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.

Save as disclosed above, as at 31 March 2013, 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 Part XV of the 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 adopted by the Company to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2013, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares 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, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Number of shares	%
Asset-Plus Investments Ltd.	115,403,866	10.00
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corporation	215,768,260 ¹	18.70
Prosperous Island Limited	97,324,936	8.43

¹ Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares, which duplicated to those disclosed in "Long Position in Shares of the Company".

Save as disclosed above, the Directors were not aware of any other persons (other than a director or chief executive of the Company) who, as at 31 March 2013, had interests or short positions in the shares and underlying shares 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, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

EMOLUMENT POLICY

As at 31 March 2013, the number of salaried staff at the holding company level was 17 (2012: 18). 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.

The emoluments of the directors of the Company are determined with reference to his/her position, duties and responsibilities, remuneration policy of the Company and the prevailing market conditions.

SHARE OPTION SCHEME

As at 31 March 2013, there were no outstanding options to subscribe for the shares of the Company. There were no other arrangements to which the Company or any of its subsidiaries was a party to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTEREST IN CONTRACTS

No Director has 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 is a party during the financial year.

MANAGEMENT CONTRACTS

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 financial year.

PRE-EMPTIVE RIGHTS

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

Directors' Report

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.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 16 to 24.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the financial year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

RELATED PARTY TRANSACTION

The Group entered into certain transaction with parties regarded as "related parties" under the applicable accounting standards. Details of the transaction are set out in note 27 to the financial statements.

AUDITORS

The financial statements for the year ended 31 March 2013 have been audited by Wong Brothers & Co. who retire and being eligible offer themselves for re-appointment. A resolution for the re-appointment of Wong Brothers & Co. as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Rossana Wang Gaw

Chairman

Hong Kong, 25 June 2013

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mrs. Rossana WANG GAW (Chairman)

Aged 67, was 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 8 years of experience in the garment manufacturing industry and over 30 years of experience in real estate investments and hotels business. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a Degree in Business Administration. She is the mother of Mr. Goodwin Gaw and Mr. Kenneth Gaw.

Mr. Goodwin GAW (Vice Chairman)

Aged 44, was appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. He is the Chairman of Gaw Capital Partners, a real estate private equity firm focusing on Asia real estate markets. He is also the President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in the United States. Mr. Gaw 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 and the brother of Mr. Kenneth Gaw.

Mr. Kenneth GAW (Managing Director)

Aged 42, was appointed to the Board in 1994 and became Managing Director of the Group in February 1999. He holds directorships at Dusit Thani Public Company Limited, Home Inns & Hotels Management Inc., and Hong Kong-Thailand Business Council. He was a director of Siam Food Products Public Company Limited until 2006 and was a director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until the company was privatized in July 2000. Mr. Gaw co-founded Gaw Capital Partners, a real estate private equity firm focusing on Asia real estate markets, in July 2005. 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 with Goldman Sachs (Asia) LLC in Hong Kong. He is the son of Mrs. Rossana Wang Gaw and the brother of Mr. Goodwin Gaw.

Ms. Jane Kwai Ying TSUI (retired on 28 March 2013)

Aged 69, was appointed to the Board in 1984. She is responsible for the day-to-day operation of the Group, including general administration. She is also advising on company secretarial matters of the Group. Ms. Tsui previously worked in the banking sector for about 3 years before joining the Group in 1980.

Biographical Details of Directors

Mr. Alan Kam Hung LEE (appointed on 1 April 2013)

Aged 57, has been the Chief Financial Officer of the Group since 2000 and currently being a director of various subsidiaries and associates of the Group. He is also the Chief Financial Officer of Gaw Capital Partners, a real estate private equity firm. Before joining the Group, he was the Executive Director and Finance Director of Road King Infrastructure Limited which is listed on the main board of the Stock Exchange. Mr. Lee is graduated with a Bachelor of Science Degree in civil engineering from Imperial College, University of London, a Master of Science Degree in engineering from the University of Hong Kong and a Master of Business Administration Degree from the University of Toronto. He is a chartered accountant (Canada) and a fellow member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Charles Wai Bun CHEUNG, JP

Aged 76, was appointed to the Board in 1986. He is the Chairman of the Audit Committee of the Company. Dr. Cheung holds an Honorary Doctor's Degree, a Master's Degree in Business Administration and a Bachelor of Science Degree. He has over 35 years of experience in the senior management of companies in various industries including over 22 years of experience of banking business in senior management positions. Dr. Cheung is Chairman of Joy Harvest International Limited, a director and Vice Chairman of the Executive Committee of Metropolitan Bank (China) Ltd.. He is a director and director of Audit Committee of China Resources Bank of Zhuhai Co. Ltd.. He is also an independent non-executive director and Chairman of Audit Committee of both Shanghai Electric Group Company Limited and China Financial International Investments Limited (formerly named Sunshine Capital Investments Group Limited) and an independent non-executive director of Universal Technologies Holdings Ltd. which are listed on the main board of the Stock Exchange. Dr. Cheung is Chairman of the board, an independent non-executive director and Chairman of Remuneration Committee and Nomination Committee of Grand T G Gold Holdings Limited which is listed on GEM board of the Stock Exchange. Dr. Cheung is a Senior Adviser to the Metropolitan Bank & Trust Company, Philippines and Executive Chairman of Lightscape Technologies Inc.. Dr. Cheung is a Visiting Professor of School of Business of Nanjing University, China and Special Adviser to the President of University of Victoria B.C. Canada. He is a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital. He is a council member of The Hong Kong Institute of Directors. Dr. Cheung was a former director and adviser of Tung Wah Group of Hospitals. He was awarded the Directors of the year Awards 2002 of Listed Company Non-executive Director. Dr. Cheung was elected Outstanding Director Award by the Chartered Association of Directors, Outstanding Management Award by Chartered Management Association and Outstanding CEO Award by the Asia Pacific CEO Association in December 2010.

Mr. Arnold Tin Chee IP

Aged 50, was appointed to the Board in 1999. He is the Chairman of the Remuneration Committee of the Company. Mr. Ip is a graduate of Trinity College, Cambridge University. Mr. Ip's work focuses on fund raising for listed and unlisted companies, and management of real estate investment funds. 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 property investment. He is an independent non-executive director of Pak Fah Yeow International Limited, a company listed on the main board of the Stock Exchange; and Chairman of Japan Residential Assets Manager Limited, manager of a real estate investment trust listed in Singapore. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Limited thereafter until January 2001, specializing in a range of corporate finance and advisory activities for companies based in Hong Kong and China. From 1984 to 1988, he worked at Arthur Andersen & Co in London specializing in taxation and qualified as a chartered accountant in 1988.

Mr. Stephen TAN

Aged 59, was appointed to the Board in 2007. He was educated in the United States and holds a Bachelor's Degree in Business Administration at Rutgers University, and a Master Degree in Business Administration at St. John's University. Mr. Tan is currently the executive director of Asia Financial Holdings Limited which is listed on the main board of the Stock Exchange. He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited, The Chinese General Chamber of Commerce and Vice Chairman of Hong Kong Chiu Chow Chamber of Commerce. Mr. Tan serves as the Chairman of Cantonese Opera Development Fund Investment Committee of Hong Kong Special Administration Region and Bangkok Mercantile (Hong Kong) Company Limited. He is the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited, a voting member of Tung Wah Group of Hospitals Advisory Board and Board Member of Hong Kong Sinfonietta Limited, a founding member of Hong Kong-Thailand Business Council and a trustee of Outward Bound Trust of Hong Kong. Mr. Tan is also a member of Election Committee (Finance), a member of the Mega Events Fund Assessment Committee and an honorary advisor of the Hong Kong Baseball Association.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Good corporate governance provides a framework that is essential for effective management, healthy corporate culture, successful business growth and better shareholders' value. The Group's corporate governance practices emphasize a well-balanced quality Board, effective internal control and accountability to shareholders. The Board has duly adopted the principles of good governance provided by the Code on Corporate Governance Practices (the "CG Code") in the Appendix 14 of the Listing Rules. For the year ended 31 March 2013, the Company has applied and complied with the applicable CG Code.

THE BOARD OF DIRECTORS

Responsibilities and Composition of the Board

The Company is headed by an effective Board which is accountable to shareholders for the long-term performance and interests of the Company. The Board is responsible for directing business affairs of the Group which include determining the corporate objectives and business strategies, setting appropriate policies to manage risks and performing the corporate governance function.

The management is delegated with the day-to-day running and operational matters of the Group and held accountable for the performance of the Company. They also closely monitor changes to regulations and accounting standards that affect the corporate affairs and business, and adopt an appropriate reporting format in its interim report, annual report and other documents to present a balance, clear and comprehensible assessment of the Group's performance and prospects.

Decisions on important matters, including those affect the Group's strategic policies, annual and interim results, material transactions and funding exercises are reserved to the Board whereas the Group's general operations decisions are reserved to the management. The respective functions to the Board and the management have been formalized and set out in writing.

The Board currently comprises seven Directors, including four Executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors in the Company represents more than one-third of the Board, which satisfied the new requirement under Rule 3.10(A) of the Listing Rules. The biographical details of the Directors including their names, positions and relationships are set out on pages 13 to 15. In particular, Mrs. Rossana Wang Gaw (Chairman) is the mother of Mr. Goodwin Gaw (Vice Chairman) and Mr. Kenneth Gaw (Managing Director). Save as aforesaid, none of the members of the Board is related to one another.

The Company has maintained on its website and that of Stock Exchange an updated list of Directors identifying their roles and functions and disclosed the names of Directors, including those Independent Non-executive Directors, in all corporate communications.

Chairman and Managing Director

The role of the Chairman and the Managing Director of the Company is separate to reinforce their respective independence and accountability.

The Chairman provides leadership to and oversees the effective functioning of the Board with good corporate governance practices. With the support of the senior management, the Chairman ensures that all Directors receive adequate, complete and reliable information, and are properly briefed on issues arising at Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner.

The Managing Director heads the management and focuses on implementing objectives, policies and strategies approved and delegated by the Board. He has the executive responsibilities over the Company's day-to-day management and operation.

During the year under review, the Chairman of the Company is Mrs. Rossana Wang Gaw whereas the Managing Director is Mr. Kenneth Gaw.

Independent Non-executive Director

Each Independent Non-executive Director is appointed for a term of three years and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws. The Independent Non-executive Directors possess appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. Their active participation in the Board and committee meetings brings an objective and independent voice that protects the minority interests. The Company has received in writing the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgment.

Board Meetings and Procedures

The Board meets regularly, and at least four times a year, to review the business development and discuss any matters arising from corporate governance, risk management, accounting and financing. Additional meetings will be held upon the request of the members when they think necessary. Every Director is entitled to have full access to information on the Group and may, in appropriate circumstances, take independent professional advice at the Company's expense.

In respect of regular Board meetings, at least 14 days' notice is normally given to all Directors and all Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the Board meetings, which enable the Board to make an informed decision on the matters. Draft minutes of every Board meeting are circulated to all Directors for their comment within a reasonable time after the Board meeting is held. All the minutes are kept by the Company Secretary and are open for inspection by any Director.

Corporate Governance Report

All Directors, including the Independent Non-executive Directors, have devoted a reasonable amount of time and effort to the business affairs of the Company. The decisions made are collective decisions of all Directors after thorough discussion at the Board meetings. According to the current Board practices, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting and the director concerned will abstain from voting.

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and Officers of the Group from their risk exposure arising from the business of the Group.

During the financial year, four Board meetings were held and attendance record of each Director is set out below:

Directors	Number of Board Meeting attended	Attendance rate
Executive Directors		
Rossana Wang Gaw (<i>Chairman</i>)	4/4	100%
Goodwin Gaw (<i>Vice Chairman</i>)	3/4	75%
Kenneth Gaw (<i>Managing Director</i>)	4/4	100%
Jane Kwai Ying Tsui (retired on 28 March 2013)	4/4	100%
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	4/4	100%
Arnold Tin Chee Ip	3/4	75%
Stephan Tan	4/4	100%

Directors' Induction and Training

On appointment to the Board, each newly appointed director receives a comprehensive induction package covering policies and procedures of the Company as well as the general, statutory and regulatory obligations of being a director to ensure that he is sufficiently aware of his responsibilities under the Listing Rules and other relevant regulatory requirements.

All Board members are encouraged to update their knowledge of and familiarity with the business environment related to the Group through active participation at Board meetings and enrolling in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance, corporate governance practices and professional skills at the Company's expense. The Company from time to time provides Directors with updates on the latest development of the Group and changes in the Listing Rules, rules and regulatory requirements related to directors' duties and responsibilities.

During the financial year, the record of trainings of each Director received is summarized below:

Directors	Reading journals, newspapers and/or updates*	Attending seminars, webinars, forums and/ or conference*
Executive Directors		
Rossana Wang Gaw	✓	✓
Goodwin Gaw	✓	✓
Kenneth Gaw	✓	✓
Jane Kwai Ying Tsui (retired on 28 March 2013)	✓	✓
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	✓	
Arnold Tin Chee Ip	✓	✓
Stephen Tan	✓	✓

* All the trainings are related to corporate governance, rules and regulations, accounting, financial, management, professional skills and/or directors' duties and responsibilities.

All Directors have provided the Company Secretary with their training record for the financial year under review.

Internal Control

The Board recognizes its responsibility for maintaining a sound and effective system of internal control to ensure shareholders' investment and the Company's assets are properly safeguarded. The system of internal control is designed according to the risk-based approach which identifies the possible risks associated with and controls over various operations and activities of the Company and its environment. The Board has, through the Audit Committee and the external auditors, conducted the review of effectiveness of the Company's internal control system for the year ended 31 March 2013, including all material financial, operational and compliance controls and risk management functions and assessed the adequacy of resources, qualification and experience of the staff of the Company's accounting and financial reporting function, and their training programs and budgets. The result of assessment is satisfactory and there are no significant control failings or weaknesses identified during the financial year which might affect shareholders.

Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties, including to develop and review the policies and practices on corporate governance and on the legal and regulatory compliance; to review and monitor the code of conduct and ethical behavior applicable to the Directors and employee; to review and monitor the training and continuous professional development of Directors and senior management; and to review the Company's compliance with the CG code and disclosure in the Corporate Governance Report.

During the year under review, the Board has adopted the shareholders' communication policy and new terms of reference of Nomination Committee, approved the revised terms of reference of the Audit Committee, Remuneration Committee and the Board, and monitored the training and continuous professional development of Directors regularly.

BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee consists of three Independent Non-executive Directors, including Mr. Arnold Tin Chee Ip (Chairman), Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and an Executive Director, Mr. Kenneth Gaw. The responsibilities and functions of the Remuneration Committee are set out in its terms of reference which are aligned with the provisions set out in CG Code and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Remuneration Committee are to make recommendations to the Board regarding the Company's remuneration policy and to formulate and review the remuneration packages of all the Directors and senior executives. The remuneration packages of Directors and senior management are determined by the Remuneration Committee with reference to his/her position, duties and responsibilities, remuneration policy of the Company and the prevailing market conditions. Sufficient resources are provided to the Committee to discharge its duty. The Committee can consult the Chairman and the Managing Director about their proposals relating to the remuneration of the Executive Directors and have access to independent professional advice at the Company's expense if necessary.

During the financial year, one Remuneration Committee meeting was held and attendance record of each Director is set out as below:

Directors	Number of Remuneration Committee Meeting attended	Attendance rate
Independent Non-executive Directors		
Arnold Tin Chee Ip (<i>Chairman</i>)	1/1	100%
Dr. Charles Wai Bun Cheung, JP	1/1	100%
Stephen Tan	1/1	100%
Executive Director		
Kenneth Gaw	1/1	100%

In the meeting, the Remuneration Committee assessed the performance of the Executive Directors and approved the remuneration packages for the Executive Directors and senior executive for year 2013 and the bonus for year 2012. The Committee also approved the retirement bonus to Ms. Jane Kwai Ying Tsui, an Executive Director. Details of the Directors' remuneration for year 2013 are set out in note 10 to the financial statements.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, JP (Chairman), Mr. Arnold Tin Chee Ip and Mr. Stephen Tan. The responsibilities and functions of the Audit Committee are set out in its terms of reference which are aligned with the provisions set out in CG Code and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Audit Committee are to review the interim and annual financial statements; to investigate any activity within its terms of reference; to discuss any issues arising from the audits and any matters raised by the external auditors; to assess the internal control and risk management systems; and to monitor the financial aspects of the Group. The Audit Committee meets twice a year with external auditors and is provided with sufficient resources to discharge its duty and has access to independent professional advice at the Company's expense if necessary.

During the financial year, two Audit Committee meetings were held and attendance record of each Director is set out as below:

Directors	Number of Audit Committee Meeting attended	Attendance rate
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP (<i>Chairman</i>)	2/2	100%
Arnold Tin Chee Ip	2/2	100%
Stephen Tan	2/2	100%

Throughout the year, the Audit Committee has reviewed the interim and annual financial statements and reports of the Group, paying attention to any changes in accounting policies and practices and their impact on the Group's financial statements. The Committee also reviewed the internal control and risk management systems report prepared by the management and discussed the same with the external auditors to ensure the effectiveness and efficiency of the Group's operation. The work and finding of the Audit Committee were reported to the Board.

Nomination Committee

The Nomination Committee consists of three Independent Non-executive Directors and two Executive Directors. Mrs. Rossana Wang Gaw is the Chairman of the Nomination Committee whereas Mr. Kenneth Gaw, Dr. Charles Wai Bun Cheung, JP, Mr. Arnold Tin Chee Ip and Mr. Stephen Tan are the Committee members. The responsibilities and functions of the Nomination Committee are set out in its terms of reference which are aligned with the provisions set out in CG Code and are available on the websites of the Company and the Stock Exchange.

The principal duties of the Nomination Committee are to review the structure, size and composition of the Board; to assess the independence of the Independent Non-executive Directors; and to make recommendation to the Board on selection of candidates for directorship.

Corporate Governance Report

The Committee has selection procedure for candidates: when there is a vacancy or an addition director, the Committee will identify suitable candidates internally and externally for nomination. The Committee will review the qualification and background of the candidates for determining the suitability to the Group on the basis of his professional knowledge, experience, skills as well as personal ethics, integrity and time commitment before recommended to the Board. All directors so appointed by the Board are subject to election by shareholders at the forthcoming general meeting.

During the financial year, one Nomination Committee meeting was held and attendance record of each Director is set out as below:

Directors	Number of Nomination Committee Meeting attended	Attendance rate
Executive Directors		
Rossana Wang Gaw (<i>Chairman</i>)	1/1	100%
Kenneth Gaw	1/1	100%
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	1/1	100%
Arnold Tin Chee Ip	1/1	100%
Stephen Tan	1/1	100%

In the meeting, the Nomination Committee reviewed the structure, size and composition of the Board and assessed the independence of Independent Non-executive Directors. The Committee also discussed the re-appointment of retiring Directors at 2013 annual general meeting and recommended to the Board for approval of the appointment of Mr. Alan Kam Hung Lee as an Executive Director following the retirement of Ms. Jane Kwai Ying Tsui after going through its selection procedure.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that they are responsible for preparing the accounts in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Starting from April 2012, the Company has provided all Directors with monthly management updates of the Company's performance, financial positions and other major matters, giving a balanced and understandable assessment to each Director to discharge their duties.

The consolidated financial statements of the Company for the year ended 31 March 2013 are prepared on the going concerns basis and have been audited by the external auditors, Wong Brothers & Co., and reviewed by the Audit Committee. The Auditors' reporting responsibilities are included in the Independent Auditors' Report on pages 25 to 26.

During the financial year ended 31 March 2013, the fees charged by the external auditors for statutory audit services provided to the Company and its subsidiaries amounted to HK\$468,000, and in addition HK\$52,000 was charged for other non-statutory audit services, mainly comprised tax advisory services.

DIRECTORS' DEALING IN SHARES OF THE COMPANY

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2013.

COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board process, communication among the Board members and has day-to-day knowledge of the Company's affairs as a full time employee of the Company. For the year under review, the Company Secretary has confirmed that she has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to convene a special general meeting

Pursuant to the Companies Act of Bermuda, a special general meeting may be convened by the Board of Directors upon requisition by any shareholder(s) holding not less than one-tenth of the paid-up capital of the Company as at the date of deposit carries the right of voting at the general meetings of the Company. The requisition must state the purpose of the meeting, and each must be signed by the relevant shareholders and deposited to the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

If the Board of Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the shareholder(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedure for Shareholders to put forward proposals at a general meeting

Pursuant to the Companies Act of Bermuda, either any number of the registered shareholders holding not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolutions which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to receive notice of the next general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or business to be dealt with at that meeting.

Each of requisition must be signed by the relevant shareholders and deposited to the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda not less than six weeks before the meeting, in case of a requisition requiring notice of a resolution; and not less than one week before the meeting, in case of any other requisition, together with a sum reasonably sufficient to meet the Company's expense in sending the notice.

Procedure for Shareholders to direct enquiries to the Board

Any enquiries by shareholders drawing the Board's attention can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong or via email (info@pioneerglobalgroup.com). Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Investors and shareholders can also visit the Company's website (www.pioneerglobalgroup.com or www.irasia.com/listco/hk/pioneer/index.htm) for relevant corporate and financial information.

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman, senior management, Independent Non-executive Directors and external auditors participate in the meeting to answer any questions from the shareholders. An annual general meeting circular is distributed to all shareholders at least 20 clear business days prior to the annual general meeting. To facilitate enforcement of the shareholders' rights, significant issues are dealt with under separate resolutions. All resolutions at the annual general meeting of the Company will be decided on a poll and the Company will engage external scrutineer or proper counting of the votes. Results of the poll will be published on the websites of the Company and the Stock Exchange.

During the financial year ended 31 March 2013, there is no significant change in the constitutional documents of the Company.

Independent Auditors' Report

To the Shareholders of

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pioneer Global Group Limited ("the Company") and its subsidiaries (together the "Group") set out on pages 27 to 74, which comprise the consolidated and Company statements of financial position as at 31 March 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Wong Brothers & Co.

Certified Public Accountants

19/F., MassMutual Tower

38 Gloucester Road

Wanchai

Hong Kong

25 June 2013

Consolidated Income Statement

For the year ended 31 March 2013

	Notes	For the year ended 31 March	
		2013 HK\$'000	2012 HK\$'000 (Restated)
Turnover			
Company and subsidiaries		199,415	179,762
Share of associates		107,068	78,324
		306,483	258,086
Turnover of Company and subsidiaries	3	199,415	179,762
Properties operating expenses		(32,395)	(31,717)
Staff costs		(13,218)	(13,522)
Depreciation		(429)	(525)
Other expenses		(3,684)	(4,501)
		(49,726)	(50,265)
Operating profit		149,689	129,497
Share of profits of associates		76,232	37,457
Change in fair value of investment properties	11	607,761	296,249
Other gains and losses	4	11,968	58,434
Finance costs		(33,157)	(29,843)
Profit before taxation	5	812,493	491,794
Taxation			
Current	6	(3,580)	(3,052)
Deferred	6	(15,208)	(12,413)
Profit for the year		793,705	476,329
Profit attributable to :			
Shareholders of the Company		671,140	405,545
Non-controlling interests		122,565	70,784
		793,705	476,329
		HK cents	HK cents
Earnings per share	9	58.16	42.97

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	For the year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
		(Restated)
Profit for the year	793,705	476,329
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	26,516	(57,104)
– associates	36,107	(1,474)
Exchange difference on translation of associates	(1,624)	(7,349)
Other comprehensive income for the year, net of tax	60,999	(65,927)
Total comprehensive income for the year	854,704	410,402
Total comprehensive income attributable to:		
Shareholders of the Company	730,512	337,617
Non-controlling interests	124,192	72,785
	854,704	410,402

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	At 31 March 2013 HK\$'000	At 31 March 2012 HK\$'000 (Restated)	At 1 April 2011 HK\$'000 (Restated)
ASSETS				
Non-current assets				
Investment properties	11	4,704,200	4,136,700	3,282,800
Associates	12	764,549	669,864	625,371
Available for sale investments	13	266,347	229,085	353,348
Property, plant & equipment	11	2,480	2,072	2,607
Other assets		300	950	1,447
		5,737,876	5,038,671	4,265,573
Current assets				
Debtors, advances & prepayments	14	25,637	26,113	23,810
Available for sale investments	13	16,761	12,260	48,970
Financial assets at fair value	15	2,336	1,780	5,887
Cash & bank balances	17	186,475	155,582	54,884
		231,209	195,735	133,551
Total assets		5,969,085	5,234,406	4,399,124
EQUITY				
Share capital	18	115,404	115,404	76,935
Reserves	19	3,566,093	2,877,126	2,327,145
Shareholders' funds		3,681,497	2,992,530	2,404,080
Non-controlling interests		682,956	583,800	517,680
Total equity		4,364,453	3,576,330	2,921,760
LIABILITIES				
Non-current liabilities				
Creditors & accruals	23	31,320	31,615	29,272
Secured bank loans	20	1,424,228	433,410	1,221,997
Deferred payment	21	20,500	61,500	102,500
Deferred taxation	22	26,801	11,593	(613)
		1,502,849	538,118	1,353,156
Current liabilities				
Creditors & accruals	23	26,120	31,577	20,648
Secured bank loans	20	33,720	1,046,053	102,044
Deferred payment	21	41,000	41,000	–
Tax liabilities		943	1,328	1,516
		101,783	1,119,958	124,208
Total liabilities		1,604,632	1,658,076	1,477,364
Total equity and liabilities		5,969,085	5,234,406	4,399,124

Statement of Financial Position

At 31 March 2013

	Notes	At 31 March 2013 HK\$'000	At 31 March 2012 HK\$'000
ASSETS			
Non-current assets			
Subsidiary companies	16	1,319,110	1,320,585
Associates	12	41,001	40,953
Available for sale investments	13	3,225	3,713
		1,363,336	1,365,251
Current assets			
Debtors, advances & prepayments		223	129
Cash & bank balances	17	33,607	93
		33,830	222
Total assets		1,397,166	1,365,473
EQUITY			
Share capital	18	115,404	115,404
Reserves	19	1,281,151	1,248,907
Total equity		1,396,555	1,364,311
LIABILITIES			
Current liabilities			
Creditors & accruals		622	1,173
Tax refundable		(11)	(11)
Total liabilities		611	1,162
Total equity and liabilities		1,397,166	1,365,473

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	For the year ended 31 March	
	2013 HK\$'000	2012 HK\$'000 (Restated)
Cash flows from operating activities		
Profit before taxation	812,493	491,794
Share of net profit of associates	(76,232)	(37,457)
Increase in fair value of investment properties	(607,761)	(296,249)
Other gains and losses	(11,968)	(58,434)
Depreciation	429	525
Interest income	(4,809)	(5,199)
Interest expenses	33,157	29,843
Dividend income		
– listed	(2,946)	(6,039)
– unlisted	(3,258)	(2,664)
Operating cash flows before working capital changes	139,105	116,120
Decrease/(increase) in debtors, advances & prepayments	443	(1,841)
(Decrease)/increase in creditors & accruals	(5,802)	1,433
Cash generated from operations	133,746	115,712
Hong Kong profits tax paid	(3,942)	(3,940)
Overseas profits tax paid	(23)	(29)
Net cash generated from operating activities	129,781	111,743
Cash flows from investing activities		
Interest received	4,842	4,969
Dividend received	6,204	9,342
Increase in short-term bank deposits maturing after three months	(13,116)	–
Investment properties:		
– Purchase of investment properties	–	(22,807)
– Addition to investment properties	(14,739)	(7,974)
– Deposit received on disposal of investment properties	–	3,000
– Proceeds on disposal of investment properties	65,453	39,573
Associates:		
– Advance to associates	(1,933)	(36,121)
– Distribution from associates	17,963	20,262
Available for sale investments:		
– Purchase of available for sale investments	(58,099)	(60,557)
– Distribution from available for sales investments	496	1,596
– Proceeds on disposal of available for sale investments	42,919	182,126
– Recovery of impairment loss on available for sale investments	–	1,200
Property, plant & equipment:		
– Purchase of property, plant & equipment	(1,185)	(24)
– Proceeds on disposal of property, plant & equipment	200	–
– Proceeds on disposal of financial assets at fair value	–	4,792
– Proceeds on disposal of other assets	1,194	487
– Acquisition of subsidiaries	–	(259,281)
Net cash generated from/(used in) investing activities	50,199	(119,417)

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	For the year ended 31 March 2013 HK\$'000	2012 HK\$'000 (Restated)
<hr/>			
Cash flows from financing activities			
Interest paid		(33,107)	(29,718)
Distributions to non-controlling interest shareholders		(25,036)	(6,665)
Dividend paid to shareholders		(41,545)	(27,697)
Open offer		–	278,530
Deferred payment repaid		(41,000)	–
Bank loan raised		1,033,000	–
Bank loans repaid		(1,054,515)	(106,078)
		<hr/>	
Net cash (used in)/generated from financing activities		(162,203)	108,372
		<hr/>	
Net increase in cash and cash equivalents		17,777	100,698
Cash and cash equivalents at the beginning of the year		155,582	54,884
		<hr/>	
Cash and cash equivalents at the end of the year		173,359	155,582
		<hr/>	
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks up to three months' maturity	17	173,359	155,582
		<hr/>	

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to shareholders of the Company								
	Share capital	Share premium	Capital reserve & contributed surplus	Exchange reserve	Investment revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						(Restated)	(Restated)	(Restated)	(Restated)
At 1 April 2012	115,404	547,748	41,242	8,249	236,468	2,043,419	2,992,530	583,800	3,576,330
Fair value change of available for sale investments									
- subsidiaries	-	-	-	-	24,889	-	24,889	-	24,889
- non-controlling interests	-	-	-	-	-	-	-	1,627	1,627
- associates	-	-	-	-	36,107	-	36,107	-	36,107
Exchange on translation of associates	-	-	-	(1,624)	-	-	(1,624)	-	(1,624)
Net income recognized directly in equity	-	-	-	(1,624)	60,996	-	59,372	1,627	60,999
Profit attributable to equity holders	-	-	-	-	-	671,140	671,140	122,565	793,705
Total comprehensive income for the year	-	-	-	(1,624)	60,996	671,140	730,512	124,192	854,704
Distribution to non-controlling interests	-	-	-	-	-	-	-	(25,036)	(25,036)
2012 final dividend paid	-	-	-	-	-	(26,543)	(26,543)	-	(26,543)
2013 interim dividend paid	-	-	-	-	-	(15,002)	(15,002)	-	(15,002)
At 31 March 2013	115,404	547,748	41,242	6,625	297,464	2,673,014	3,681,497	682,956	4,364,453

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & surplus HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000 (Restated)	Total HK\$'000 (Restated)	Non-controlling interests HK\$'000 (Restated)	Total equity HK\$'000 (Restated)
At 1 April 2011	76,935	307,687	41,242	15,598	297,047	1,665,571	2,404,080	517,680	2,921,760
Open offer	38,469	240,061	-	-	-	-	278,530	-	278,530
Fair value change of available for sale investments									
- subsidiaries	-	-	-	-	(59,105)	-	(59,105)	-	(59,105)
- non-controlling interests	-	-	-	-	-	-	-	2,001	2,001
- associates	-	-	-	-	(1,474)	-	(1,474)	-	(1,474)
Exchange on translation of associates	-	-	-	(7,349)	-	-	(7,349)	-	(7,349)
Net income recognized directly in equity	-	-	-	(7,349)	(60,579)	-	(67,928)	2,001	(65,927)
Profit attributable to equity holders	-	-	-	-	-	405,545	405,545	70,784	476,329
Total comprehensive income for the year	-	-	-	(7,349)	(60,579)	405,545	337,617	72,785	410,402
Distribution to non-controlling interests	-	-	-	-	-	-	-	(6,665)	(6,665)
2011 final dividend paid	-	-	-	-	-	(13,848)	(13,848)	-	(13,848)
2012 interim dividend paid	-	-	-	-	-	(13,849)	(13,849)	-	(13,849)
At 31 March 2012	115,404	547,748	41,242	8,249	236,468	2,043,419	2,992,530	583,800	3,576,330

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Pioneer Global Group Limited is a limited liability company, incorporated in Bermuda with its shares listed on the Stock Exchange. The principal activity of the Company is investment holding and the principal activities of its major subsidiaries and associates are shown in notes 12 and 28 respectively.

(b) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Listing Rules.

During the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations (“new and revised HKFRSs”) issued by the HKICPA which are relevant to its operations.

HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”

Under the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors of the Company reviewed the Group’s investment property portfolios and concluded that the Group’s investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

Summary of effect of the changes in accounting policies

The effect of the changes in accounting policies described above on the results of the Group for the current and prior years by line items are as follows:

	For the year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Consolidated income statement		
Decrease in taxation – deferred	99,786	46,811
Increase in other gains and losses	–	27,166
Increase in profit for the year	99,786	73,977
Increase in profit for the year attributable to shareholders of the Company	83,101	64,982
Increase in profit for the year attributable to non-controlling interests	16,685	8,995
	99,786	73,977
Consolidated statement of comprehensive income		
Increase in profit and total comprehensive income for the year	99,786	73,977
Increase in total comprehensive income attributable to shareholders of the Company	83,101	64,982
Increase in total comprehensive income attributable to non-controlling interests	16,685	8,995
	99,786	73,977

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Summary of effect of the changes in accounting policies (continued)

	As originally stated HK\$'000	Adjustments HK\$'000	As restated HK\$'000
Consolidated income statement for the year ended 31 March 2012			
Taxation – deferred	(59,224)	46,811	(12,413)
Other gains and losses	31,268	27,166	58,434
Profit for the year	402,352	73,977	476,329
Profit for the year attributable to shareholders of the Company	340,563	64,982	405,545
Profit for the year attributable to non-controlling interests	61,789	8,995	70,784
	402,352	73,977	476,329
Consolidated statement of comprehensive income for the year ended 31 March 2012			
Profit for the year	402,352	73,977	476,329
Total comprehensive income for the year	336,425	73,977	410,402
Total comprehensive income attributable to shareholders of the Company	272,635	64,982	337,617
Total comprehensive income attributable to non-controlling interests	63,790	8,995	72,785
	336,425	73,977	410,402

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

Summary of effect of the changes in accounting policies *(continued)*

The effect on the financial position of the Group as at 1 April 2011 and 31 March 2012 are as follows:

	As originally stated HK\$'000	Adjustments HK\$'000	As restated HK\$'000
Consolidated statement of financial position as at 1 April 2011			
Deferred tax liabilities/(assets)	279,816	(280,429)	(613)
Retained earnings	1,461,182	204,389	1,665,571
Non-controlling interests	441,640	76,040	517,680
Effects on equity	1,902,822	280,429	2,183,251
Consolidated statement of financial position as at 31 March 2012			
Deferred tax liabilities	365,999	(354,406)	11,593
Retained earnings	1,774,048	269,371	2,043,419
Non-controlling interests	498,765	85,035	583,800
Effects on equity	2,272,813	354,406	2,627,219

The effects on the earnings per share are as follows:

	For the year ended 31 March	
	2013 HK Cents	2012 HK Cents
Impact on earnings per share		
Earnings per share before adjustments	50.96	36.08
Adjustments arising on the application of the amendments to HKAS 12	7.20	6.89
Restated earnings per share	58.16	42.97

Except as described above, the application of the above new and revised HKFRSs did not have any material effect on the financial position or performance of the Group for the current and/or prior accounting periods.

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

New and revised Standards, Amendments or Interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle ²
HKAS 1 (Amendment)	Presentation of Financial Statements ¹
HKAS 19 (Amendment)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ³
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 (Amendment) & HKFRS 9	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of the above new and revised standards, amendments or interpretations. The Group is not yet in a position to determine the impact of these new and revised standards, amendments or interpretations on the results of operations and financial position of the Group.

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2013 incorporate the financial statements of the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, available for sale investments and financial assets at fair value are stated at their fair values as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group transactions, balances and realized surplus and deficits on transactions between group companies have been eliminated. Non-controlling interests represent the proportion of the results and net assets of subsidiaries not attributable to the Group.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses.

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognized for the year.

In the Company's statement of financial position, its investments in associates are stated at cost less impairment losses.

(f) Investment properties

Investment properties are land and/or buildings, which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are stated in the statement of financial position at fair value. Any gain or loss arising from a change in fair value is recognized in the income statement.

(g) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost over their estimated useful lives on the reducing balance method at 10-25% p.a..

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value and available for sale investments. When financial assets are recognized initially, they are measured at fair value, plus attributable transactions costs if the investments are not financial assets at fair value. The Group determines the classification of its investments after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of investments are recognized on the trade date i.e. the date that the Group commits to purchase the assets. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the period generally established by regulation or convention in the market place.

(i) *Financial assets at fair value*

Financial assets held for short term trading purposes is classified as 'financial assets at fair value'. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses arising from changes in fair value are recognized in profit or loss.

(ii) *Available for sale investments*

Available for sale investments are those non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. After initial recognition, available for sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

If any objective evidence exists for available for sale investments are impaired, the accumulated loss which is measured as the difference between the acquisition cost and the current fair value, is removed from equity and recognized in profit or loss. Impairment loss recognized on equity investments is not reversed.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets

At each year end 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 in the income statement.

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.

(j) Leases

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

(k) Debtors

Debtors are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method, less allowance for doubtful debt. When doubtful debts are identified, provisions are made and recognized in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks repayable within three months from the date of placement, less bank overdrafts and advances from banks repayable within three months from the date of advance.

(m) Bank loans and interest-bearing borrowings

Bank loans and interest-bearing borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to raising of the bank loans and interest-bearing borrowings. They are subsequently stated at amortized cost. Any difference between the cost and the redemption value is recognized in profit or loss over the period of the bank loans and interest-bearing borrowings using the effective interest rate method.

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Creditors

Creditors are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost. Creditors are classified as current liabilities if payment is due within one year or less; otherwise, they are presented as non-current liabilities.

(o) Revenue recognition

(i) Rental income

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

(ii) Rendering of services

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

(iii) Dividend income

Dividend income from listed investments is recognized 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.

(iv) Interest income

Interest income is recognized on a time proportion basis.

(p) Foreign currencies

The functional and presentation currency of the Company, subsidiaries and associates which operate in Hong Kong is in Hong Kong dollars. Certain overseas subsidiaries and associates which operate overseas are in their respective local 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 year end date are translated at the applicable rates ruling at that date. Exchange differences are dealt with in the income statement. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the income statement of overseas subsidiaries and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their statements of financial position are translated into Hong Kong dollars at the exchange rates ruling at the year end date. The resulting translation differences are included in the exchange reserve.

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Employee benefits

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 income statement when incurred. The amount of contributions by the Group is based on a specified percentage of the monthly relevant income of the eligible employees. Forfeited contributions of the fund will be used to reduce the existing retirement scheme costs.

(r) Taxation

Income tax expense represents the sum of the tax currently payable and the deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in profit or loss.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

For the year ended 31 March 2013

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the income statement in the period in which they are incurred.

(t) Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of key management personnel of the Group or the Group's holding company.

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) The entity and the Group are members of the same Group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (6) The entity is controlled or jointly controlled by a person identified in (i).
- (7) A person identified in (i)(1) has significant influence over the entity or is a member of key management personnel of the entity (or of the holding company of the entity).

Notes to the Financial Statements

For the year ended 31 March 2013

2. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary businesses and geographical location.

Business segments

In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the reportable segments are (i) property and hotels and (ii) investments and others.

	Property and hotels		Investments and others		Consolidated	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)				(Restated)
Segment turnover						
Company and subsidiaries	187,223	165,173	12,192	14,589	199,415	179,762
Segment result						
Unallocated corporate expenses	138,310	116,176	11,575	13,792	149,885	129,968
					(196)	(471)
Operating profit					149,689	129,497
Share of profits of associates	76,232	37,457	-	-	76,232	37,457
Change in fair value of investment properties	607,761	296,249	-	-	607,761	296,249
Other gains and losses	10,454	37,334	1,514	21,100	11,968	58,434
Finance costs					(33,157)	(29,843)
Taxation					(18,788)	(15,465)
Non-controlling interests					(122,565)	(70,784)
Profit attributable to shareholders					671,140	405,545

Segment assets and liabilities

	Property and hotels		Investments and others		Consolidated	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)				(Restated)
Segment assets	4,844,570	4,278,687	359,966	285,855	5,204,536	4,564,542
Investment in associates	764,549	669,864	-	-	764,549	669,864
Consolidated total assets					5,969,085	5,234,406
Segment liabilities	(1,603,363)	(1,646,817)	(558)	(9,980)	(1,603,921)	(1,656,797)
Unallocated corporate liabilities					(711)	(1,279)
Consolidated total liabilities					(1,604,632)	(1,658,076)
Other information						
Capital expenditure	16,672	325,588	58,099	60,581	74,771	386,169
Depreciation	429	525	-	-	429	525

Notes to the Financial Statements

For the year ended 31 March 2013

2. SEGMENT INFORMATION *(continued)*

Geographical Segments

In geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Overseas segment includes China, Thailand, Malaysia and Singapore.

	Turnover by geographical market		Segment assets	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	192,626	168,948	5,073,385	4,446,045
Overseas	6,789	10,814	131,151	118,497
	199,415	179,762	5,204,536	4,564,542

3. TURNOVER

	2013	2012
	HK\$'000	HK\$'000
Rental income	158,133	138,516
Property expenses recovery	28,923	26,657
Dividend income	6,204	8,703
Interest income	4,809	5,199
Others	1,346	687
	199,415	179,762

Notes to the Financial Statements

For the year ended 31 March 2013

4. OTHER GAINS AND LOSSES

	2013	2012
	HK\$'000	HK\$'000
		(Restated)
Gain on disposal of investment properties and other fixed assets	10,850	26,390
Net gain on disposal of available for sale investments	563	20,005
Increase in fair value of financial assets at fair value	555	629
Negative goodwill on acquisition of subsidiaries	–	9,710
Other gains and recovery of impairment provision	–	1,700
	11,968	58,434

5. PROFIT BEFORE TAXATION

	2013	2012
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	33,157	29,843
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	13,487	13,419
Pension scheme contributions	158	103
Auditors' remuneration	470	498
Depreciation	429	525
(Over)-provision/provision for long service payments	(427)	161
and after crediting:		
Rental income from investment properties	158,133	138,516
Less: direct outgoings	(1,230)	(1,749)
Listed investment income	2,946	6,039
Unlisted investment income	3,258	2,664
Interest income	4,809	5,199
Exchange gain	1,179	193

Notes to the Financial Statements

For the year ended 31 March 2013

6. TAXATION

(a) Taxation

	2013			2012		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
				(Restated)	(Restated)	(Restated)
Hong Kong						
– Provision for the year	3,557	13,520	17,077	3,023	12,413	15,436
Overseas						
– Provision for the year	23	1,688	1,711	29	–	29
	3,580	15,208	18,788	3,052	12,413	15,465

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) 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.

(b) Reconciliation between accounting profits and the taxation charge

	2013 HK\$'000	2012 HK\$'000 (Restated)
Profit before taxation	812,493	491,794
Less: Share of profits of associates	(76,232)	(37,457)
Profit before taxation attributable to the Company and its subsidiaries	736,261	454,337
Tax calculated at applicable tax rate of 16.5% (2012: 16.5%)	121,483	74,966
Expenses not deductible for taxation purposes	8,925	6,043
Income not subject to taxation	(104,606)	(60,553)
Current year tax losses not recognized	43	81
Utilization of previously unrecognized tax loss	(8,676)	(5,154)
Deferred tax asset not recognized during the year	1,688	82
Over-provision in prior years	(69)	–
Taxation charge	18,788	15,465

Notes to the Financial Statements

For the year ended 31 March 2013

7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit for the year attributable to equity holders of the Company for the year ended 31 March 2013 in the financial statements of the Company was HK\$73,851,000 (2012: HK\$54,104,000).

8. DIVIDENDS

	2013 HK\$'000	2012 HK\$'000
Interim dividend of HK1.30 cents (2012: HK1.20 cents) per ordinary share	15,002	13,849
Proposed final cash dividend of HK2.50 cents (2012: HK2.30 cents) per ordinary share	28,851	26,543
	43,853	40,392

The dividends which have been paid during the year by cash are as follows:

Interim for the year ended 31 March 2013 (2012)	15,002	13,849
Final for the year ended 31 March 2012 (2011)	26,543	13,848
	41,545	27,697

The 2013 final cash dividend of HK2.50 cents (2012: HK2.30 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$671,140,000 (2012 (restated): HK\$405,545,000) and on the 1,154,038,656 shares (2012: weighted average of 943,831,251 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2013 and 31 March 2012 as the Company had no dilutive potential ordinary shares during both years.

Notes to the Financial Statements

For the year ended 31 March 2013

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	2013 Total HK\$'000
Executive Directors					
Rossana Wang Gaw	50	2,520	250	-	2,820
Goodwin Gaw	50	420	-	-	470
Kenneth Gaw	50	3,262	800	15	4,127
Jane Kwai Ying Tsui	50	240	50	1,000	1,340
Independent Non-executive Directors					
Charles, Wai Bun Cheung, JP	90	-	-	-	90
Stephen Tan	90	-	-	-	90
Arnold Tin Chee Ip	90	-	-	-	90
Total	470	6,442	1,100	1,015	9,027

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	2012 Total HK\$'000
Executive Directors					
Rossana Wang Gaw	50	2,520	250	-	2,820
Goodwin Gaw	50	420	-	-	470
Kenneth Gaw	50	3,240	800	12	4,102
Jane Kwai Ying Tsui	50	240	50	-	340
Independent Non-executive Directors					
Charles, Wai Bun Cheung, JP	80	-	-	-	80
Stephen Tan	80	-	-	-	80
Arnold Tin Chee Ip	80	-	-	-	80
Total	440	6,420	1,100	12	7,972

Notes to the Financial Statements

For the year ended 31 March 2013

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Other senior management's emoluments

During the year, the five highest paid individuals include three Directors (2012: three Directors), details of whose emoluments are included above. The details of the remuneration of the remaining two (2012: two) highest paid individual are set out below:

	2013	2012
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,787	1,725
Bonuses	938	880
Pension scheme contributions	29	24
	2,754	2,629

The number of highest paid individuals fell within emoluments bands are as follows:

	2013	2012
HK\$		
Nil – 1,000,000	1	1
1,000,001 – 2,000,000	–	1
2,000,001 – 2,500,000	1	–

Notes to the Financial Statements

For the year ended 31 March 2013

11. FIXED ASSETS

(a) Investment properties

	2013 HK\$'000	2012 HK\$'000
At Valuation at 31 March 2012 (31 March 2011)	4,136,700	3,282,800
Additions	14,739	33,161
Disposals	(55,000)	(15,510)
Acquisition of subsidiaries	–	540,000
Revaluation	607,761	296,249
At 31 March 2013 (31 March 2012)	4,704,200	4,136,700

Investment properties comprised the following:

	2013 HK\$'000	2012 HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	4,074,000	3,659,000
Leasehold properties in Hong Kong – medium term	615,500	466,000
Leasehold properties in Mainland China – long term	14,700	11,700
	4,704,200	4,136,700

Investment properties have been valued at 31 March 2013 by AA Property Services Limited, independent professional valuers, on an open market value basis. The valuation was mainly arrived at by reference to comparable market transactions and where appropriate on the basis of capitalization of the net income receivable with due allowance for reversionary income potential.

Notes to the Financial Statements

For the year ended 31 March 2013

11. FIXED ASSETS (continued)

(b) Property, plant & equipment

	HK\$'000
<hr/>	
Cost	
At 31 March 2011	8,447
Additions	24
Written-off	(1,431)
<hr/>	
At 31 March 2012	7,040
<hr/>	
Additions	1,185
Disposals	(1,200)
Written-off	(2,513)
<hr/>	
At 31 March 2013	4,512
<hr/>	
Accumulated depreciation	
At 31 March 2011	5,840
Charge for the year	525
Written-off	(1,397)
<hr/>	
At 31 March 2012	4,968
<hr/>	
Charge for the year	429
Disposals	(895)
Written-off	(2,470)
<hr/>	
At 31 March 2013	2,032
<hr/>	
Net book value	
At 31 March 2013	2,480
<hr/>	
At 31 March 2012	2,072
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Notes to the Financial Statements

For the year ended 31 March 2013

12. ASSOCIATES

	2013	2012
	HK\$'000	HK\$'000
The Group		
At cost	195,588	195,588
Goodwill written off	(3,029)	(3,029)
Impairment loss	(18,738)	(18,738)
Exchange reserves	6,671	8,295
Attributable to post acquisition profit	394,860	332,086
Attributable to investment revaluation reserve	253,972	217,865
Deemed disposal	(226,948)	(226,948)
	602,376	505,119
Amount due from associates	168,579	175,602
Amount due to associates	(6,406)	(10,857)
	764,549	669,864
The Company		
At cost	2,093	2,093
Amount due from associates	38,908	38,860
	41,001	40,953

The amounts due from/to associates are unsecured, interest-free and have no fixed terms of repayment. The carrying values of the amounts due from/to associates approximate their fair value.

The Directors consider that the amounts due from/to associates as at the end of the reporting period form part of the net investments in the relevant associates.

Notes to the Financial Statements

For the year ended 31 March 2013

12. ASSOCIATES (continued)

(a) Major associates

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued share capital
			investment	associates	
Keencity Properties Limited	British Virgin Islands	Pullman Pattaya Hotel G, Thailand	49.5%	49.5%	US\$9,939,020
Pioneer Hospitality Siam (GBR) Limited	Thailand	Hotel operating businesses	49.5%	49.5%	Baht 20,000,000
Royal Culture Limited	Hong Kong	Pullman Bangkok Hotel G, Thailand	49.5%	49.5%	HK\$1
Pioneer iNetwork Limited	Hong Kong	10% of listed shares of Dusit Thani Public Company Ltd. and 5% of shares of Gateway China Fund I	50.0%	50.0%	HK\$2
Right Cheer Limited	Hong Kong	Guangzhou Jie Fang Building, China	50.0%	50.0%	HK\$2
Strand Hotels International Limited*	British Virgin Islands	Three hotels in Myanmar	14.0%	28.0%	US\$11,101,191
Tidefull Investment Limited*	Liberia	Shanghai K. Wah Centre, China	7.7%	50.0%	2 full paid without par value

* Although the Group does not have substantial shareholdings in these companies, they are accounted for as associated companies because significant influence is exercised by our management through participation in the Board.

Notes to the Financial Statements

For the year ended 31 March 2013

12. ASSOCIATES (continued)

(b) The summarized financial information in respect of the Group's associates is set out below:

	2013 HK\$'000	2012 HK\$'000
Total assets	2,214,727	2,199,995
Total liabilities	(994,880)	(1,164,413)
Net assets	1,219,847	1,035,582
Revenue	216,180	158,770
Profit for the year	160,153	75,105

13. AVAILABLE FOR SALE INVESTMENTS

	2013 HK\$'000 Level 1	2013 HK\$'000 Level 3	2013 HK\$'000 Total	2012 HK\$'000 Total
The Group (Non-current)				
Listed investments				
In Hong Kong	162,278	–	162,278	119,255
Outside Hong Kong	34,256	–	34,256	41,161
Unlisted investments				
In Hong Kong	–	37	37	37
Outside Hong Kong	–	69,776	69,776	68,632
	196,534	69,813	266,347	229,085
The Group (Current)				
Listed investments				
Outside Hong Kong	9,864	–	9,864	12,260
Unlisted investments				
In Hong Kong	–	6,897	6,897	–
	9,864	6,897	16,761	12,260
The Company (Non-current)				
Listed investments				
In Hong Kong	3,225	–	3,225	3,713

Notes to the Financial Statements

For the year ended 31 March 2013

13. AVAILABLE FOR SALE INVESTMENTS (continued)

The available for sale investments are shown at fair value. The fair value of the listed investments are measured using quoted prices in active market (level 1 inputs). For unlisted investments that do not have quoted market price in active markets, they are measured using valuation techniques in which any significant input is not based on observable market data (level 3 inputs).

The following represents the changes in level 3 instruments for the Group:

	2013 HK\$'000	2012 HK\$'000
Unlisted available for sale investments		
At 1 April 2012 (1 April 2011)	68,669	64,797
Additions	7,617	2,569
Return of capital	(496)	(3,502)
Total gains or losses:		
In income statement as other gains and losses	–	(757)
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	920	5,562
At 31 March 2013 (31 March 2012)	76,710	68,669

14. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2013 HK\$'000	2012 HK\$'000
Deferred rental receivables	17,161	18,421
Other deposits and prepayments	5,671	6,993
Trade and rental debtors	2,805	699
	25,637	26,113

Trade and rental debtors mainly comprise rental receivables. Rents from leasing of investment properties are normally received in advance.

Notes to the Financial Statements

For the year ended 31 March 2013

14. DEBTORS, ADVANCES & PREPAYMENTS (continued)

At the reporting date, the aging analysis of the trade and rental debtors was as follows:

	2013	2012
	HK\$'000	HK\$'000
0 – 30 days	2,449	664
31 – 60 days	148	35
61 – 90 days	208	–
	2,805	699

The Group considered the above trade and rental debtors are fully recoverable. The Group has not made any provision for bad and doubtful debts during the year. The carrying amount of the debtors, advances and prepayment approximates their fair value.

15. FINANCIAL ASSETS AT FAIR VALUE

	2013	2012
	HK\$'000	HK\$'000
Listed shares, at market value		
Outside Hong Kong	2,336	1,780

All of the financial assets at fair value as at 31 March 2013 were measured using quoted price (unadjusted) in active markets for identical financial instruments (level 1 inputs).

16. SUBSIDIARY COMPANIES

	2013	2012
	HK\$'000	HK\$'000
Unlisted shares, at cost	421,933	421,941
Amount due by subsidiaries	942,843	944,310
Provision for impairment	(45,666)	(45,666)
	1,319,110	1,320,585

The amounts due by subsidiaries are unsecured, interest-free and have no fixed term of repayment. The carrying value of these amounts due by subsidiaries approximates their fair values. A list of major subsidiaries is set out in note 28.

Notes to the Financial Statements

For the year ended 31 March 2013

17. CASH & BANK BALANCES

	2013 HK\$'000	2012 HK\$'000
The Group		
Cash at bank and in hand	36,373	42,137
Short-term bank deposits	136,986	113,445
Cash and cash equivalents	173,359	155,582
Short-term bank deposits maturing after three months	13,116	–
	186,475	155,582
The Company		
Cash at bank and in hand	357	93
Short-term bank deposits	33,250	–
Cash and cash equivalents	33,607	93

Included in cash and bank balances of the Group, there was a pledged bank deposit of HK\$44,431,000 (2012: HK\$51,971,000) to secure the principal and interest payments on a loan granted by a bank.

The effective interest rate on short-term bank deposits was 2.01% p.a. (2012: 2.44% p.a.). The carrying amount of these assets approximates their fair value.

The cash and bank balances were denominated in the following currencies:

	2013 HK\$'000	2012 HK\$'000
The Group		
Hong Kong Dollar	63,147	48,752
United States Dollar	10,694	836
Chinese Yuan	110,717	103,070
Others	1,917	2,924
	186,475	155,582
The Company		
Hong Kong Dollar	101	81
United States Dollar	256	12
Chinese Yuan	33,250	–
	33,607	93

Notes to the Financial Statements

For the year ended 31 March 2013

18. SHARE CAPITAL

	Number of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2013 and 31 March 2012	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2013 and 31 March 2012	1,154,038,656	115,404

19. RESERVES

The Group

	2013 HK\$'000	2012 HK\$'000 (Restated)
Share premium	547,748	547,748
Capital reserve and contributed surplus	41,242	41,242
Exchange reserve	6,625	8,249
Investment revaluation reserve	297,464	236,468
Retained earnings	2,673,014	2,043,419
	3,566,093	2,877,126

Notes to the Financial Statements

For the year ended 31 March 2013

19. RESERVES (continued)

The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
At 31 March 2012	547,748	381,051	321,367	(1,259)	1,248,907
Profit for the year	-	-	73,851	-	73,851
Final dividend paid for the year ended 31 March 2012	-	-	(15,002)	-	(15,002)
Interim dividend paid for the year ended 31 March 2013	-	-	(26,543)	-	(26,543)
Revaluation of available for sale investments	-	-	-	(62)	(62)
At 31 March 2013	547,748	381,051	353,673	(1,321)	1,281,151
At 31 March 2011	307,687	381,051	294,960	(4,856)	978,842
Open offer	240,061	-	-	-	240,061
Profit for the year	-	-	54,104	-	54,104
Final dividend paid for the year ended 31 March 2011	-	-	(13,848)	-	(13,848)
Interim dividend paid for the year ended 31 March 2012	-	-	(13,849)	-	(13,849)
Revaluation of available for sale investments	-	-	-	3,597	3,597
At 31 March 2012	547,748	381,051	321,367	(1,259)	1,248,907

The reserves of the Company available for distribution to shareholders as at the reporting date calculated in accordance with the Bermuda Companies Act, amounted to HK\$734,724,000 (2012: HK\$702,418,000).

Notes to the Financial Statements

For the year ended 31 March 2013

20. SECURED BANK LOANS

	2013 HK\$'000	2012 HK\$'000
The Group		
Current		
Repayable on demand	33,720	1,046,053
Non-current		
Repayable more than one year but not exceeding two years	174,220	13,000
Repayable more than two years but not exceeding five years	1,250,008	420,410
	1,424,228	433,410

All bank loans are denominated in Hong Kong Dollars (2012: all bank loans were denominated in Hong Kong Dollars). The effective interest rate at the year end date was 2.13% p.a. (2012: 1.91% p.a.). The carrying amount of bank loans approximates their fair value based on prevailing market interest rate.

21. DEFERRED PAYMENT

On the acquisition of the 80-year leasehold interest of the Club Lusitano Building, 25% of the consideration has been deferred and shall be paid by five installments at an interest rate of 3% p.a.. The carrying value of the deferred payment approximates its fair value.

Notes to the Financial Statements

For the year ended 31 March 2013

22. DEFERRED TAXATION

The components of deferred tax liabilities recognized in the consolidated statement of financial position and movements thereon during the current and prior years are as follows:

	Revaluation of investment properties HK\$'000 (Restated)	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000 (Restated)
At 31 March 2011	–	22,358	(22,971)	(613)
Acquisition of subsidiary	27,166	3,710	(1,556)	29,320
Charge to income statement	49,043	5,048	5,133	59,224
Reversal upon disposal of investment properties	(2,232)	(129)	–	(2,361)
HKAS 12 adjustment	(73,977)	–	–	(73,977)
At 31 March 2012	–	30,987	(19,394)	11,593
At 31 March 2012	–	30,987	(19,394)	11,593
Charge to income statement	1,688	5,657	8,336	15,681
Reversal upon disposal of investment properties	–	(473)	–	(473)
At 31 March 2013	1,688	36,171	(11,058)	26,801

23. CREDITORS & ACCRUALS

	2013 HK\$'000	2012 HK\$'000
Creditors and accruals (due within one year)		
Rental deposit received	15,883	16,104
Provision for long service payments	562	1,989
Deposit received on disposal of investment property	–	3,000
Accruals	3,788	4,183
Trade payables	5,887	6,301
	26,120	31,577
Creditors and accruals (due more than one year)		
Rental deposit received	31,320	31,615
	57,440	63,192

Notes to the Financial Statements

For the year ended 31 March 2013

23. CREDITORS & ACCRUALS (continued)

At the reporting date, the aging analysis of the trade payables based on the date of the invoices was as follows:

	2013	2012
	HK\$'000	HK\$'000
0 – 30 days	5,290	5,717
31 – 60 days	597	1
61 – 90 days	–	517
> 90 days	–	66
	5,887	6,301

Trade payables are non-interest bearing and have an average payment term of three months. The carrying amount of the creditors and accruals approximates their fair value.

24. GUARANTEES & COMMITMENTS

	The Group		The Company	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees				
– given to bank in respect of banking facilities utilized by subsidiaries	446,002	446,500	446,002	446,500
– given to bank in respect of banking facilities utilized by an associate	195,435	187,364	20,000	20,000
– on utility deposits	609	609	533	533
Commitments (contracted but not provided for)				
– for total future minimum lease payments in respect of land and buildings				
– not later than one year	2,185	2,309	–	–
– later than one year and not later than five years	2,644	720	–	–
– for purchase of available for sale investments				
– not later than one year	1,195	4,529	–	–

Notes to the Financial Statements

For the year ended 31 March 2013

25. OPERATING LEASE RECEIVABLE

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

	2013	2012
	HK\$'000	HK\$'000
Not later than one year	144,400	154,506
Later than one year but not later than five years	168,091	191,127
Over five years	3,332	8,329
	315,823	353,962

26. PLEDGE OF ASSETS

At the year end date, properties with a carrying value of approximately HK\$4,664 million (2012: HK\$4,050 million and available for sale investments with a carrying value of approximately HK\$35 million) were pledged to secure banking and other loan facilities to the extent of HK\$1,643 million (2012: HK\$1,638 million) of which HK\$1,458 million (2012: HK\$1,479 million) was utilized at that date.

At the year end date, bank deposits of HK\$44 million (2012: HK\$52 million) were pledged to secure the principal and interest payments of the bank loan.

27. RELATED PARTY TRANSACTION

The Group rented office space at market rate from an entity controlled by two Directors of the Company. Gross rental expenses in the financial year ended 31 March 2013 amounted to HK\$244,800 (2012: HK\$979,200).

The transaction was exempted from announcement, reporting and shareholders' approval as the transaction was within the relevant maximum amount permitted under the Listing Rules.

Notes to the Financial Statements

For the year ended 31 March 2013

28. LIST OF MAJOR SUBSIDIARIES

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
AEW VIA HK1 Limited	Real Estate	Hong Kong	10,000	HK\$1	100
All Success Holdings Limited	Real Estate	Hong Kong	1	HK\$1	100
Anpona Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Brilliant Valley Investment Limited	Investment	Liberia	1	Nil	100
Causeway Bay 68 Limited	Investment	British Virgin Islands	1,000	US\$1	60
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Dynamic Business Limited	Real Estate	Hong Kong	1	HK\$1	100
Forerunner Investments Limited	Investment	Hong Kong	3,000,000	HK\$1	65
Gamolon Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Glory East Limited	Real Estate	Liberia	1	Nil	100
Golden Mile Limited	Real Estate	Liberia	1	Nil	100
Master Yield Limited	Investment	British Virgin Islands	1	Nil	100
Pine International Limited	Investment	British Virgin Islands	1	HK\$1	100
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	150,794,424	HK\$0.50	100
Supreme Success Limited	Real Estate	Hong Kong	1	HK\$1	100
Treasure Spot Investments Limited	Real Estate	British Virgin Islands	1	US\$1	60
Wealth Instrument Inc.	Investment	British Virgin Islands	1	US\$1	100

Notes to the Financial Statements

For the year ended 31 March 2013

29. FINANCIAL RISKS MANAGEMENT

The Group's principal financial instruments comprise bank loans and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarized below.

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings and short-term bank deposits with a floating interest rate. The interest rates and terms of repayment of the Group's bank borrowings are disclosed in note 20 to the financial statements.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before taxation (through the impact on floating rate borrowings and floating rate bank deposits) and the Group's and the Company's equity.

	Change in basis points	The Group Change in profit before taxation HK\$'000	Change in equity HK\$'000
2013			
Bank borrowings	100	14,579	14,579
Short-term bank deposits	100	1,501	1,501
2012			
Bank borrowings	100	14,795	14,795
Short-term bank deposits	100	1,134	1,134

Notes to the Financial Statements

For the year ended 31 March 2013

29. FINANCIAL RISKS MANAGEMENT *(continued)*

(b) Foreign currency risk

The Group's financial assets and financial liabilities are substantially denominated in Hong Kong dollars or United States dollars. As Hong Kong dollars are pegged to United States dollars, the management considers that the foreign currency risk to the Group is not significant.

The Group's exposure to foreign currency risk is primarily through its (i) investment in available for sale investments and financial assets at fair value which are denominated in Thai Baht, Singapore Dollar, Malaysian Ringgit, Euro and Chinese Yuan and (ii) bank deposits which are denominated in Chinese Yuan. The following table demonstrates the sensitivity at the year end date to a reasonable possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before taxation and the Group's equity.

	Change in exchange rate %	Change in profit before taxation HK\$'000	Change in equity HK\$'000
At 31 March 2013			
Available for sale investment and financial assets at fair value			
Thai Baht	5%	117	63
Singapore Dollar	5%	–	740
Malaysian Ringgit	5%	–	3,138
Euro	5%	–	287
Chinese Yuan	5%	–	790
Bank deposits			
Chinese Yuan	5%	5,536	5,536
At 31 March 2012			
Available for sale investments and financial assets at fair value			
Thai Baht	5%	89	274
Singapore Dollar	5%	–	653
Malaysian Ringgit	5%	–	2,905
Euro	5%	–	251
Chinese Yuan	5%	–	891
Bank deposits			
Chinese Yuan	5%	5,137	5,137

Notes to the Financial Statements

For the year ended 31 March 2013

29. FINANCIAL RISKS MANAGEMENT (continued)

(c) Credit risk

The Group's exposure to credit risk is mainly attributable to bank deposits and investments. Bank deposits are placed with high-quality financial institutions with good credit ratings. Investments are those listed securities and investment funds of counterparties that have high credit standing, the equity share price movements are closely monitored by our management.

The Group is also exposed to counterparties credit risk from its operating activities, primarily attributable to rental income. The Directors believe that our tenants are having high credit quality and the Group has policy in place to ensure that the properties are rented to tenants with an appropriate credit history. The Group has no concentration of credit risk and had no significant outstanding balances due by tenants at the reporting date. Accordingly, the overall credit risk is considered minimal.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The maturity profile of the Group's financial liabilities as at the year end date, based on the contracted undiscounted payments, was as follows:

The Group at 31 March 2013

	Within 1 year or on demand	1 to 2 years	3 to 5 years	Over 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest bearing bank borrowings	64,473	201,043	1,271,274	-	1,536,790
Deferred payment	42,230	20,808	-	-	63,038
Rental deposit received	15,883	14,030	14,203	3,087	47,203
Accruals and trade payables	9,675	-	-	-	9,675
	132,261	235,881	1,285,477	3,087	1,656,706

Notes to the Financial Statements

For the year ended 31 March 2013

29. FINANCIAL RISKS MANAGEMENT (continued)

(d) Liquidity risk (continued)

The Group at 31 March 2012

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	1,046,053	13,000	420,410	–	1,479,463
Deferred payment	41,000	41,000	20,500	–	102,500
Rental deposit received	16,104	21,472	7,298	2,845	47,719
Accruals and trade payables	10,484	–	–	–	10,484
	1,113,641	75,472	448,208	2,845	1,640,166

The Company at 31 March 2013

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Accruals and trade payables	622	–	–	–	622

The Company at 31 March 2012

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Accruals and trade payables	1,173	–	–	–	1,173

Notes to the Financial Statements

For the year ended 31 March 2013

29. FINANCIAL RISKS MANAGEMENT (continued)

(e) Equity price risk

Equity price risk is the risk that the fair value of equity securities decreases as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual investments classified as available for sale investments (note 13) and financial assets at fair value (note 15) as at 31 March 2013. The Group's listed investments are valued at quoted market prices at the year end date.

The following table demonstrates the sensitivity to every 5% change in fair value of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the year end date. For the purpose of this analysis, the impact for the available for sale investments is deemed to be on the available for sale investments revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of investments HK\$'000	Change in profit before taxation HK\$'000	Change in equity HK\$'000
At 31 March 2013			
Listed investments:			
Available for sale investments	206,398	–	10,320
Financial asset at fair value	2,336	117	117
At 31 March 2012			
Listed investments:			
Available for sale investments	172,676	–	8,634
Financial asset at fair value	1,780	89	89

(f) Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 March 2013 and 31 March 2012.

Notes to the Financial Statements

For the year ended 31 March 2013

29. FINANCIAL RISKS MANAGEMENT *(continued)*

(f) Capital management *(continued)*

The Group monitors capital using a gearing ratio, which is net debt divided by total assets. Net debt includes interest bearing bank borrowings and deferred payment less cash and bank balances. The gearing ratios as at the year end dates were as follows:

	2013	2012
	HK\$'000	HK\$'000
Interest bearing bank borrowings	1,457,948	1,479,463
Deferred payment	61,500	102,500
Less: Cash and bank balances	(186,475)	(155,582)
Net debt	1,332,973	1,426,381
Total assets	5,969,085	5,234,406
Gearing ratio	22.3%	27.3%

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 27 to 74 have been approved by the Board of Directors on 25 June 2013.

Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2013:

Location/Lot No.	Type of property	Lease term	Group's effective interest	GFA
1. Pioneer Building, 213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Industrial	Medium-term	100%	245,678 ft ²
2. 1st Floor, Fu Hop Factory Building, Nos. 209 & 211 Wai Yip Street, Kwun Tong, Hong Kong 8/112 shares of and in Kwun Tong Inland Lot No. 293	Industrial	Medium-term	100%	11,100 ft ²
3. The Pemberton, Nos. 22-26 Bonham Strand, Sheung Wan, Hong Kong The Remaining Portion of Inland Lot No. 7667	Commercial	Long-term	100%	70,616 ft ²
4. Club Lusitano, No. 16 Ice Street, Central, Hong Kong Remaining portion of Inland Lot No. 339	Commercial	Long-term	100%	80,100 ft ²
5. 68 Yee Wo Street No. 68 Yee Wo Street, Causeway Bay, Hong Kong The whole of Section K of Inland Lot No. 1408	Commercial	Long-term	60%	229,200 ft ²
6. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 Zhao Jia Bang Road, Shanghai, People's Republic of China	Residential	Long-term	100%	5,248 ft ²

Five Years Financial Summary

	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000 (Restated) (Note 2)	2012 HK\$'000 (Restated) (Note 2)	2013 HK\$'000
RESULTS					
Turnover	119,038	68,515	160,767	179,762	199,415
Profit attributable to shareholders	84,693	339,126	600,810	405,545	671,140
Dividend	17,695	19,234	21,542	27,697	41,545
Earnings per share (HK cents)	11.01	44.08	78.09	42.97	58.16
FINANCIAL POSITION					
Total assets	1,445,745	2,209,977	4,399,124	5,234,406	5,969,084
Total liabilities	(167,387)	(483,786)	(1,477,364)	(1,658,076)	(1,604,632)
	1,278,358	1,726,191	2,921,760	3,576,330	4,364,452
Capital and reserves					
Share capital	76,935	76,935	76,935	115,404	115,404
Reserves	1,187,648	1,633,323	2,327,145	2,877,126	3,566,093
Shareholders' funds	1,264,583	1,710,258	2,404,080	2,992,530	3,681,497
Non-controlling interests	13,775	15,933	517,680	583,800	682,956
	1,278,358	1,726,191	2,921,760	3,576,330	4,364,453
	HK cents	HK cents	HK cents	HK cents	HK cents
Net asset value per share (Note 1)	164.4	222.3	312.5	259.3	319.0

Note 1: Net asset value per share is arrived at using shareholders' fund divided by number of issued shares at year end.

Note 2: The comparative figures for the years 2011 and 2012 have been restated as a result of the adoption of the amendments to HKAS12 "Deferred Tax: Recovery of Underlying Assets".

