



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

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

MUFG Fund Services (Bermuda) Limited

The Belvedere Building,

69 Pitts Bay Road,

Pembroke HM08, 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

It has been a watershed year for the world economy as the western world seems to have found a stable footing while growth in Asia is slowing down. While the European economies have been stable but sluggish, the US has recovered to growth mode.

Closer to home, the most significant economic news in the past year has been the reform package announced by China at the Third Plenary Session of the 18th CPC Central Committee. The reform package includes the relaxation of one child policy, rural land reform, interest rate and capital accounts liberalization, and the acknowledgement of private enterprises as the key driver of the economy. This reform package is a significant statement by the Chinese leadership that it is committed to move the economy into a new phase of sustainable, albeit more moderate growth. If implemented well, these reforms will have far reaching consequences for the world's second largest economy. Another important statement by the Chinese leadership under President Xi Jin Ping is its anti-corruption drive, which shows no sign of abating. This anti-corruption drive will be very positive for the country in the medium to long term as it catches up to global developed economy standards, though it has undoubtedly hit luxury consumption in the short run. Worries persist about a real estate bubble, as well as the growing shadow banking sector and excessive municipal government debts. However, we believe that with the many monetary levers that it controls, the Chinese government continues to be well placed to guide the economy to a soft landing while it steers the country on a sustainable long term growth path.

In Hong Kong, harsh administrative measures (Buyers Stamp Duty, Special Stamp Duty, Double Stamp Duty) by the government to dampen investment demand have been successful in containing property prices. However, recent price cuts along with stamp duty subsidies by developers in latest project launches have generated significant interest from both end-users and investors, indicating that underlying demand continues to be strong, especially in the urban areas. We believe that this trend will continue until the interest rate environment finally turns. On the other hand, in light of the government's determination to increase land supply, land auction prices in the New Territories have seen significant drops, foreshadowing price decreases in secondary locations where there will be large supplies in the future.

Thailand has had another tumultuous year, after a brief period of stability since the 2011 general election ushered in Yingluck Shinawatra as prime minister. Up until its push last year to pass the amnesty bill (which is seen as a key step to bring back the exiled former Prime Minister Thaksin Shinawatra), the government of Yingluck had been popular and was able to maintain political stability. Unfortunately, the amnesty bill saga together with a controversial rice subsidy scheme once again brought "yellow shirt" protestors to the streets in the 4th quarter of last year. After months of street protests in Bangkok where the government was unable to maintain law and order, the Thai army stepped in to restore stability. The latest military coup is well supported by the urban population as it brought back stability and law and order; however, it remains to be seen whether it can resolve the country's long standing polarized political situation. While major resort destinations such as Phuket and Koh Samui have continued to perform well, Bangkok and its feeder destinations such as Pattaya and Hua Hin have suffered from these political unrests.



Pioneer Building Elevation – before conversion

Turnover for the Group and its share of associates was HK\$281.2 million for the year ended 31 March 2014, representing a 8.3% decrease from 2013. The primary reason for the decrease in turnover was the revitalization scheme of the Pioneer Building in Kwun Tong. Since the start of the reporting period, all tenants in Pioneer Building had been vacated to allow for the conversion works, hence there were no longer rental and management income contribution from the building.

For the year ended 31 March 2014, net profit attributable to shareholders of the Group was HK\$477.5 million, compared to HK\$671.1 million in 2013. Other than the loss of income from Pioneer Building as mentioned above, the decrease in net profit was due mainly to the lower fair value gains in investment properties (HK\$414.5 million in the 12 months ended 31 March 2014, versus HK\$607.8 million in 2013).

Property Investments

During the first half of the year, the Group's 60% owned 68 Yee Wo Street Building (229,200 sq.ft.) in Causeway Bay, Hong Kong lost a large tenant (occupying 3 whole floors in the office tower). However, that vacancy had been subsequently filled, and the building's occupancy recovered to 95% by 31 March 2014. During the 12 months period, the property had rental and related revenues of HK\$106.0 million and contributed fair value gain of HK\$91.1 million to the Group.

For the year ended 31 March 2014, the Club Lusitano Building (80,100 sq.ft.) in Central, Hong Kong contributed HK\$31.5 million in rental and related revenues and fair value increase of HK\$37.5 million to the Group. During the period, the retail podium of the building was vacated as we have planned a renovation of the facade and interior layout of the podium space to bring in a new flagship retail store. As a result of that and a few other tenants movements, the building's occupancy rate dropped to 74%, from 92% at the beginning of the period.



Pioneer Building Elevation – under conversion

During the reporting period, the Pioneer Building (245,678 sq.ft.) in Kwun Tong, Hong Kong had no rental and other revenues as all tenants are vacated for the construction works related to the revitalization scheme to convert the building from industrial to commercial use. In light of the change of use of the building, the building valuation has increased substantially and contributed a fair value increase of HK\$214.0 million to the Group during the year.

As at 31 March 2014, the Pemberton Building (70,616 sq.ft.) in Sheung Wan, Hong Kong enjoyed an occupancy rate of 94% and had HK\$25.7 million in rental and related revenues for the year. In addition, the property also contributed HK\$66.4 million in fair value gain to the Group.

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\$26.9 million to the Group.

The Group's investment in 50% of the Guangzhou Jie Fang Building also contributed HK\$9.6 million in associated profits.

Investments in Hotel Industry

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

Before the political unrest started in the 4th quarter last year, Thailand's tourism industry had a very strong year. Our hotels in Bangkok and Pattaya had a strong first half and were forecasted to perform well during the tourism "high season" in the 1st quarter of 2014. Unfortunately, the massive street protests since 4th quarter last year in Bangkok changed everything. As the epicenter of the protests, Bangkok's hotel market suffered tremendously, and the negative impact, while lesser than that in Bangkok, also extended to Bangkok's feeder destinations such as Pattaya.

During the 12 months ended 31 March 2014, the Pullman Pattaya Hotel G (owned by the Group's 49.5% owned associated company) had revenues of Baht 357.6 million (2013: Baht 394.3 million) and operating profits of Baht 144.8 million (2013: Baht 178.9 million). In the same period, the Pullman Bangkok Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Pattaya Hotel G) had revenues of Baht 424.2 million (2013: Baht 415.6 million) and operating profit of Baht 119.3 million (2013: Baht 91.8 million).

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 a 100-keys all villa resort and luxury residences operating under the brand of Park Hyatt Phuket. The construction permit has been granted and the management is now finalizing interior design and other preparation works. However, due to the political unrest in Bangkok, we will be cautious before making the decision to commence construction of the project.

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 12 months ended 31 December 2013, Dusit Thani had total revenues of Baht 5.1 billion (2012: Baht 4.75 billion) and net profit attributable to shareholders of Baht 90.2 million (2012 (Restated): Baht 156.9 million). Dividend income to our associated company was Baht 7.9 million (2012: Baht 4.4 million).

Strand Hotels International Limited, the Group's unlisted associated company (27.71% owned by the Group), 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. Since the start of political reform in Myanmar, our three

Managing Director's Report

hotels have performed very well, and 2013/2014 had been a record year. For the 12 months ended 31 March 2014, total revenues from the 3 hotels were US\$13.9 million and operating profit was US\$8.9 million. As the hotels' 30 years lease terms will end in the next 8-13 years (due to different start dates for different hotels), the management is actively working with its partner and applying for an extension of the lease terms for an additional 20 years (plus another 2 x 10 years options). Looking ahead, new hotels are being built in the city and some of our competitors are renovating their products. To meet competition, the management is also planning major refurbishment plans for our three properties when the lease extension is approved.

PROSPECTS

The revitalization scheme to convert the Pioneer Building from industrial to commercial use will be completed by 3rd quarter 2014. Pre-leasing of the building has started and thus far leases have been signed in the range HK\$24.0 to HK\$30.0 per sq. ft., compared to the average rent of HK\$7.0 per sq. ft. before the conversion. Upon completion of the revitalization scheme, Pioneer Building will be re-launched as "Pioneer Place" and we are confident that the re-launched building will become a major income contributor to the Group. And it is expected that further fair value gains will be recognized.

As reported in the previous report, the Group is exploring potential investment opportunities in Myanmar, especially in the tourism industry. In September 2013, the Group's associated company, Strand Hotels International Limited, committed to construct a river cruise ship in Myanmar at an estimated cost of about US\$5.3 million. The ship will have 26 cabins and is scheduled to be completed by 3rd quarter 2015. The plan is to launch the ship as "Strand Cruise" which will be marketed with cruise packages in conjunction with the Strand Hotel in Yangon.

Looking forward, we are concerned about the political environment in some of the key markets that we operate in. The political unrest in Thailand has had severe impact on our hotel business there. While we are hopeful that normalcy will be restored by the new military government, we are conscious of the fact that underlying elements of instability is still there. As such, cost containment measures have been implemented in both Bangkok and Pattaya hotels to sustain ourselves in a more challenging operating environment.

Likewise, Hong Kong is also plagued by a polarized political environment. We fear the destabilizing effects of the anti-establishment "Occupy Central" movement and the Chinese leadership's reaction to it. We also fear that the anti-Chinese rhetoric now populating both the social and mainstream media will have a negative impact on the tourism and retail industries. We shall remain cautious about the Hong Kong market in the near future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 31 March 2014, the Group's total debts to total assets ratio was 23.7% (31 March 2013: 25.5%) and net debt to total assets ratio was 21.0% (31 March 2013: 22.3%).

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, 27 June 2014

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2014.

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 28 and 12 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 2014 are set out in the consolidated statement of profit or loss on page 27.

An interim dividend of HK1.30 cents per share, totalling HK\$15,002,000 which was paid on 14 January 2014.

The Directors recommend the payment of a final dividend of HK2.50 cents (2013: HK2.50 cents) per share for the year ended 31 March 2014, payable on 29 September 2014 to all persons registered as shareholders on 24 September 2014. The transfer of books and register of members of the Company will be closed from 19 September 2014 to 24 September 2014, 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 Thursday, 18 September 2014.

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 2014, including contributed surplus and retained earnings amounted to HK\$757,747,000 (2013: HK\$734,724,000).

Details of movements in reserves are set out in note 19 to the financial statements.

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 82.

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 2014 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

For the year ended 31 March 2014, the Group's five largest customers together accounted for about 31% of the Group's total turnover and the largest customer accounted for about 7% of the Group's total turnover while the five largest suppliers accounted for less than 30% of the Group's expenditure on goods and services.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers.

DONATIONS

During the financial year, the Group has made HK\$81,000 charitable donations (2013: HK\$92,000).

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

Alan Kam Hung LEE

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

In accordance with Bye-Laws 82 & 83, Mr. Goodwin Gaw and Mr. Kenneth Gaw will retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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 2014, 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

	Number of ordinary shares			Total	%
	Personal interests	Interests held by controlled corporation	Interests held by family trust		
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

¹ Mrs. Rossana Wang Gaw owns the entire issued 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 ordinary shares held by controlled corporation	%
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 2014, 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 2014, 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 ordinary 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 2014, 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 2014, the number of salaried staff at the holding company level was 17 (2013: 17). 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

As at 31 March 2014, 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

Detail of the related party transaction is set out in note 27 to the financial statements.

AUDITORS

The financial statements for the year ended 31 March 2014 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, 27 June 2014

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mrs. Rossana WANG GAW (Chairman)

Aged 68, 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 45, 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 43, 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.

Biographical Details of Directors

Mr. Alan Kam Hung LEE

Aged 58, 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 Operating 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 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 77, 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 was formerly an independent non-executive director and Chairman of Audit Committee of Shanghai Electric Group Company Limited. He is also an independent non-executive director of both Universal Technologies Holdings Ltd. and China Financial International Investments Limited (formerly named Sunshine Capital Investments Group Limited) 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.. He was formerly an Executive Deputy Chairman and Group Chief Executive Officer of Mission Hills Group and formerly 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. Dr. Cheung is also a member of the Regional Advisory Committee of Kowloon of Hong Kong Hospital Authority. 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 51, 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 60, 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 an executive director of Asia Financial Holdings Limited and was appointed as an independent non-executive director of China Motor Bus Company, Limited on 1 April 2014, both of which are 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 and The Chinese General Chamber of Commerce. Mr. Tan serves as the Vice President of Hong Kong Chiu Chow Chamber of Commerce and the Chairman of both 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, a member of the Board of Governors of Hong Kong Sinfonietta Limited, a trustee of Outward Bound Trust of Hong Kong, a founding member of Hong Kong-Thailand Business Council and Hong Kong-Korea Business Council. Mr. Tan had been also a member of Election Committee (Finance), and is 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2014, except for deviation from code provision A.6.7 of the CG Code which stipulates, among others, that independent non-executive directors and other non-executive directors should attend general meetings. Due to other business engagement, Mr. Arnold Tin Chee Ip, an independent non-executive director, was unable to attend the annual general meeting of the Company.

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 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. The insurance coverage is reviewed and renewed on annual basis.

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%
Alan Kam Hung Lee	4/4	100%
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	4/4	100%
Arnold Tin Chee Ip	4/4	100%
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*	Attending corporate visit
Executive Directors			
Rossana Wang Gaw	✓	✓	✓
Goodwin Gaw	✓	✓	✓
Kenneth Gaw	✓	✓	✓
Alan Kam Hung Lee	✓	✓	✓
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 2014, 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 reviewed the disclosure in this corporate governance report, 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 structure; to assess the performance of executive directors; 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 (resigned on 31 March 2014)	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 2014 and the bonus for year 2013. The Committee also accepted the resignation of Mr. Kenneth Gaw as member of the Committee due to reallocation of work responsibilities. Details of the Directors' remuneration for year 2014 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 reviewed the interim and annual financial statements and reports of the Group with the external auditors and senior management before recommending them to the Board for consideration and approval. The Committee also monitored the integrity of the financial statements and paid attention to any changes in accounting policies and practices and their impact on the Group's financial statements. In addition, the Audit Committee assisted the Board in meeting its responsibilities for maintaining an effective system of internal control during the financial year. The Committee 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 external auditors and the Audit Committee were satisfied that the overall financial and operational controls for the Group continued to be effective. 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.

Corporate Governance Report

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.

The Company adopted a board diversity policy with the aim of achieving diversity on the Company's board of directors. Our board diversity policy considers that board diversity includes a number of different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. Under the board diversity policy, the Nomination Committee has responsibility in leading the progress for Board appointments: when there is a vacancy or an addition director, the Committee will identify suitable candidates internally and externally for nomination. The Committee will assess the candidates based on a range of diversity perspectives stated above 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 approved the new board diversity policy. The Committee also assessed the independence of Independent Non-executive Directors and discussed the re-appointment of retiring Directors at 2014 annual general meeting.

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 2014 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 2014, the fees charged by the external auditors for statutory audit services provided to the Company and its subsidiaries amounted to HK\$440,000, and in addition HK\$60,000 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 2014.

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 2014, 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 80, which comprise the consolidated and Company statements of financial position as at 31 March 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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 Bermuda Act 1981 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 2014 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

27 June 2014

Consolidated Statement of Profit or Loss

For the year ended 31 March 2014

		For the year ended 31 March	
	Notes	2014	2013
		HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		177,569	199,415
Share of associates		103,650	107,068
		281,219	306,483
Turnover of Company and subsidiaries	3	177,569	199,415
Properties operating expenses		(31,940)	(32,395)
Staff costs		(14,117)	(13,218)
Depreciation		(523)	(429)
Other expenses		(4,078)	(3,684)
		(50,658)	(49,726)
Operating profit		126,911	149,689
Share of profits of associates		44,598	76,232
Change in fair value of investment properties	11	414,531	607,761
Other gains and losses	4	73	11,968
Finance costs		(35,146)	(33,157)
Profit before taxation	5	550,967	812,493
Taxation			
Current	6	(1,215)	(3,580)
Deferred	6	(14,889)	(15,208)
Profit for the year		534,863	793,705
Profit attributable to:			
Shareholders of the Company		477,449	671,140
Non-controlling interests		57,414	122,565
		534,863	793,705
Earnings per share	9	HK cents 41.37	HK cents 58.16

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	For the year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Profit for the year	534,863	793,705
Other comprehensive (expenses)/income		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments		
– subsidiaries	(3,475)	26,516
– associates	(56,746)	36,107
Exchange difference on translation of associates	21	(1,624)
Other comprehensive (expenses)/income for the year, net of tax	(60,200)	60,999
Total comprehensive income for the year	474,663	854,704
Total comprehensive income attributable to:		
Shareholders of the Company	415,703	730,512
Non-controlling interests	58,960	124,192
	474,663	854,704

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	At 31 March 2014 HK\$'000	At 31 March 2013 HK\$'000
ASSETS			
Non-current assets			
Investment properties	11	5,220,700	4,704,200
Associates	12	736,659	764,549
Available for sale investments	13	260,895	266,347
Property, plant & equipment	11	2,213	2,480
Other assets		300	300
		6,220,767	5,737,876
Current assets			
Debtors, advances & prepayments	14	17,677	25,637
Available for sale investments	13	12,449	16,761
Financial assets at fair value	15	1,567	2,336
Cash & bank balances	17	175,430	186,475
Tax assets		230	–
		207,353	231,209
Total assets		6,428,120	5,969,085
EQUITY			
Share capital	18	115,404	115,404
Reserves	19	3,937,943	3,566,093
Shareholders' funds		4,053,347	3,681,497
Non-controlling interests		741,188	682,956
Total equity		4,794,535	4,364,453
LIABILITIES			
Non-current liabilities			
Creditors & accruals	23	33,188	31,320
Secured bank loans	20	1,259,803	1,424,228
Deferred payment	21	–	20,500
Deferred taxation	22	41,690	26,801
		1,334,681	1,502,849
Current liabilities			
Creditors & accruals	23	36,340	26,120
Secured bank loans	20	242,064	33,720
Deferred payment	21	20,500	41,000
Tax liabilities		–	943
		298,904	101,783
Total liabilities		1,633,585	1,604,632
Total equity and liabilities		6,428,120	5,969,085

Statement of Financial Position

At 31 March 2014

	Notes	At 31 March 2014 HK\$'000	At 31 March 2013 HK\$'000
ASSETS			
Non-current assets			
Subsidiary companies	16	1,376,094	1,319,110
Associates	12	41,045	41,001
Available for sale investments	13	3,490	3,225
		1,420,629	1,363,336
Current assets			
Debtors, advances & prepayments		131	223
Cash & bank balances	17	167	33,607
		298	33,830
Total assets		1,420,927	1,397,166
EQUITY			
Share capital	18	115,404	115,404
Reserves	19	1,304,440	1,281,151
Total equity		1,419,844	1,396,555
LIABILITIES			
Current liabilities			
Creditors & accruals		1,094	622
Tax refundable		(11)	(11)
Total liabilities		1,083	611
Total equity and liabilities		1,420,927	1,397,166

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	For the year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before taxation	550,967	812,493
Share of net profit of associates	(44,598)	(76,232)
Increase in fair value of investment properties	(414,531)	(607,761)
Other gains and losses	(73)	(11,968)
Depreciation	523	429
Interest income	(4,706)	(4,809)
Interest expenses	35,146	33,157
Dividend income		
– listed	(4,951)	(2,946)
– unlisted	(2,116)	(3,258)
Operating cash flows before working capital changes	115,661	139,105
Decrease in debtors, advances & prepayments	7,795	443
Increase/(decrease) in creditors & accruals	12,121	(5,802)
Cash generated from operations	135,577	133,746
Hong Kong profits tax paid	(2,470)	(3,942)
Hong Kong profits tax refunded	103	–
Overseas profits tax paid	(21)	(23)
Net cash generated from operating activities	133,189	129,781
Cash flows from investing activities		
Interest received	4,872	4,842
Dividend received	7,067	6,204
Decrease/(increase) in short-term bank deposits maturing after three months	13,116	(13,116)
Investment properties:		
Additions to investment properties	(101,969)	(14,739)
Proceeds on disposal of investment properties	–	65,453
Associates:		
Advance to associates	(1,887)	(1,933)
Distribution from associates	17,650	17,963
Available for sale investments:		
Purchase of available for sale investments	(15,094)	(58,099)
Distribution from available for sales investments	4,677	496
Proceeds on disposal of available for sale investments	17,574	42,919
Property, plant & equipment:		
Purchase of property, plant & equipment	(333)	(1,185)
Proceeds on disposal of property, plant & equipment	50	200
Proceeds on disposal of other assets	–	1,194
Net cash (used in)/generated from investing activities	(54,277)	50,199

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

		For the year ended 31 March	
	Note	2014 HK\$'000	2013 HK\$'000
Cash flows from financing activities			
Interest paid		(35,179)	(33,107)
Distributions to non-controlling interest shareholders		(728)	(25,036)
Dividend paid to shareholders		(43,853)	(41,545)
Deferred payment repaid		(41,000)	(41,000)
Bank loans raised		62,293	1,033,000
Bank loans repaid		(18,374)	(1,054,515)
Net cash used in financing activities		(76,841)	(162,203)
Net increase in cash and cash equivalents		2,071	17,777
Cash and cash equivalents at the beginning of the year		173,359	155,582
Cash and cash equivalents at the end of the year		175,430	173,359
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks up to three months' maturity	17	175,430	173,359

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to shareholders of the Company								
	Share capital	Share premium	Capital reserve & contributed surplus	Exchange reserve	Investment revaluation reserve	Retained earnings	Non-controlling interests		Total equity
							Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	115,404	547,748	41,242	6,625	297,464	2,673,014	3,681,497	682,956	4,364,453
Fair value change of available for sale investments									
- subsidiaries	-	-	-	-	(5,021)	-	(5,021)	-	(5,021)
- non-controlling interests	-	-	-	-	-	-	-	1,546	1,546
- associates	-	-	-	-	(56,746)	-	(56,746)	-	(56,746)
Exchange on translation of associates	-	-	-	21	-	-	21	-	21
Net income/(expenses) recognized directly in equity	-	-	-	21	(61,767)	-	(61,746)	1,546	(60,200)
Profit attributable to equity holders	-	-	-	-	-	477,449	477,449	57,414	534,863
Total comprehensive income for the year	-	-	-	21	(61,767)	477,449	415,703	58,960	474,663
Distribution to non-controlling interests	-	-	-	-	-	-	-	(728)	(728)
2013 final dividend paid	-	-	-	-	-	(28,851)	(28,851)	-	(28,851)
2014 interim dividend paid	-	-	-	-	-	(15,002)	(15,002)	-	(15,002)
At 31 March 2014	115,404	547,748	41,242	6,646	235,697	3,106,610	4,053,347	741,188	4,794,535

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	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 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/(expenses) 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

Notes to the Financial Statements

For the year ended 31 March 2014

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 28 and 12 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.

Amendments to HKAS 1 – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. As a result, the consolidated income statement and consolidated statement of comprehensive income are renamed as consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income. The amendments to HKAS 1 also require items to other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit and loss and (b) items that may be reclassified subsequently to profit and loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – Int 12 “Consolidated – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. The application of HKFRS 10 does not have material impact to the Group.

HKFRS 12 – Disclosures of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structures entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those required in the current standards. In accordance with the transitional provisions of HKFRS 13, additional information was disclosed in the notes to the consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

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

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

HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HK(IFRIC) – Int 21	Levies ¹

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

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 July 2014 with limited exceptions

⁴ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

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

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2014 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 all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and had the ability to affect those returns through its power over the entity. When assessing whether the Group has power of controls, only substantive rights held by the Group are considered.

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 2014

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 statement of profit or loss 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 profit or loss.

Subsequent costs are capitalized in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group.

(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..

(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. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value) are deducted from fair value on initial recognition. Transaction costs that are directly attributable to financial assets at fair value are recognized immediately to profit or loss. 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.

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial assets *(continued)*

The financial instruments are grouped into 3 levels based on the degree to which the inputs to the fair value measurements are observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

Notes to the Financial Statements

For the year ended 31 March 2014

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 other than financial assets excluding investment in subsidiaries and associates 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 profit or loss.

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 profit or loss.

(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.

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(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.

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 profit or loss. 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 statement of profit or loss 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.

(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 statement of profit or loss 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.

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 statement of profit or loss 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's 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 profit 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 to 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.

(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 on a time apportionment basis, taking into account the principal and the effective interest rates. They are charged to the profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 March 2014

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 apply:
 - (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 2014

2. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary business 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	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover						
Company and subsidiaries	164,779	187,223	12,790	12,192	177,569	199,415
Segment result	115,065	138,310	12,095	11,575	127,160	149,885
Unallocated corporate expenses					(249)	(196)
Operating profit					126,911	149,689
Share of profits of associates	44,598	76,232	-	-	44,598	76,232
Change in fair value of investment properties	414,531	607,761	-	-	414,531	607,761
Other gains and losses	-	10,454	73	1,514	73	11,968
Finance costs					(35,146)	(33,157)
Taxation					(16,104)	(18,788)
Non-controlling interests					(57,414)	(122,565)
Profit attributable to shareholders					477,449	671,140

Notes to the Financial Statements

For the year ended 31 March 2014

2. SEGMENT INFORMATION (continued)

Segment assets and liabilities

	Property and hotels		Investments and others		Consolidated	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	5,428,828	4,844,570	262,633	359,966	5,691,461	5,204,536
Investment in associates	736,659	764,549	-	-	736,659	764,549
Consolidated total assets					6,428,120	5,969,085
Segment liabilities	(1,614,671)	(1,603,363)	(17,723)	(558)	(1,632,394)	(1,603,921)
Unallocated corporate liabilities					(1,191)	(711)
Consolidated total liabilities					(1,633,585)	(1,604,632)
Other information						
Capital expenditure	103,856	16,672	15,094	58,099	118,950	74,771
Depreciation	523	429	-	-	523	429

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	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	169,015	192,626	5,567,651	5,073,385
Overseas	8,554	6,789	123,580	131,151
	177,569	199,415	5,691,231	5,204,536

Notes to the Financial Statements

For the year ended 31 March 2014

3. TURNOVER

	2014 HK\$'000	2013 HK\$'000
Rental income	137,713	158,133
Property expenses recovery	27,066	28,923
Dividend income	7,067	6,204
Interest income	4,706	4,809
Others	1,017	1,346
	177,569	199,415

4. OTHER GAINS AND LOSSES

	2014 HK\$'000	2013 HK\$'000
(Loss)/gain on disposal of investment properties and other fixed assets	(27)	10,850
Net gain on disposal of available for sale investments	868	563
(Decrease)/increase in fair value of financial assets	(768)	555
	73	11,968

5. PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	35,146	33,157
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	13,835	13,487
Pension scheme contributions	159	158
Auditors' remuneration	440	470
Depreciation	523	429
Provision/(over-provision) for long service payments	123	(427)
and after crediting:		
Rental income from investment properties	137,713	158,133
Less: direct outgoings	(2,433)	(1,230)
Listed investment income	4,951	2,946
Unlisted investment income	2,116	3,258
Interest income	4,706	4,809
Exchange gain	1,017	1,179

Notes to the Financial Statements

For the year ended 31 March 2014

6. TAXATION

(a) Taxation

	2014			2013		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Hong Kong						
– Provision for the year	1,194	14,639	15,833	3,557	13,520	17,077
Overseas						
– Provision for the year	21	250	271	23	1,688	1,711
	1,215	14,889	16,104	3,580	15,208	18,788

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	550,967	812,493
Share of profits of associates	(44,598)	(76,232)
Profit before taxation attributable to the Company and its subsidiaries	506,369	736,261
Tax calculated at applicable tax rate of 16.5% (2013: 16.5%)	83,551	121,483
Expenses not deductible for taxation purposes	8,742	8,925
Income not subject to taxation	(70,550)	(104,606)
Current year tax losses not recognized	3,100	43
Utilization of previously unrecognized tax loss	(8,927)	(8,676)
Deferred tax asset not recognized during the year	250	1,688
Over-provision in prior years	(62)	(69)
Taxation charge	16,104	18,788

Notes to the Financial Statements

For the year ended 31 March 2014

7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit for the year attributable to equity holders of the Company for the year ended 31 March 2014 in the financial statements of the Company was HK\$66,876,000 (2013: HK\$73,851,000).

8. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Interim dividend of HK1.30 cents (2013: HK1.30 cents) per ordinary share	15,002	15,002
Proposed final cash dividend of HK2.50 cents (2013: HK2.50 cents) per ordinary share	28,851	28,851
	43,853	43,853

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

Interim for the year ended 31 March 2014 (2013)	15,002	15,002
Final for the year ended 31 March 2013 (2012)	28,851	26,543
	43,853	41,545

The 2014 final cash dividend of HK2.50 cents (2013: HK2.50 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\$477,449,000 (2013: HK\$671,140,000) and on the 1,154,038,656 shares (2013: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2014 and 31 March 2013 as the Company had no dilutive potential ordinary shares during both years.

Notes to the Financial Statements

For the year ended 31 March 2014

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Directors' fee	Salaries, allowances and benefits	Discretionary bonus	Pension scheme contributions	2014 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors					
Rossana Wang Gaw	50	2,520	250	-	2,820
Goodwin Gaw	50	420	-	-	470
Kenneth Gaw	50	3,330	800	15	4,195
Alan Kam Hung Lee	50	1,309	900	15	2,274
Independent non-executive directors					
Charles, Wai Bun Cheung, JP	90	-	-	-	90
Stephen Tan	90	-	-	-	90
Arnold Tin Chee Ip	90	-	-	-	90
Total	470	7,579	1,950	30	10,029

	Directors' fee	Salaries, allowances and benefits	Discretionary bonus	Pension scheme contributions	2013 Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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

Notes to the Financial Statements

For the year ended 31 March 2014

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

(b) Other senior management's emoluments

During the year, the five highest paid individuals include four directors (2013: three directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2013: two) highest paid individual are set out below:

	2014	2013
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	604	1,787
Bonuses	149	938
Pension scheme contributions	15	29
	768	2,754

The number of highest paid individual fell within emoluments bands is as follows:

	2014	2013
HK\$		
Nil – 1,000,000	1	1
2,000,001 – 2,500,000	-	1

Notes to the Financial Statements

For the year ended 31 March 2014

11. FIXED ASSETS

(a) Investment properties

	2014 HK\$'000	2013 HK\$'000
At Valuation at 31 March 2013 (31 March 2012)	4,704,200	4,136,700
Additions	101,969	14,739
Disposals	–	(55,000)
Revaluation	414,531	607,761
At 31 March 2014 (31 March 2013)	5,220,700	4,704,200

In June 2013, the Group entered into a construction contract at a contract sum of HK\$196 million to convert a property from industrial use to commercial use. The construction period is estimated to be 14 months.

Investment properties comprised the following:

	2014 HK\$'000	2013 HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	4,277,000	4,074,000
Leasehold properties in Hong Kong – medium term	928,000	615,500
Leasehold properties in Mainland China – medium term	15,700	14,700
	5,220,700	4,704,200

Investment properties have been valued at 31 March 2014 by AA Property Services Limited, independent professional valuers, who have recognized relevant professional qualifications and experiences in valuation of properties. The directors had on-going discussions with the surveyors upon producing the valuation reports in respect of valuation assumption use and other inputs relevant for the valuations of the Group's investment properties.

Notes to the Financial Statements

For the year ended 31 March 2014

11. FIXED ASSETS (continued)

(a) Investment properties (continued)

The following table presents the investment properties measured at fair value at 31 March 2014 on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. Inputs used in determining fair value measurement are categorized into different levels based on how observable the inputs used in the valuation technique.

Descriptions	Fair value measurement as at 31 March 2014 categorized into			
	Fair value as at 31 March 2014 HK\$'000	Quoted prices in active markets for identical assets (Level 1)		Significant other observable inputs (Level 2)
		Significant unobservable inputs (Level 3)		
		HK\$'000	HK\$'000	HK\$'000
Investment properties				
In Hong Kong	5,205,000	–	4,370,000	835,000
In Mainland China	15,700	–	15,700	–
	5,220,700	–	4,385,700	835,000

During the year, there were no transfers between level 1 and 2, or transfer into or out of level 3. The Group's policy is to recognize transfer as at the end of the reporting period in which they occur.

Notes to the Financial Statements

For the year ended 31 March 2014

11. FIXED ASSETS (continued)

(a) Investment properties (continued)

Most of the properties in Hong Kong and Mainland China are classified as level 2. Their fair value are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot ("psf") basis using market data which is publicly available.

The Group has a 80-year leasehold interest property in Hong Kong, which is classified as level 3. The fair value of the property as at 31 March 2014 is determined using the following basis:

Descriptions	Fair value as at 31 March 2014 HK\$'000	Valuation techniques	Unobservable inputs	Range of observable inputs	Relationship of unobservable inputs to fair value
Property in Hong Kong (with 80-year leasehold interest)	835,000	Investment approach	(i) Capitalization rate	4% – 5%	The higher the capitalization rate, the lower the fair value
			(ii) Market rent	HK\$45 – \$55 psf per month	The higher the market rent, the higher the fair value

The fair value measurement of investment properties is based on the highest and best use, which does not differ from their actual use.

Notes to the Financial Statements

For the year ended 31 March 2014

11. FIXED ASSETS (continued)

(b) Property, plant & equipment

	HK\$'000
Cost	
At 31 March 2012	7,040
Additions	1,185
Disposals	(1,200)
Written-off	(2,513)
At 31 March 2013	4,512
Additions	333
Disposals	(279)
Written-off	(26)
At 31 March 2014	4,540
Accumulated depreciation	
At 31 March 2012	4,968
Charge for the year	429
Disposals	(895)
Written-off	(2,470)
At 31 March 2013	2,032
Charge for the year	523
Disposals	(211)
Written-off	(17)
At 31 March 2014	2,327
Net book value	
At 31 March 2014	2,213
At 31 March 2013	2,480

Notes to the Financial Statements

For the year ended 31 March 2014

12. ASSOCIATES

	2014	2013
	HK\$'000	HK\$'000
The Group		
Share of net assets	583,233	602,376
Amount due from associates	162,538	168,579
Amount due to associates	(9,112)	(6,406)
	736,659	764,549
The Company		
At cost	2,093	2,093
Amount due from associates	38,952	38,908
	41,045	41,001

The amounts due from/to associates are unsecured, interest-free and have no fixed terms of repayment. The carrying value of the amounts due from/to associates approximates 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 2014

12. ASSOCIATES (continued)

Particulars of the major associates of the Group as at 31 March 2014 are as follows:

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued and paid up 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	13.9%	27.7%	US\$11,101,191
Tidefull Investment Limited	Liberia	Shanghai K. Wah Centre, China	7.7%	50.0%	Nil

Notes to the Financial Statements

For the year ended 31 March 2014

12. ASSOCIATES (continued)

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Carrying value of material associates in the consolidated financial statements:		
Keencity Properties Limited	369,453	407,352
Tidefull Investment Limited	232,723	212,813
	602,176	620,165
Aggregate carrying value of individually immaterial associates in the consolidated financial statements	134,483	144,384
	736,659	764,549

Notes to the Financial Statements

For the year ended 31 March 2014

12. ASSOCIATES (continued)

Summary of financial information of the material associate, Keencity Properties Limited and its subsidiaries, is as follows:

	Keencity Properties Limited and its subsidiaries	
	2014	2013
	HK\$'000	HK\$'000
Non-current assets	1,114,608	1,279,731
Current assets	82,013	110,906
Non-current liabilities	(572,779)	(660,888)
Current liabilities	(192,600)	(221,812)
Equity	431,242	507,937
Revenue	192,000	204,426
Loss for the year	(4,978)	(3,479)
Other comprehensive income	–	–
Total comprehensive expense	(4,978)	(3,479)
Dividend received from the associate	–	–
Reconciled to the company's interest on the associate		
Gross amounts of net assets of the associate	431,242	507,937
Group's effective interest	49.5%	49.5%
Group's share of net assets of the associate	213,465	251,429
Amount due from the associate	155,988	155,923
Carrying value of the associate in the consolidated financial statements	369,453	407,352

Notes to the Financial Statements

For the year ended 31 March 2014

12. ASSOCIATES (continued)

Summary of financial information of the material associate, Tidefull Investment Limited, is as follows:

	Tidefull Investment Limited	
	2014	2013
	HK\$'000	HK\$'000
Non-current assets	478,250	438,438
Current assets	–	–
Non-current liabilities	–	–
Current liabilities	–	–
Equity	478,250	438,438
Revenue	–	–
Profit for the year	39,814	40,964
Other comprehensive income	–	–
Total comprehensive income	39,814	40,964
Dividend received from the associate	7,015	13,458
Reconciled to the company's interest on the associate		
Gross amounts of net assets of the associate	478,250	438,438
Group's effective interest	50.0%	50.0%
Group's share of net assets of the associate	239,125	219,219
Amount due to the associate	(6,402)	(6,406)
Carrying value of the associate in the consolidated financial statements	232,723	212,813

Notes to the Financial Statements

For the year ended 31 March 2014

12. ASSOCIATES (continued)

Aggregate information of associates that is not individually material:

	The Group	
	2014	2013
	HK\$'000	HK\$'000
Aggregate carrying value of individually immaterial associates in the consolidated financial statements	134,483	144,384
Aggregate amounts of the Group's share of those associates		
Profit for the year	20,178	39,219
Other comprehensive (expense)/income	(21,225)	2,736
Total comprehensive (expense)/income	(1,047)	41,955

13. AVAILABLE FOR SALE INVESTMENTS

	2014	2014	2014
	HK\$'000	HK\$'000	HK\$'000
	Level 1	Level 3	Total
The Group (Non-current)			
Listed investments			
In Hong Kong	158,714	–	158,714
Outside Hong Kong	32,627	–	32,627
Unlisted investments			
In Hong Kong	–	37	37
Outside Hong Kong	–	69,517	69,517
	191,341	69,554	260,895
The Group (Current)			
Listed investments			
In Hong Kong	8,719	–	8,719
Outside Hong Kong	3,730	–	3,730
	12,449	–	12,449
The Company (Non-current)			
Listed investments			
In Hong Kong	3,490	–	3,490

Notes to the Financial Statements

For the year ended 31 March 2014

13. AVAILABLE FOR SALE INVESTMENTS (continued)

	2013 HK\$'000	2013 HK\$'000	2013 HK\$'000
	Level 1	Level 3	Total
The Group (Non-current)			
Listed investments			
In Hong Kong	162,278	–	162,278
Outside Hong Kong	34,256	–	34,256
Unlisted investments			
In Hong Kong	–	37	37
Outside Hong Kong	–	69,776	69,776
	196,534	69,813	266,347
The Group (Current)			
Listed investments			
Outside Hong Kong	9,864	–	9,864
Unlisted investments			
In Hong Kong	–	6,897	6,897
	9,864	6,897	16,761
The Company (Non-current)			
Listed investments			
In Hong Kong	3,225	–	3,225

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). They are derived from the current bid price of the listed shares at the reporting date.

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). They are derived from the net asset value of the investments.

Notes to the Financial Statements

For the year ended 31 March 2014

13. AVAILABLE FOR SALE INVESTMENTS (continued)

The following table shows the movement of Level 3 financial instruments during the year:

	2014	2013
	HK\$'000	HK\$'000
Unlisted available for sale investments		
At 1 April 2013 (1 April 2012)	76,710	68,669
Additions	–	7,617
Disposals	(6,898)	–
Return of capital	(4,676)	(496)
Total gains or losses:		
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	4,418	920
At 31 March 2014 (31 March 2013)	69,554	76,710

14. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2014	2013
	HK\$'000	HK\$'000
Deferred rental receivables	11,943	17,161
Other deposits and prepayments	4,802	5,671
Trade and rental debtors	932	2,805
	17,677	25,637

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 2014

14. DEBTORS, ADVANCES & PREPAYMENTS (continued)

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

	2014 HK\$'000	2013 HK\$'000
0 – 30 days	923	2,449
31 – 60 days	9	148
61 – 90 days	–	208
	932	2,805

The Group considered the above trade and rental debtors are fully recoverable. The Group has made a provision for bad and doubtful debts of HK\$40,000 during the year (2013: Nil). The carrying amount of the debtors, advances and prepayment approximates their fair value.

15. FINANCIAL ASSETS AT FAIR VALUE

The Group

	2014 HK\$'000	2013 HK\$'000
Listed shares, at market value		
Outside Hong Kong	1,567	2,336

All of the financial assets at fair value as at 31 March 2014 were measured using quoted price (unadjusted) in active markets for identical financial instruments (level 1 inputs). They are derived from the current bid price of the listed shares at the reporting date.

Notes to the Financial Statements

For the year ended 31 March 2014

16. SUBSIDIARY COMPANIES

	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	421,933	421,933
Amount due by subsidiaries	999,827	942,843
Provision for impairment	(45,666)	(45,666)
	1,376,094	1,319,110

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.

The following table presents the information relating to Causeway Bay 68 Limited, the subsidiary of the Group which has material non-controlling interest ("NCI"). The following summarized consolidated financial information represents the amounts before any inter-company elimination.

	2014 HK\$'000	2013 HK\$'000
Percentage of NCI	40%	40%
Current assets	115,601	52,198
Non-current assets	2,750,000	2,658,000
Current liabilities	(12,055)	(8,379)
Non-current liabilities	(1,059,791)	(1,049,783)
Net assets	1,793,755	1,652,036
Carrying value of NCI in the consolidated financial statements	717,502	660,814
Revenue	105,949	104,683
Profit for the year	141,719	304,056
Total comprehensive income	141,719	304,056
Profit allocated to NCI	56,688	121,622
Cash generated from operating activities	93,562	85,935
Cash (used in)/generated from investing activities	(70,394)	7,204
Cash used in financing activities	(23,275)	(93,236)

Notes to the Financial Statements

For the year ended 31 March 2014

17. CASH & BANK BALANCES

	2014	2013
	HK\$'000	HK\$'000
The Group		
Cash at bank and in hand	111,570	36,373
Short-term bank deposits	63,860	136,986
Cash and cash equivalents	175,430	173,359
Short-term bank deposits maturing after three months	-	13,116
	175,430	186,475
The Company		
Cash at bank and in hand	167	357
Short-term bank deposits	-	33,250
Cash and cash equivalents	167	33,607

Included in cash and bank balances of the Group, there were deposits of HK\$98,790,000 (2013: HK\$44,431,000) in bank accounts which were charged by the lending banks.

The effective interest rate on short-term bank deposits was 2.15% p.a. (2013: 2.01% p.a.). The carrying amount of these assets approximates their fair value.

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For the year ended 31 March 2014

17. CASH & BANK BALANCES (continued)

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

	2014	2013
	HK\$'000	HK\$'000
The Group		
Hong Kong dollar	113,105	63,147
Chinese yuan	57,593	110,717
United States dollar	638	10,694
Others	4,094	1,917
	175,430	186,475
The Company		
Hong Kong dollar	164	101
Chinese yuan	–	33,250
United States dollar	3	256
	167	33,607

18. SHARE CAPITAL

	Number of Shares of HK\$0.10 each	HK\$'000
Authorized		
At 31 March 2014 and 31 March 2013	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2014 and 31 March 2013	1,154,038,656	115,404

19. RESERVES

The Group

	2014	2013
	HK\$'000	HK\$'000
Share premium	547,748	547,748
Capital reserve and contributed surplus	41,242	41,242
Exchange reserve	6,646	6,625
Investment revaluation reserve	235,697	297,464
Retained earnings	3,106,610	2,673,014
	3,937,943	3,566,093

Notes to the Financial Statements

For the year ended 31 March 2014

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 2013	547,748	381,051	353,673	(1,321)	1,281,151
Profit for the year	-	-	66,876	-	66,876
Final dividend paid for the year ended 31 March 2013	-	-	(28,851)	-	(28,851)
Interim dividend paid for the year ended 31 March 2014	-	-	(15,002)	-	(15,002)
Revaluation of available for sale investments	-	-	-	266	266
At 31 March 2014	547,748	381,051	376,696	(1,055)	1,304,440
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	-	-	(26,543)	-	(26,543)
Interim dividend paid for the year ended 31 March 2013	-	-	(15,002)	-	(15,002)
Revaluation of available for sale investments	-	-	-	(62)	(62)
At 31 March 2013	547,748	381,051	353,673	(1,321)	1,281,151

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\$757,747,000 (2013: HK\$734,724,000).

Notes to the Financial Statements

For the year ended 31 March 2014

20. SECURED BANK LOANS

	2014 HK\$'000	2013 HK\$'000
The Group		
Current		
Repayable within one year	242,064	33,720
Non-current		
Repayable more than one year but not exceeding two years	1,018,329	174,220
Repayable more than two years but not exceeding five years	241,474	1,250,008
	1,259,803	1,424,228

All bank loans are denominated in Hong Kong Dollars (2013: all bank loans were denominated in Hong Kong Dollars). The effective interest rate at the year end date was 2.12% p.a. (2013: 2.13% 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.

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	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 31 March 2012 (Restated)	–	30,987	(19,394)	11,593
Charge to profit or loss	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
At 31 March 2013	1,688	36,171	(11,058)	26,801
Charge to profit or loss	250	5,831	8,808	14,889
At 31 March 2014	1,938	42,002	(2,250)	41,690

Notes to the Financial Statements

For the year ended 31 March 2014

23. CREDITORS & ACCRUALS

	2014	2013
	HK\$'000	HK\$'000
Creditors and accruals (due within one year)		
Rental deposit received	15,147	15,883
Provision for long service payments	685	562
Accruals	5,181	3,788
Trade payables	15,327	5,887
	36,340	26,120
Creditors and accruals (due more than one year)		
Rental deposit received	33,188	31,320
	69,528	57,440

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

	2014	2013
	HK\$'000	HK\$'000
0 – 30 days	15,244	5,290
31 – 60 days	51	597
61 – 90 days	11	–
> 90 days	21	–
	15,327	5,887

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.

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For the year ended 31 March 2014

24. GUARANTEES & COMMITMENTS

	The Group		The Company	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees				
– given to bank in respect of banking facilities utilized by subsidiaries	470,192	446,002	470,192	446,002
– given to bank in respect of banking facilities utilized by associates	166,927	195,435	15,500	20,000
– on utility deposits	548	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	2,905	2,185	–	–
– later than one year and not later than five years	2,992	2,644	–	–
– for purchase of available for sale investments				
– not later than one year	1,758	1,195	–	–

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:

	2014	2013
	HK\$'000	HK\$'000
Not later than one year	156,438	144,400
Later than one year but not later than five years	275,062	168,091
Over five years	34,635	3,332
	466,135	315,823

Notes to the Financial Statements

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26. PLEDGE OF ASSETS

At the year end date, properties with a carrying value of approximately HK\$5,175 million (2013: HK\$4,664 million) and available for sale investments with a carrying value of approximately HK\$19 million (2013: Nil) were pledged to secure banking and other loan facilities to the extent of HK\$1,703 million (2013: HK\$1,643 million). Among which HK\$1,502 million (2013: HK\$1,458 million) was utilized at that date.

27. RELATED PARTY TRANSACTION

Key management personnel compensation

The remuneration of Directors and other members of key management during the year were as follows:

	2014	2013
	HK\$'000	HK\$'000
Fees	200	200
Salaries, allowances and benefits	7,579	6,442
Discretionary bonus	1,950	1,100
Pension scheme contributions	30	1,015
	9,759	8,757

Notes to the Financial Statements

For the year ended 31 March 2014

28. LIST OF MAJOR SUBSIDIARIES

Name of company	Main activity	Place of incorporation	Place of operations	Particulars of issued and paid up capital	Percentage of equity held
AEW VIA HK1 Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
All Success Holdings Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Anpona Investments Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
Brilliant Valley Investment Limited	Investment	Liberia	Hong Kong	HK\$1	100
Causeway Bay 68 Limited	Investment	British Virgin Islands	Hong Kong	US\$1,000	60
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
Dynamic Business Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Forerunner Investments Limited	Investment	Hong Kong	Hong Kong	HK\$3,000,000	65
Gamolon Investments Limited	Real Estate	Hong Kong	Hong Kong	HK\$10,000	100
Glory East Limited	Real Estate	Liberia	Hong Kong	Nil	100
Golden Mile Limited	Real Estate	Liberia	Hong Kong	Nil	100
Master Yield Limited	Investment	British Virgin Islands	Hong Kong	Nil	100
Pine International Limited	Investment	British Virgin Islands	Hong Kong	HK\$1	100
Pioneer Estates Limited	Real Estate	Hong Kong	Hong Kong	HK\$1,000	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	Hong Kong	HK\$75,873,257	100
Supreme Success Limited	Real Estate	Hong Kong	Hong Kong	HK\$1	100
Treasure Spot Investments Limited	Real Estate	British Virgin Islands	Hong Kong	US\$1	60
Wealth Instrument Inc.	Investment	British Virgin Islands	Hong Kong	US\$1	100

Notes to the Financial Statements

For the year ended 31 March 2014

29. FINANCIAL RISKS MANAGEMENT

The Group's principal financial instruments comprise bank loans, 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 equity.

	Change in basis points	Change in profit before taxation HK\$'000	Change in equity HK\$'000
2014			
Bank borrowings	100	15,018	15,018
Short-term bank deposits	100	639	639
2013			
Bank borrowings	100	14,579	14,579
Short-term bank deposits	100	1,501	1,501

Notes to the Financial Statements

For the year ended 31 March 2014

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 dollars, Malaysian ringgit, Euro and Chinese yuan and (ii) bank deposits which are denominated in Euro and 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 2014			
Available for sale investments and financial assets at fair value			
Thai baht	5%	78	78
Singapore dollar	5%	–	687
Malaysian ringgit	5%	–	3,359
Euro	5%	–	78
Chinese yuan	5%	–	733
Bank deposits			
Euro	5%	201	201
Chinese yuan	5%	2,880	2,880
At 31 March 2013			
Available for sale investments and financial assets at fair value			
Thai baht	5%	117	117
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

Notes to the Financial Statements

For the year ended 31 March 2014

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 2014

	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	271,473	1,044,546	248,640	–	1,564,659
Deferred payment	20,808	–	–	–	20,808
Rental deposit received	15,147	8,677	18,443	6,068	48,335
Accruals and trade payables	20,508	–	–	–	20,508
	327,936	1,053,223	267,083	6,068	1,654,310

Notes to the Financial Statements

For the year ended 31 March 2014

29. FINANCIAL RISKS MANAGEMENT (continued)

(d) Liquidity risk (continued)

The Group 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
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

The Company at 31 March 2014

	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	1,094	–	–	–	1,094

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

Notes to the Financial Statements

For the year ended 31 March 2014

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 2014. 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 statement of profit or loss.

	Carrying amount of investments HK\$'000	Change in profit before taxation HK\$'000	Change in equity HK\$'000
At 31 March 2014			
Listed investments:			
Available for sale investments	203,790	–	10,190
Financial assets at fair value	1,567	78	78
At 31 March 2013			
Listed investments:			
Available for sale investments	206,398	–	10,320
Financial assets at fair value	2,336	117	117

Notes to the Financial Statements

For the year ended 31 March 2014

29. FINANCIAL RISKS MANAGEMENT (continued)

(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 2014 and 31 March 2013.

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:

	2014 HK\$'000	2013 HK\$'000
Interest bearing bank borrowings	1,501,867	1,457,948
Deferred payment	20,500	61,500
Less: Cash and bank balances	(175,430)	(186,475)
Net debt	1,346,937	1,332,973
Total assets	6,428,120	5,969,085
Gearing ratio	21.0%	22.3%

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 27 to 80 have been approved by the Board of Directors on 27 June 2014.

Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2014:

Location/Lot No.	Type of property	Lease term	Group's effective interest	GFA
1. Pioneer Place (formerly known as Pioneer Building) 213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Commercial	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	Medium-term	100%	5,248 ft ²

Five Years Financial Summary

	2010 HK\$'000	2011 HK\$'000 (Restated) (Note 2)	2012 HK\$'000 (Restated) (Note 2)	2013 HK\$'000	2014 HK\$'000
RESULTS					
Turnover	68,515	160,767	179,762	199,415	177,569
Profit attributable to shareholders	339,126	600,810	405,545	671,140	477,449
Dividend paid	19,234	21,542	27,697	41,545	43,853
Earnings per share (HK cents)	44.08	78.09	42.97	58.16	41.37
FINANCIAL POSITION					
Total assets	2,209,977	4,399,124	5,234,406	5,969,085	6,428,120
Total liabilities	(483,786)	(1,477,364)	(1,658,076)	(1,604,632)	(1,633,585)
	1,726,191	2,921,760	3,576,330	4,364,453	4,794,535
Capital and reserves					
Share capital	76,935	76,935	115,404	115,404	115,404
Reserves	1,633,323	2,327,145	2,877,126	3,566,093	3,937,943
Shareholders' funds	1,710,258	2,404,080	2,992,530	3,681,497	4,053,347
Non-controlling interests	15,933	517,680	583,800	682,956	741,188
	1,726,191	2,921,760	3,576,330	4,364,453	4,794,535
	HK cents	HK cents	HK cents	HK cents	HK cents
Net asset value per share (Note 1)	222.3	312.5	259.3	319.0	351.2

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".