



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

Stock Code 股份代號 : 00224

Annual Report 2007/08 年報





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*

Jane Kwai Ying TSUI

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

AUDIT COMMITTEE

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

Arnold Tin Chee IP

Stephen TAN

REMUNERATION COMMITTEE

Arnold Tin Chee IP, *Chairman*

Dr. Charles Wai Bun CHEUNG, JP

Stephen TAN

Kenneth GAW

COMPANY SECRETARY

Jane Kwai Ying TSUI

BANKERS

Bangkok Bank Public Company Limited

Chiyu Banking Corporation Limited

Citigroup

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

SOLICITORS

K.C. Yung & Co.

Morrison & Foerster

AUDITORS

Wong Brothers & Co

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL OFFICE IN HONG KONG

20th Floor, Lyndhurst Tower

No. 1 Lyndhurst Terrace

Central

Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited

46th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

INFORMATION

www.pioneerglobalgroup.com

www.irasia.com/listco/hk/pioneer/index.htm

Bloomberg: 224:HK

Reuters: 0224.hk

Managing Director's Report

BUSINESS REVIEW

The Group's total turnover including share of associates was HK\$110.2 million for the year ended 31 March 2008 (2007: HK\$132.3 million). During the same period, net profit for the Group was HK\$149.8 million (2007: HK\$190.2 million). While this represented a decline of 16.7% and 21.2% from the previous year's turnover and net profit respectively, it should be noted that there was a HK\$51.4 million special dividend from the Group's holdings in Asia Financial Holdings Limited ("Asia Financial") during the 2007 fiscal year. On the other hand, the Group's result in 2008 benefited from higher fair value increases of investment properties, disposal gains of investments, as well as a rise in revenues from advisory and asset management services.

Property Investments



68 Yee Wo Street – Office Entrance



68 Yee Wo Street – Retail Entrance

In December 2007, the Group teamed up with two strategic investor groups to form a joint venture which purchased the entire property located on 68 Yee Wo Street, Causeway Bay, Hong Kong for HK\$1.56 billion. The property has GFA of 229,200 sq. ft., consisting of a 16-storey office building and a 8-storey retail and carpark podium. The occupancy as at 31 March 2008 was about 99%. The Group invested HK\$180.0 million in the joint venture for a 30% interest and also provides the asset management services to the joint venture. As the Group also owns a 5% interest in the seller group (a joint venture formed in 2004 between the Group, Morgan Stanley Real Estate Funds and PamFleet Investments Limited), a cash distribution of HK\$55.0 million was received from the net sale proceeds. The seller group subsequently sold its remaining property, KCP in Kowloon City, for HK\$1.47 billion in June 2008.

In July 2007, the Group entered into a 50/50 joint venture with a strategic investor to purchase the Jie Fang Building, a GFA 11,500 sq.m. commercial property in Guangzhou, China, for a price of RMB85.0 million. The Group's capital investment was HK\$20.7 million. As at 31 March 2008, the property had occupancy of about 90%.

Managing Director's Report

The AIA Tower in Macau is a GFA 437,000 sq.ft. commercial building owned by a joint venture between the Group, Morgan Stanley Real Estate Funds, and Wachovia Development Corporation. Since the completion of the major renovation program and the re-launch of the property under its current name, the property has become one of the leading Class A office towers in Macau both in terms of tenant mix and rental rates. As at the end of the reporting period, about 74% of the building had been leased and the property value had been revalued to HK\$1.10 billion (about 57% increase from invested cost). As a result, this investment contributed HK\$27.0 million profit to the Group as an associated company.



AIA Tower, Macau



Tenant in AIA Tower, Macau

The Shanghai K. Wah Centre, a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company, contributed HK\$30.4 million to the Group during the year. This property is one of the leading Class A office buildings in Shanghai and has continued to enjoy close to full occupancy in a tight leasing market.

Other properties directly owned by the Group performed satisfactorily. The Pioneer Building in Kwun Tong, Kowloon had HK\$16.8 million in rental revenues while continuing to enjoy a high occupancy rate of 90.9% as of 31 March 2008; furthermore, the property contributed fair value increase of HK\$28.0 million to the Group.

The Group's properties (comprising of total of GFA 63,840 sq.ft.) at Maximall, City Garden, North Point generated rental revenues of HK\$4.7 million and fair value increase of HK\$7.3 million.

The Group also owned strata units of about GFA 21,000 sq.ft. in Morrison Plaza in Wanchai, Hong Kong. During the year ended 31 March 2008, this property contributed revenues of HK\$2.6 million and fair value increase of HK\$11.0 million. In September 2007, a sale & purchase agreement was signed to dispose of the Group's holdings in Morrison Plaza for HK\$78.6 million. The transaction was subsequently completed on 30 April 2008.

Managing Director's Report

An associated company of the Group invested in Gateway China Fund I (a US\$198.9 million real estate fund focused on China, Hong Kong, and Macau). At the end of the reporting period, the fund had fully committed its capital and was under a contract to sell its Shama Luxe Xintiandi service apartment for RMB943.8 million. This sale was subsequently completed in April 2008 and generated a project internal rate of return of about 136% for the fund. Values of other assets in the fund have also seen satisfactory increase.



Shama Luxe Xintiandi – Living Room



Shama Luxe Xintiandi – Bed Room

Investments in Hotel Industry

Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 351.7 million for the year ended 31 December 2007, representing an increase of 16.9% from 2006 (2006: Baht 300.9 million). Gross operating profit for the period was Baht 216.4 million, compared to Baht 164.9 million in 2006 and a significant increase of 31.2%. The resort has clearly benefited from the repositioning program implemented since our acquisition in 2003, and Pattaya as a destination has continued to improve and grow. While the first three months of 2008 has continued to grow strongly from the previous year, we are starting to see pricing pressures and lower occupancy during the low season summer months. This is a result of competition from newly completed products in Pattaya as well as other resort destinations in Thailand and the region. As such, while we are optimistic about Pattaya as a destination and very satisfied with the performance of the resort, the management will continue its efforts to ensure that the resort will be competitive in the market going forward.



Aisawan Resort & Spa – Meeting Room



Aisawan Resort & Spa

Managing Director's Report

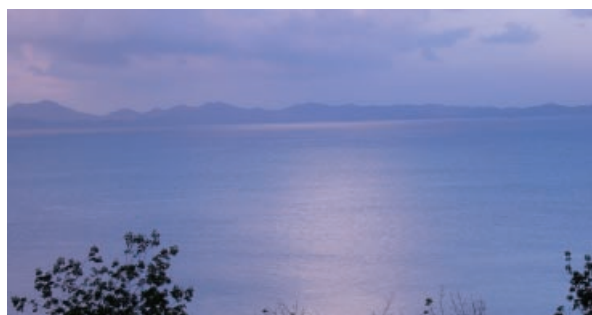
The Group's 50% owned associated company holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. For the fiscal year ended 31 December 2007, Dusit Thani had revenues of Baht 3.31 billion (2006: Baht 3.22 billion) and net profit of Baht 121.9 million (2006: Baht 229.3 million (restated)). The fall in net profit was resulted from the increase in marketing and promotional expenses, the implementation and development of central reservation system, rebranding of the Company and business expansion expenses both in Thailand and overseas. During the past year, Dusit Thani has made great progress in gaining new hotel properties under management, particularly in the Middle East. Much of the additional costs were incurred in support of new properties coming on line. As new properties will be opened over the next couple of years, management income generated by these new properties will more than cover the increase in expenses.

Other Investments

In December 2007, the Group sold 10 million shares of Asia Financial for \$5.0 per share. The sale generated proceeds of HK\$50.0 million and a profit of HK\$23.4 million for the Group. Following the sale, the Group continues to hold 32 million shares in the company. The purpose of the sale was to partially realize investment profits and to reallocate resources to the Group's core business of properties and hotels investments.

PROSPECTS

On 28 March 2008, Pioneer Hospitality Siam (GBR) Limited (the Group's 49.5% owned Thai associate – the same company that manages the Aisawan Resort & Spa) formed a joint venture to purchase a 79 acres land at Cape Nga on the east coast of Phuket Island, Thailand for a total cost of Baht 1.06 billion (approximately HK\$261.9 million). The land is a peninsula site surrounded on three sides by the ocean and has its own secluded beach. Pioneer Hospitality Siam (GBR) Limited owns 37.5% of the joint venture company and will provide asset management and project management services to the joint venture. The joint venture plans to develop a low-density luxury resort with branded residences on the site. Currently, the management is in discussion with several hotel operators to brand the resort and is working with architects/designers on preliminary designs.



Cape Nga – View from the Land



Cape Nga – View from the Beach

The global credit crisis that began in the U.S. capital markets in the second half of 2007 continued to play havoc, leading the U.S. Federal Reserve to cut interest rate aggressively during the period. Since Hong Kong dollar is pegged to the US currency, the Hong Kong dollar interest rate also dropped to near

Managing Director's Report

an all time low while inflation rose to a 10 year high. This combination of low interest rate and high inflation has led to an unusually high negative real interest rate environment. Last time a negative real interest rate environment occurred in Hong Kong in the lead up to 1997 handover, the territory experienced a massive asset bubble. Meanwhile, the artificially tight liquidity environment engineered by the Chinese government's aggressive austerity measures finally achieved a slowdown of the domestic economy. This government policy driven price correction led to banks tightening credit to the real estate market, coupled with regulatory hurdles creating roadblocks for cashed up foreign private equity investor, and add to that the US led liquidity squeeze which caused a collapse of the IPO markets in Hong Kong. On the other hand, attractive macro economic factors in China such as urbanization, middle class expansion leading to increased domestic consumption, domestic economic growth balancing out a slowdown in export growth, are all very much intact.

Elsewhere in Asia, Thailand was poised for a year of higher economic growth after the election at the end of 2007. However, political uncertainty has resurfaced again recently in the country, significantly lowering the chance of a strong growth year.

Given the turbulence in the markets, we believe that the next 12 to 18 months will offer many interesting and attractive opportunities in our core properties and hotels sectors. With inflationary pressures in the world economy ushering in a higher interest rate cycle, the Group will continue to keep a low leverage, high liquidity position as we continue to look for new investment opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2008, the Group continued to enjoy a strong financial position, maintaining substantial unutilized bank facilities. At the balance sheet date, the Group's total debt to shareholders' fund ratio was 13.2% (31 March 2007: 12.7%) and the net debt (net of cash and cash equivalents) to shareholders fund ratio was 11.6% (31 March 2007: 11.4%).

EMPLOYEES

As at 31 March 2008, the number of salaried staff at the holding company level was 17 (2007: 19). 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.

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, 3 July 2008

Directors' Report

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies are shown in notes 12 and 27 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 2008 are set out in the consolidated income statement on page 23.

An interim dividend of HK0.80 cent per share, totalling HK\$6,155,000 which was paid on 5 February 2008.

The Directors recommend the payment of a final dividend for the year ended 31 March 2008 at the rate of HK1.50 cents (2007: HK1.50 cents) per share, payable on 15 October 2008 to all persons registered as shareholders on 5 September 2008. The transfer of books and register of members of the Company will be closed from 2 September 2008 to 5 September 2008, both days inclusive. 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 Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 September 2008.

SHARE CAPITAL

There was no movement in the share capital of the company during the financial year.

RESERVES

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

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 62.

Directors' Report

FIXED ASSETS

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

MAJOR SUBSIDIARIES

Details of the major subsidiary companies as at 31 March 2008 are set out in note 27 to the financial statements.

LOANS AND BORROWINGS

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

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers being trade customers and tenants of the Group accounted for 22% of the Group's turnover, the largest trade customer accounting for 6%. The five largest suppliers of goods and services accounted for 35% of the Group's expenditure on goods and services, the largest supplier of goods and services accounting for 18%.

DONATIONS

During the financial year, the Group has made charitable donations amounting to HK\$1,000 (2007: HK\$55,000).

DIRECTORS

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

Executive Directors

Rossana WANG GAW

Goodwin GAW

Kenneth GAW

Jane Kwai Ying TSUI

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.

Directors' Report

DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2008, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

Long position in shares of the Company

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

¹ Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,934,364 shares.

² Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 8,453,375 shares.

³ Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares.

⁴ Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 27,537,243 shares.

Long position in shares of Associated Corporations

Name of company	Name of director	Number of shares held by controlled corporation	%
Grandsworth Pte. Ltd.	Rossana Wang Gaw	1*	50.0
Grandsworth Pte. Ltd.	Kenneth Gaw	1*	50.0
Pioneer Hospitality Siam (GBR) Ltd.	Rossana Wang Gaw	475,000*	47.5
Pioneer Hospitality Siam (GBR) Ltd.	Kenneth Gaw	475,000*	47.5
Keencity Properties Ltd.	Rossana Wang Gaw	4,721,034*	47.5
Keencity Properties Ltd.	Kenneth Gaw	4,721,034*	47.5
Pioneer iNetwork Ltd.	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Ltd.	Kenneth Gaw	1*	50.0

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

Directors' Report

Save as disclosed above, as at 31 March 2008, 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 SHAREHOLDERS' INTERESTS

As at 31 March 2008, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or long or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Long positions of shareholders in shares of the Company

Name of shareholder	Number of shares	%
Asset-Plus Investments Ltd.	68,076,076	8.85
Forward Investments Inc.	181,388,105	23.58
Intercontinental Enterprises Corporation	123,148,701 ¹	16.01
Prosperous Island Limited	65,939,293	8.57

¹ Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares, which duplicated to those disclosed in "long position in shares of the Company".

Interests in other members of the Group

Name of subsidiary	Name of shareholder	%
Forerunner Investments Limited	Farnham Group Limited	30
Pioneer iConcepts Limited	Ng Poon Wing Man Agnes	40

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 2008, had interests or long or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Directors' Report

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") was valid and effective until 5 March 2007. As at 31 March 2008, there were no outstanding options to subscribe for the shares of the Company. Apart from the Scheme, 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 had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the 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.

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 20.

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.

Directors' Report

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards. Details of the transaction are set out in note 26 to the financial statements.

AUDITORS

Wong Brothers & Co were first appointed auditors of the Company in 2006 to fill the casual vacancy left by the resignation of Fan Mitchell & Co. The financial statements for the year ended 31 March 2008 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, 3 July 2008

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mrs. Rossana WANG GAW (Chairman)

Aged 62, 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 20 years of experience in real estate investments. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a Degree in Business Administration.

Mr. Goodwin GAW (Vice Chairman)

Aged 39, was appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. He is the Chairman of Gateway Capital, a real estate private equity fund focusing on China, Hong Kong and Macau real estate markets and the President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in the United States. He was an independent non-executive director of Tian An China Investments Company Limited until 1 July 2007. 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 37, 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, Japan Opportunities Funds I and II, 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 Gateway Capital, a real estate private equity fund focusing on China, Hong Kong and Macau 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) Limited in Hong Kong. He is the son of Mrs. Rossana Wang Gaw and the brother of Mr. Goodwin Gaw.

Ms. Jane Kwai Ying TSUI (Company Secretary)

Aged 64, was appointed to the Board in 1984. She is responsible for the day-to-day operation of the Group, including general administration. She is also responsible for all company secretarial matters of the Group. Ms. Tsui previously worked in the banking sector for about 3 years before joining the Group in 1980.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Charles Wai Bun CHEUNG, JP

Aged 71, 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 and a Bachelor of Science Degree in Business Administration. He is Chairman of Joy Harvest International Limited. Dr. Cheung has over 30 years experience in the senior management of companies in various industries including over 22 years experience of banking business in senior management positions. He is also an independent non-executive director and chairman of audit committee of K. Wah International Holdings Limited, Galaxy Entertainment Group Limited, Shanghai Electric Group Company Limited and Prime Investments Holdings Limited which are listed on the main board of the Stock Exchange. Dr. Cheung is a Senior Adviser to the Board of the Metropolitan Bank & Trust Company, Philippines. He is a council member of The Hong Kong Institute of Directors. Dr. Cheung was formerly Chief Executive and Executive Deputy Chairman of Mission Hills Group and a former director and adviser of Tung Wah Group of Hospitals. He is a Vice Chairman of Guangdong Province Golf Association. He was awarded the Directors of the year Awards 2002 of Listed Company Non-executive Director.

Mr. Arnold Tin Chee IP

Aged 45, 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. He is a director of Altus Capital Limited where he is involved in the supervision and management of corporate finance and advisory work for companies in Hong Kong and in advising on private equity and property investments in Asia. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Limited thereafter until January 2001, specializing in a range of corporate finance and advisory activities for companies based in Hong Kong and China.

Mr. Ip's work focuses on fund raising for listed and unlisted companies, and management of real estate investment funds. 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 54, was appointed to the Board on 1 April 2007. He was educated in the United States and holds a Bachelor's Degree in Business Administration at Rutgers University, and a Master Degree in Business Administration at St. John's University. Mr. Tan is currently the executive director of Asia Financial Holdings Limited which is listed on the main board of the Stock Exchange. He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited, The Chinese General Chamber of Commerce and Hong Kong Chiu Chow Chamber of Commerce. Mr. Tan serves as the Chairman of Bangkok Mercantile (Hong Kong) Company Limited and the Vice Chairman of Chinese Entrepreneurs Organization. Mr. Tan is a voting member of Tung Wah Group of Hospitals Advisory Board, a founding member of Hong Kong-Thailand Business Council, a trustee of Outward Bound Trust of Hong Kong and the Board of Trustees of Hong Kong Jockey Club Music and Dance Fund. Mr. Tan has also been appointed as a committee member of Shenzhen Municipal Committee of The Chinese People's Political Consultative Conference, a member of both Election Committee (Finance) and Sports Commission of the Hong Kong Special Administrative Region, the Board of Governor of Hong Kong Sinfonietta Limited and an honorary advisor of both The New Graduate School of Business of the Hong Kong Polytechnic University and Hong Kong Baseball Association.

Corporate Governance Report

Good corporate governance practices are increasingly important for maintaining and promoting shareholders confidence. The Group's corporate governance practices therefore emphasize a well-balanced quality Board, effective internal control and accountability to the shareholders.

CORPORATE GOVERNANCE PRACTICES

The Board has duly adopted the principles of good governance provided by the Code on Corporate Governance Practices (the "CG Code") in the Appendix 14 of the Listing Rules. For the year ended 31 March 2008, the Company has applied and complied with the applicable CG Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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 2008.

BOARD OF DIRECTORS

The Board is responsible for managing and conducting business and affairs of the Company and its subsidiaries which includes determining the corporate objectives, business strategies and operational policies, controlling the operating and financial performance, setting appropriate policies to manage risks in pursuit of the Group's strategic objectives and ensuring the Group's operations are conducted in accordance with the framework of law and regulatory guidelines. There is a clear division of responsibilities between the Board and the management. The Board has delegated the decisions on the Group's general operations 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 brief biographical details of the Directors and the relationship among them are set out on pages 14 to 15. 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, independent voice that protects the minority interests. Pursuant to specific enquiries made with the Independent Non-executive Directors, all of them confirmed that they have met the criteria of Rule 3.13 of the Listing Rules regarding the guidelines for the assessment of independence.

Corporate Governance Report

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. Draft minutes of every Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval.

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>)	4/4	100%
Kenneth Gaw (<i>Managing Director</i>)	4/4	100%
Jane Kwai Ying Tsui	4/4	100%
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	4/4	100%
Stephen Tan	4/4	100%
Arnold Tin Chee Ip	4/4	100%

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 while the Managing Director heads the management and focuses on the day-to-day operation of the Group. During the year under review, the Chairman of the Company is Mrs. Rossana Wang Gaw whereas the Managing Director is Mr. Kenneth Gaw.

NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors are appointed for a specific term starting from 13 December 2006 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.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company does not have a Nomination Committee. The Board as a whole is responsible for ensuring all the directors and senior executives appointed are fit and proper persons and for nominating appropriate person for election by shareholders at the annual general meeting, either to fill a casual vacancy or as an addition to the existing directors. In identifying and evaluating whether a candidate is suitable to act as a director of the Company, the Board will consider his professional knowledge, experience, skills as well as personal ethics, integrity and time commitment. All directors appointed by the Board are subject to election by shareholders at the forthcoming general meeting.

REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee consisting 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 current terms of reference of the Remuneration Committee include duties set out in code provisions B.1.3 (a) to (f) of the Code. Under its terms of reference, the Remuneration Committee is responsible for making recommendations to the Board regarding the Group's remuneration policy and for the formulation and review of the remuneration packages of all the directors and senior executives.

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

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

In the meeting, the Remuneration Committee discussed and approved the remuneration packages for the Executive Directors and senior management for the year 2008 and the bonus for year 2007.

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee consists of three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, JP (Chairman), Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. The current terms of reference of the Audit Committee include duties set out in code provisions C.3.3 (a) to (n) of the Code. Under its terms of reference, the Audit Committee is responsible for reviewing the interim and annual financial statements of the Group, assessing the effectiveness of the internal control and risk management systems, and monitoring the financial aspects of the Company. The members of Audit Committee may request a meeting if they think it is 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%
Stephen Tan	2/2	100%
Arnold Tin Chee Ip	2/2	100%

Throughout the year, the Audit Committee had performed the work as summarized below:

- (1) reviewed the interim and annual financial statements and reports of the Group; and
- (2) discussed and reviewed the internal control systems with the management and external auditors.

AUDITORS' REMUNERATION

During the year under review, the remuneration payable to the Company's external auditors, Wong Brothers & Co, are set out as follows:

Services rendered	Fee payable
Audit services	HK\$342,000
Non-audit services	HK\$40,000
	HK\$382,000

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that they are responsible for preparing the accounts. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. The Auditors' reporting responsibilities are included in the Independent Auditors' Report on pages 21 to 22.

INTERNAL CONTROLS

The Board is responsible for maintaining a sound and effective system of internal control so as to ensure the shareholders' investment and the Company's assets are properly safeguarded. The system of internal control is designed to manage the risk associated with the Company's business operation and its environment and can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

Pursuant to the risk-based approach, the management and external auditors identified the risks associated with and controls over various operations and activities, reviewed and discussed with the Audit Committee their effectiveness and compliance during the financial year. The Board, through the review of the Audit Committee, is satisfied with the internal control system of the Group for the reporting period and considers that the Group's internal control system has implemented effectively. Proposals on further enhancement of the system of internal control of the Group, if required or necessary, are being implemented from time to time.

COMMUNICATION WITH SHAREHOLDERS

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. An annual general meeting circular is distributed to all shareholders at least 21 days prior to the annual general meeting, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. Details on the procedures for voting by poll of the Company are set out in the shareholder circular convening the general meeting. When voting on resolutions requires a poll, the Company engages external scrutineer to ensure proper counting of the votes.

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 copies of relevant corporate and financial information.

Independent Auditors' Report

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 set out on pages 23 to 60, which comprise the consolidated and company balance sheets as at 31 March 2008 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 financial statements.

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

Independent Auditors' Report

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 2008 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
19th Floor, MassMutual Tower,
38 Gloucester Road,
Wanchai, Hong Kong
Hong Kong, 3 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Turnover			
Company and subsidiaries		61,886	96,112
Share of associates		48,312	36,210
		110,198	132,322
Turnover of Company and subsidiaries	3	61,886	96,112
Properties operating expenses		(9,639)	(11,498)
Staff costs		(10,230)	(9,486)
Depreciation & amortisation		(3,047)	(3,365)
Other expenses		(2,849)	(3,645)
		(25,765)	(27,994)
Operating profit		36,121	68,118
Share of profits of associates		47,060	92,464
Change in fair value of investment properties	11	53,726	28,350
Other gains and losses	5	32,537	15,205
Finance costs		(6,470)	(8,406)
Profit before taxation	4	162,974	195,731
Taxation			
Current	6	(3,379)	(1,143)
Deferred	6	(9,785)	(4,424)
Profit for the year		149,810	190,164
Attributable to:			
Minority interests		664	703
Profit attributable to shareholders		149,146	189,461
		149,810	190,164
		HK cents	HK cents
Earnings per share (HK cents)	9	19.39	24.63

Consolidated Balance Sheet

At 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
ASSETS			
Non-current assets			
Investment properties	11	555,600	489,600
Associates	12	791,952	481,815
Available for sale investments	13	245,332	358,853
Property, plant and equipment	11	20,762	22,509
Leasehold land	11	10,885	11,121
Other assets		1,447	1,447
		1,625,978	1,365,345
Current assets			
Debtors, advances & prepayments	14	13,127	8,312
Financial assets at fair value	15	6,288	5,392
Cash & bank balances	17	22,367	15,568
		41,782	29,272
Total assets		1,667,760	1,394,617
EQUITY			
Share capital	18	76,935	76,935
Reserves	19	1,305,938	1,087,513
Shareholders' funds		1,382,873	1,164,448
Minority interests		15,986	15,332
Total equity		1,398,859	1,179,780
LIABILITIES			
Non-current liabilities			
Secured bank loans	20	93,050	39,100
Deferred taxation	21	62,287	52,502
		155,337	91,602
Current liabilities			
Creditors & accruals	22	20,513	13,257
Secured bank loans	20	89,513	109,356
Tax liabilities		3,538	622
		113,564	123,235
Total liabilities		268,901	214,837
Total equity and liabilities		1,667,760	1,394,617

Balance Sheet

At 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000
ASSETS			
Non-current assets			
Subsidiary companies	16	944,855	968,710
Associates	12	40,783	41,556
Available for sale investments	13	5,468	9,096
		991,106	1,019,362
Current assets			
Debtors, advances & prepayments		1,140	1,153
Financial assets at fair value		234	–
Cash & bank balances	17	18,871	13,202
		20,245	14,355
Total assets		1,011,351	1,033,717
EQUITY			
Share capital	18	76,935	76,935
Reserves	19	924,422	926,311
Total equity		1,001,357	1,003,246
LIABILITIES			
Current liabilities			
Creditors & accruals		424	501
Secured bank loans	20	9,863	30,756
Tax refundable		(293)	(786)
Total liabilities		9,994	30,471
Total equity and liabilities		1,011,351	1,033,717

Consolidated Statement of Cash Flow

For the year ended 31 March 2008

	Note	2008 HK\$'000	2007 HK\$'000
Cash flows from operating activities			
Profit before taxation		162,974	195,731
Share of net profit of associates		(47,060)	(92,464)
Other gains and losses		(32,537)	(15,205)
Increase in fair value of investment properties		(53,726)	(28,350)
Depreciation & amortisation		3,047	3,365
Interest income		(975)	(1,238)
Interest expenses		6,470	8,406
Dividend income			
– listed		(8,928)	(57,305)
– unlisted		(7,636)	(4,012)
Increase in debtors, advances & prepayments		(4,815)	(2,780)
(Decrease)/increase in creditors & accruals		(439)	1,410
Cash generated from operations		16,375	7,558
Hong Kong profits tax paid		(782)	(331)
Hong Kong profits tax refund		349	298
Overseas profits tax paid		(30)	(1,519)
Net cash from operating activities		15,912	6,006
Cash flows from investing activities			
Interest received		975	1,337
Dividend received		16,564	62,503
Investment properties:			
– Purchase of investment properties		(12,274)	–
– Proceeds on disposal of investment properties		–	33,564
Associates:			
– Advance to unlisted associates		(24,719)	(11,703)
– Distribution from unlisted associates		46,536	24,741
– New investment in unlisted associates		(180,000)	–
– Proceeds on disposal of a listed associate		–	57,132
Available for sale investments:			
– Purchase of available for sale investments		(15,026)	(51,472)
– Distribution from available for sale investments		78,045	–
– Proceeds on disposal of available for sale investments		64,327	14,988
Property, plant and equipment:			
– Purchase of property, plant & equipment		(1,400)	(2,269)
– Proceeds on disposal of property, plant & equipment		290	190
– Purchase of other assets		(429)	–
Financial assets at fair value:			
– Purchase of financial assets		(805)	(49)
– Proceeds on disposal of financial assets		1,684	4,592
– Deposit received on disposal of investment properties		7,860	–
– Purchase of a subsidiary		–	(85,270)
– Additional investment in a subsidiary		–	(401)
– Investment in a subsidiary written off		–	(1,381)
Net cash (used in)/generated from investing activities		(18,372)	46,502

Consolidated Statement of Cash Flow

For the year ended 31 March 2008

	Note	2008 HK\$'000	2007 HK\$'000
<hr/>			
Cash flows from financing activities			
Interest paid		(6,635)	(8,412)
Distributions to minority shareholders		(703)	(696)
Dividend paid to shareholders		(17,695)	(13,079)
Bank loans raised		34,107	–
Bank loans repaid		–	(39,665)
<hr/>			
Net cash generated from/(used in) financing activities		9,074	(61,852)
<hr/>			
Net increase/(decrease) in cash and cash equivalents		6,614	(9,344)
Cash and cash equivalents at the beginning of the year		15,568	25,559
Effect of foreign exchange rates changes		185	(647)
<hr/>			
Cash and cash equivalents at the end of the year		22,367	15,568
<hr/>			
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks up to three months' maturity	17	22,367	15,568
<hr/>			

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Attributable to shareholders of the Company									
	Share capital	Share premium	Capital reserve & surplus		Investment revaluation reserve		Retained earnings	Total	Minority interests	Total equity
			contributed	Exchange	revaluation	reserve				
			surplus	reserve	reserve	reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2006	76,935	307,687	41,242	6,781	164,030	318,379	915,054	16,409	931,463	
Fair value change of available for sale investments										
– subsidiaries	-	-	-	-	26,191	-	26,191	-	26,191	
– minority interests	-	-	-	-	-	-	-	1,409	1,409	
– associates	-	-	-	-	37,437	-	37,437	-	37,437	
Additional investment in a subsidiary	-	-	-	-	-	-	-	(2,147)	(2,147)	
Written off of minority interest in a subsidiary	-	-	-	-	-	-	-	(346)	(346)	
Exchange on translation of										
– subsidiaries	-	-	-	704	-	-	704	-	704	
– associates	-	-	-	8,680	-	-	8,680	-	8,680	
Net income recognised directly in equity	-	-	-	9,384	63,628	-	73,012	(1,084)	71,928	
Profit attributable to equity holders	-	-	-	-	-	189,461	189,461	703	190,164	
Total recognised income and expenses for the year	-	-	-	9,384	63,628	189,461	262,473	(381)	262,092	
Distribution to minority interests	-	-	-	-	-	-	-	(696)	(696)	
2006 final dividend paid	-	-	-	-	-	(9,232)	(9,232)	-	(9,232)	
2007 interim dividend paid	-	-	-	-	-	(3,847)	(3,847)	-	(3,847)	
At 31 March 2007	76,935	307,687	41,242	16,165	227,658	494,761	1,164,448	15,332	1,179,780	

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Attributable to shareholders of the Company									
	Share capital	Share premium	Capital reserve & surplus		Investment revaluation reserve		Retained earnings	Total	Minority interests	Total equity
			contributed	Exchange	reserve	reserve				
			surplus	reserve	reserve	reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2007	76,935	307,687	41,242	16,165	227,658	494,761	1,164,448	15,332	1,179,780	
Fair value change of available for sale investments										
– subsidiaries	-	-	-	-	(18,023)	-	(18,023)	-	(18,023)	
– minority interests	-	-	-	-	-	-	-	693	693	
– associates	-	-	-	-	105,284	-	105,284	-	105,284	
Exchange on translation of										
– subsidiaries	-	-	-	103	-	-	103	-	103	
– associates	-	-	-	(390)	-	-	(390)	-	(390)	
Net income recognised directly in equity	-	-	-	(287)	87,261	-	86,974	693	87,667	
Profit attributable to equity holders	-	-	-	-	-	149,146	149,146	664	149,810	
Total recognised income and expenses for the year	-	-	-	(287)	87,261	149,146	236,120	1,357	237,477	
Distribution to minority interests	-	-	-	-	-	-	-	(703)	(703)	
2007 final dividend paid	-	-	-	-	-	(11,540)	(11,540)	-	(11,540)	
2008 interim dividend paid	-	-	-	-	-	(6,155)	(6,155)	-	(6,155)	
At 31 March 2008	76,935	307,687	41,242	15,878	314,919	626,212	1,382,873	15,986	1,398,859	

Notes to the Financial Statements

For the year ended 31 March 2008

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 of Hong Kong Limited. The principal activities of the Company, through its subsidiaries and associates, are described in note 2.

(b) Statement of compliance

These consolidated 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 requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Listing Rules.

In the current year, the Group has applied the new and revised HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as “new HKFRSs”) that are effective for the accounting period beginning on or after 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

However, the adoption of these new standards does not have any significant effect on the accounting policies or results and financial position of the Group.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation ¹
HKFRS 3 (Revised)	Business Combination ²
HKFRS 8	Operating Segments ¹

Notes to the Financial Statements

For the year ended 31 March 2008

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Statement of compliance *(continued)*

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

The directors of the Company anticipate that the application of these HKFRSs, HKASs and interpretations will have no material impact on the results and the financial position of the Group.

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2008 comprise 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 are stated at their fair value 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.

Notes to the Financial Statements

For the year ended 31 March 2008

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

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

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses, unless the investment is classified as held for sale.

(e) Associates

Associates are companies where the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

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

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses, unless it is classified as held for sale.

Notes to the Financial Statements

For the year ended 31 March 2008

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment of associates over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill is stated at cost less accumulated impairment losses.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the income statement.

(g) 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 balance sheet at fair value. Any gain or loss arising from a change in fair value is recognized in the income statement.

(h) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost over their estimated useful lives on the following bases:

Buildings	4% p.a.	straight line method
Others	10-25% p.a.	reducing balance method

(i) Investments in securities

Investments in securities, other than investments in subsidiaries and associates, are classified into three categories: held-to-maturity debt securities, financial assets and available for sale investments. Held-to-maturity debt securities are carried at amortised cost using the effective interest method. Financial assets are stated at fair value with changes recognised in the income statement. Available for sale investments are carried at fair value with any changes recognised in equity.

Notes to the Financial Statements

For the year ended 31 March 2008

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets

At each balance sheet 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 the income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Except for available for sale investments, a reversal of an impairment loss is recognized as income in the income statement.

(k) Leases

(i) Operating leases

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

(ii) Leasehold land lease

Leasehold land represents up-front payments to acquire long-term interests in leasee-occupied properties. The land leases are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement or, when there is impairment, which is expensed in the income statement.

(l) Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates ruling at that date. Exchange differences are dealt with in the income statement. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Notes to the Financial Statements

For the year ended 31 March 2008

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition

(1) Rental income

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

(2) Rendering of services

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

(3) Dividend income

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

(4) Interest income

Interest income is recognised on a time proportion basis.

(n) Employee benefits

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

(o) 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 using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(p) 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.

(q) 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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 March 2008

2. SEGMENT INFORMATION

Business segment

	Property and hotels		Investments and others		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover						
Company and subsidiaries	44,347	33,557	17,539	62,555	61,886	96,112
Segment result	19,533	7,224	16,894	61,147	36,427	68,371
Unallocated corporate expenses					(306)	(253)
Operating profit					36,121	68,118
Share of profits of associates	47,060	92,464	-	-	47,060	92,464
Change in fair value of investment properties	53,726	28,350	-	-	53,726	28,350
Other gains and losses	(1,643)	10,279	34,180	4,926	32,537	15,205
Finance costs					(6,470)	(8,406)
Taxation					(13,164)	(5,567)
Minority interests					(664)	(703)
Profit attributable to shareholders					149,146	189,461

Segment assets and liabilities

	Property and hotels		Investments and others		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	659,296	651,295	216,512	261,507	875,808	912,802
Investment in associates	791,952	481,815	-	-	791,952	481,815
Consolidated total assets					1,667,760	1,394,617
Segment liabilities	(259,447)	(190,738)	(1,994)	(18,817)	(261,441)	(209,555)
Unallocated corporate liabilities					(7,460)	(5,282)
Consolidated total liabilities					(268,901)	(214,837)
Other information						
Capital expenditure	209,934	140,842	-	-	209,934	140,842
Depreciation & amortisation	3,047	3,365	-	-	3,047	3,365

Notes to the Financial Statements

For the year ended 31 March 2008

2. SEGMENT INFORMATION *(continued)*

Geographical segment

	Turnover by geographical market		Segment assets	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	52,380	89,955	747,793	789,393
Overseas	9,506	6,157	128,015	123,409
	61,886	96,112	875,808	912,802

3. TURNOVER

	2008	2007
	HK\$'000	HK\$'000
Rental income	27,851	26,966
Property expenses recovery	3,020	2,636
Asset management fee	5,281	3,526
Advisory fee income	8,190	–
Dividend income	16,564	61,317
Interest income	975	1,238
Others	5	429
	61,886	96,112

4. PROFIT BEFORE TAXATION

	2008	2007
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	6,470	8,406
Auditors remuneration	342	352
Depreciation and amorisation	3,047	3,365
Provision for long service payments to employees	184	147
Exchange loss	96	526
and after crediting:		
Rental income from investment properties	30,871	26,966
Less: direct outgoings	(8,998)	(8,764)
Listed investment income	8,928	57,305
Unlisted investment income	7,636	4,012
Interest income	975	1,238

Notes to the Financial Statements

For the year ended 31 March 2008

5. OTHER GAINS AND LOSSES

	2008 HK\$'000	2007 HK\$'000
Net profit on disposal of investments	33,917	4,718
(Loss)/profit on sale of investment properties and other fixed assets	(46)	1,471
Negative goodwill written off on acquisition of a subsidiary	–	8,808
Increase in fair value of available for sale investments and financial assets	1,142	691
Provision for impairment losses on available for sale investments	(2,047)	(483)
Provision for impairment losses on other assets	(429)	–
	32,537	15,205

6. TAXATION

(a) Taxation

	Current taxation HK\$'000	2008 Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	2007 Deferred taxation HK\$'000	Total HK\$'000
Hong Kong						
– Provision for the year	2,084	9,885	11,969	210	4,424	4,634
– Under/(over)-provision in prior year	1,271	(100)	1,171	(421)	–	(421)
Overseas						
– Provision for the year	24	–	24	14	–	14
– Under-provision in prior year	–	–	–	1,340	–	1,340
	3,379	9,785	13,164	1,143	4,424	5,567

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) 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.

Notes to the Financial Statements

For the year ended 31 March 2008

6. TAXATION (continued)

(b) Reconciliation between accounting profits and the tax charge

	2008 HK\$'000	2007 HK\$'000
Profit before taxation	162,974	195,731
Less: Share of profits of associates	(47,060)	(92,464)
Profit before taxation attributable to the Company and its subsidiaries	115,914	103,267
Tax calculated at applicable tax rate of 17.5% (2007: 17.5%)	20,285	18,072
Expenses not deductible for taxation purposes	1,458	2,796
Income not subject to taxation	(8,666)	(16,278)
Current year tax losses not recognised	991	1,669
Utilisation of previously unrecognised tax loss	(1,830)	(271)
Deferred tax asset not recognised during the year	(245)	–
Under/(over)-provision in previous years	1,171	(421)
Tax charge	13,164	5,567

7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit for the year attributable to equity holders of the Company for the year ended 31 March 2008 in the financial statements of the Company was HK\$20,309,000 (2007: HK\$246,143,000).

Notes to the Financial Statements

For the year ended 31 March 2008

8. DIVIDENDS

	2008	2007
	HK\$'000	HK\$'000
Interim dividend of HK0.80 cent (2007: HK0.50 cent) per ordinary share	6,155	3,847
Proposed final cash dividend of HK1.50 cents (2007: HK1.50 cents) per ordinary share	11,540	11,540
	17,695	15,387
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2008	6,155	3,847
Final for the year ended 31 March 2007	11,540	9,232
	17,695	13,079

The 2008 final cash dividend of HK1.50 cents (2007: HK 1.50 cents) per ordinary share has been proposed by the 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\$149,146,000 (2007: HK\$189,461,000) and on 769,359,104 shares (2007: 769,359,104 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2008 and 31 March 2007 as the Company had no dilutive potential ordinary shares during both years.

Notes to the Financial Statements

For the year ended 31 March 2008

10. DIRECTOR'S AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	2008 Total HK\$'000
Executive directors					
Rossana Wang Gaw	50	1,800	120	12	1,982
Goodwin Gaw	50	420	–	–	470
Kenneth Gaw	50	2,520	255	12	2,837
Jane Tsui	50	153	24	8	235
Independent non-executive directors					
Charles, Wai Bun Cheung	80	–	–	–	80
Stephen Tan	80	–	–	–	80
Arnold Tin Chee Ip	80	–	–	–	80
Total	440	4,893	399	32	5,764

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	2007 Total HK\$'000
Executive directors					
Rossana Wang Gaw	50	1,800	60	12	1,922
Goodwin Gaw	50	420	200	–	670
Kenneth Gaw	50	2,430	200	12	2,692
Jane Tsui	50	126	20	7	203
Independent non-executive directors					
Charles, Wai Bun Cheung	80	–	–	–	80
Bernard Charnwut Chan	80	–	–	–	80
Arnold Tin Chee Ip	80	–	–	–	80
Total	440	4,776	480	31	5,727

Notes to the Financial Statements

For the year ended 31 March 2008

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

(b) Other senior management's emoluments

During the year, the five highest paid individuals included three directors (2007: three directors), details of whose emoluments are included above. The details of the remuneration of the remaining two (2007: two) highest paid individual are set out below:

	2008	2007
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,493	1,719
Bonuses	247	300
Pension scheme contributions	24	24
	1,764	2,043

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

	2008	2007
HK\$		
Nil – 1,000,000	1	1
1,000,001 – 1,500,000	1	1

Notes to the Financial Statements

For the year ended 31 March 2008

11. FIXED ASSETS

(a) Investment properties

	2008 HK\$'000	2007 HK\$'000
At Valuation at 31 March 2008 (31 March 2007)	489,600	393,300
Additions	12,274	100,000
Disposals	–	(32,050)
Revaluation	53,726	28,350
At 31 March 2008 (31 March 2007)	555,600	489,600

Investment properties comprised the following:

	2008 HK\$'000	2007 HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	241,300	220,000
Leasehold properties in Hong Kong – medium term	305,600	262,300
Long term leasehold properties in Mainland China	8,700	7,300
	555,600	489,600

Investment properties have been valued at 31 March 2008 by AA Property Services Limited, independent professional valuers, on an open market value basis.

(b) Leasehold land

The Group's interest in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2008 HK\$'000	2007 HK\$'000
In Hong Kong, held on leases:		
Over 50 years	10,885	11,121

Notes to the Financial Statements

For the year ended 31 March 2008

11. FIXED ASSETS (continued)

(c) Property, plant and equipment

	Building HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost			
At 31 March 2006	11,832	18,672	30,504
Additions	–	2,270	2,270
Disposals	–	(788)	(788)
Written off of a subsidiary	–	(418)	(418)
At 31 March 2007	11,832	19,736	31,568
Additions	–	1,400	1,400
Disposals	–	(955)	(955)
At 31 March 2008	11,832	20,181	32,013
Accumulated depreciation			
At 31 March 2006	473	6,419	6,892
Charge for the year	473	2,656	3,129
Disposals	–	(556)	(556)
Written off of a subsidiary	–	(406)	(406)
At 31 March 2007	946	8,113	9,059
Charge for the year	474	2,337	2,811
Disposals	–	(619)	(619)
At 31 March 2008	1,420	9,831	11,251
Net book value			
At 31 March 2008	10,412	10,350	20,762
At 31 March 2007	10,886	11,623	22,509

Other assets comprised of leasehold improvements, furniture and fixtures and motor vehicles.

Notes to the Financial Statements

For the year ended 31 March 2008

12. ASSOCIATES

	2008 HK\$'000	2007 HK\$'000
The Group		
At cost	195,588	15,588
Goodwill written off	(3,029)	(3,029)
Impairment loss	(18,588)	(18,588)
Exchange reserves	12,136	12,526
Attributable to post acquisition profit	221,129	174,069
Attributable to investment revaluation reserve	200,386	95,102
Share of net assets	607,622	275,668
Amounts due from associates	188,966	211,348
Amounts due to associates	(4,636)	(5,201)
	791,952	481,815
The Company		
At cost	2,093	2,093
Amount due from associates	38,690	39,463
	40,783	41,556

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

(a) Major associates

Name	Country of incorporation	Investment by associates	Group's effective		Issued share capital
			interest in investment	interest in associates	
Causeway Bay 68 Ltd	British Virgin Islands	68 Yee Wo Street	30.0%	30.0%	HK\$180,000,000
Keencity Properties Ltd	British Virgin Islands	Aisawan Resorts, Pattaya, Thailand	49.5%	49.5%	US\$9,939,020
Pioneer Hospitality Siam (GBR) Ltd	Thailand	Hotel operating businesses	49.5%	49.5%	Baht 20,000,000

Notes to the Financial Statements

For the year ended 31 March 2008

12. ASSOCIATES (continued)

(a) Major associates (continued)

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued share capital
			investment	associates	
Pioneer iNetwork Ltd	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 Ltd	Hong Kong	Guangzhou Jie Fang Building	50.0%	50.0%	HK\$2
Strand Hotels International Ltd	British Virgin Islands	Three hotels in Myanmar	14.0%	28.0%	US\$11,101,191
Tidefull Investment Ltd	Liberia	Shanghai K. Wah Centre, China	7.7%	50.0%	1 full paid without par value
Valuedrive Investments Ltd	British Virgin Islands	AIA Tower, Macau	25.0%	50.0%	HK\$10

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

	2008 HK\$'000	2007 HK\$'000
Total assets	3,447,504	1,354,683
Total liabilities	(1,928,239)	(653,873)
Net assets	1,519,265	700,810
Revenue	106,011	76,746
Profit for the year	156,862	184,290

Notes to the Financial Statements

For the year ended 31 March 2008

13. AVAILABLE FOR SALE INVESTMENTS

	2008	2007
	HK\$'000	HK\$'000
The Group		
Listed investments		
In Hong Kong	127,224	171,546
Outside Hong Kong	16,998	11,076
Unlisted investments		
In Hong Kong	21,029	80,164
Outside Hong Kong	80,081	96,067
	245,332	358,853

	2008	2007
	HK\$'000	HK\$'000
The Company		
Listed investments		
In Hong Kong	2,792	9,096
Outside Hong Kong	2,676	–
	5,468	9,096

The available for sale investments are shown at fair value. The fair value of the listed investments is based on market value. Unlisted investments are valued by reference to the underlying investments.

14. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2008	2007
	HK\$'000	HK\$'000
Deposit on acquisition of properties	7,431	3,689
Advances & prepayments	5,696	4,623
	13,127	8,312

Notes to the Financial Statements

For the year ended 31 March 2008

15. FINANCIAL ASSETS AT FAIR VALUE

	2008 HK\$'000	2007 HK\$'000
Listed shares, at market value		
In Hong Kong	371	138
Outside Hong Kong	5,917	5,254
	6,288	5,392

16. SUBSIDIARY COMPANIES

	2008 HK\$'000	2007 HK\$'000
Unlisted shares, at cost	424,433	424,433
Amounts due by subsidiaries	566,088	589,943
Provision for impairment	(45,666)	(45,666)
	944,855	968,710

The amounts due by subsidiaries are unsecured, interest-free and not repayable within one year. The carrying amounts of these amounts due by subsidiaries approximate to their fair value. A list of major subsidiaries is set out in note 27.

17. CASH & BANK BALANCES

	2008 HK\$'000	2007 HK\$'000
The Group		
Cash at bank and in hand	2,686	2,587
Short-term bank deposits	19,681	12,981
	22,367	15,568
The Company		
Cash at bank and in hand	191	221
Short-term bank deposits	18,680	12,981
	18,871	13,202

Notes to the Financial Statements

For the year ended 31 March 2008

17. CASH & BANK BALANCES (continued)

The effective interest rate on short-term bank deposits was 2.43% (2007: 5.19%). The carrying amounts of these assets approximate to their fair value.

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

	2008	2007
	HK\$'000	HK\$'000
The Group		
Hong Kong dollar	3,190	1,996
United States dollar	19,105	13,552
Others	72	20
	22,367	15,568
The Company		
Hong Kong dollar	191	19
United States dollar	18,680	13,183
	18,871	13,202

18. SHARE CAPITAL

	No. of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2008 and 31 March 2007	2,000,000,000	200,000
Issued and fully paid		
At 31 March 2008 and 31 March 2007	769,359,104	76,935

Notes to the Financial Statements

For the year ended 31 March 2008

19. RESERVES

The Group

	2008 HK\$'000	2007 HK\$'000
Share premium	307,687	307,687
Capital reserve and contributed surplus	41,242	41,242
Exchange reserve	15,878	16,165
Investment revaluation reserve	314,919	227,658
Retained earnings	626,212	494,761
	1,305,938	1,087,513

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 2006	307,687	381,051	(1,149)	6,250	693,839
Profit for the year	-	-	246,143	-	246,143
Final dividend paid for the year ended 31 March 2006	-	-	(9,232)	-	(9,232)
Interim dividend paid for the year ended 31 March 2007	-	-	(3,847)	-	(3,847)
Reversal upon disposal of available for sale investments	-	-	-	(4,350)	(4,350)
Revaluation of available for sale investments	-	-	-	3,758	3,758
At 31 March 2007	307,687	381,051	231,915	5,658	926,311
At 31 March 2007	307,687	381,051	231,915	5,658	926,311
Profit for the year	-	-	20,309	-	20,309
Final dividend paid for the year ended 31 March 2007	-	-	(11,540)	-	(11,540)
Interim dividend paid for the year ended 31 March 2008	-	-	(6,155)	-	(6,155)
Reversal upon disposal of available for sale investments	-	-	-	(7,905)	(7,905)
Revaluation of available for sale investments	-	-	-	3,402	3,402
At 31 March 2008	307,687	381,051	234,529	1,155	924,422

The reserves of the Company available for distribution to shareholders as at the balance sheet date, calculated in accordance with the Bermuda Companies Act, amounted to HK\$615,580,000 (2007: HK\$612,966,000).

Notes to the Financial Statements

For the year ended 31 March 2008

20. SECURED BANK LOANS

	2008 HK\$'000	2007 HK\$'000
The Group		
Current		
Repayable on demand	89,513	109,356
Non-current		
Repayable more than one year but not exceeding two years	76,050	22,100
Repayable more than two years but not exceeding five years	17,000	17,000
	93,050	39,100
The Company		
Current		
Repayable on demand	9,863	30,756

All bank loans are denominated in Hong Kong Dollars (2007: all bank loans were denominated in Hong Kong Dollars, except for a bank loan of HK\$19,500,000 which was denominated in United States Dollars). The effective interest rate at the balance sheet date was 2.93% (2007: 5.11%). The carrying amounts of bank loans approximate to their fair value based on prevailing market interest rate.

21. DEFERRED TAXATION

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

	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 31 March 2006	40,420	2,007	42,427
Charge to income statement	3,838	586	4,424
Acquisition of a subsidiary	4,622	679	5,301
Fair value adjustment	350	–	350
At 31 March 2007	49,230	3,272	52,502
At 31 March 2007	49,230	3,272	52,502
Charge to income statement	9,058	727	9,785
At 31 March 2008	58,288	3,999	62,287

The Group has tax losses of HK\$41,371,000 (2007: HK\$46,400,000) to offset against future taxable profits for which no deferred tax assets have been recognized due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

Notes to the Financial Statements

For the year ended 31 March 2008

22. CREDITORS & ACCRUALS

	2008	2007
	HK\$'000	HK\$'000
Creditors and accruals comprised the followings:		
Rental deposit received	7,265	7,552
Deposit received on disposal of investment properties	7,860	–
Provision for long service payments	1,894	1,710
Accruals	1,548	1,434
Other payables	1,946	2,561
	20,513	13,257

Other payables are non-interest bearing and have an average term of three months.

23. GUARANTEES & COMMITMENTS

	The Group		The Company	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees				
– given to bank in respect of banking facilities utilised by subsidiaries	–	–	182,563	148,450
– on utility deposits	160	402	–	–
Commitments				
– for total future minimum lease payments				
– not later than one year	1,440	2,050	–	–
– later than one year and not later than five years	720	755	–	–
– for purchase of investment properties				
– not later than one year	–	1,792	–	–
– later than one year and not later than five years	12,548	12,548	–	–
– for purchase of available for sale investments				
– not later than one year	3,606	–	–	–

Notes to the Financial Statements

For the year ended 31 March 2008

24. OPERATING LEASE RECEIVABLE

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

	2008	2007
	HK\$'000	HK\$'000
Not later than one year	28,463	24,704
Later than one year but not later than five years	20,757	18,015
	49,220	42,719

25. PLEDGE OF ASSETS

At the balance sheet date, properties, available for sale investments and bank balances of the Group with a carrying value of approximately HK\$460 million, HK\$121 million and HK\$19 million (2007: HK\$432 million, HK\$162 million and HK\$13 million) respectively were pledged to secure banking and other loan facilities to the extent of HK\$306 million (2007: HK\$311 million) of which HK\$183 million (2007: HK\$148 million) was utilised at that date.

26. RELATED PARTY TRANSACTIONS

The Group rented office space at market rate to an entity controlled by two directors of the Company. Gross rent in the financial year ended 31 March 2008 amounted to HK\$587,000.

The transaction was exempted from announcement, reporting and shareholders' approval as the transaction was within the relevant maximum amount permitted under the listing rules of the Stock Exchange.

Notes to the Financial Statements

For the year ended 31 March 2008

27. LIST OF MAJOR SUBSIDIARIES

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
All Success Holdings Limited	Real Estate	Hong Kong	1	HK\$1	100
Asian Champion Limited	Investment	Liberia	2	US\$1,000	100
Brilliant Valley Investment Limited	Investment	Liberia	1	Nil	100
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Forerunner Investments Limited	Investment	Hong Kong	3,000,000	HK\$1	65
Fortune Far East Limited	Investment	Liberia	1	US\$1,000	100
Future Star Company Limited	Investment	British Virgin Islands	1	US\$1	100
Gamolon Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Glory East Limited	Real Estate	Liberia	1	Nil	100
Golden Mile Limited	Real Estate	Liberia	1	Nil	100
Long Growth Investments Limited	Real Estate	British Virgin Islands	1	US\$1	100
Master Yield Limited	Investment	British Virgin Islands	1	Nil	100
Nice Fortune Limited	Real Estate	Hong Kong	1	HK\$1	100
Pearl River Investment Limited	Investment	Liberia	1	Nil	100
PGG Development Company Limited	Investment	Hong Kong	70,000	HK\$10	100

Notes to the Financial Statements

For the year ended 31 March 2008

27. LIST OF MAJOR SUBSIDIARIES *(continued)*

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
PGG Asset Management Limited	Asset management	British Virgin Islands	1	US\$1	100
PGG Morrison Holding Limited	Real Estate	Hong Kong	2	HK\$1	100
Pine International Limited	Investment	British Virgin Islands	1	HK\$1	100
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	150,794,424	HK\$0.50	100
Supreme Success Limited	Real Estate	Hong Kong	1	HK\$1	100
Treasure Unit Limited	Investment	British Virgin Islands	1	US\$1	100
Wealth Instrument Inc.	Investment	British Virgin Islands	1	US\$1	100

28. FINANCIAL RISKS MANAGEMENT

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

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

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings 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.

Notes to the Financial Statements

For the year ended 31 March 2008

28. FINANCIAL RISKS MANAGEMENT *(continued)*

(a) Interest rate risk *(continued)*

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 tax (through the impact on floating rate borrowings) and the Group's and the Company's equity.

	Change in basis points	The Group Change in profit before tax HK\$'000	Change in equity HK\$'000	The Company Change in basis points	Change in equity HK\$'000
2008					
Hong Kong dollar	100	1,826	1,826	100	99
2007					
Hong Kong dollar	100	1,290	1,290	100	113
United States dollar	100	195	195	100	195

(b) Foreign currency risk

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

The Group's exposure to foreign currency risk is primarily through its investment in available for sale investments and financial assets which are denominated in Thai Baht and Malaysian Ringgit. The following table demonstrates the sensitivity at the balance sheet date to a reasonable possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Change in exchange rate %	Change in profit before tax HK\$'000	Change in equity HK\$'000
As 31 March 2008			
Thai Baht	5%	296	1,117
Malaysian Ringgit	5%	–	2,259
As 31 March 2007			
Thai Baht	5%	262	1,149
Malaysian Ringgit	5%	–	2,160

Notes to the Financial Statements

For the year ended 31 March 2008

28. FINANCIAL RISKS MANAGEMENT *(continued)*

(c) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high-credit-quality financial institutions.

(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 balance sheet date, based on the contracted undiscounted payments, was as follows:

The Group at 31 March 2008

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	89,513	76,050	17,000	182,563
Other payables	1,946	–	–	1,946
	91,459	76,050	17,000	184,509

The Group at 31 March 2007

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	109,356	22,100	17,000	148,456
Other payables	2,561	–	–	2,561
	111,917	22,100	17,000	151,017

Notes to the Financial Statements

For the year ended 31 March 2008

28. FINANCIAL RISKS MANAGEMENT *(continued)*

(d) Liquidity risk *(continued)*

The Company at 31 March 2008

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	9,863	–	–	9,863
Other payables	331	–	–	331
	10,194	–	–	10,194

The Company at 31 March 2007

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	30,756	–	–	30,756
Other payables	430	–	–	430
	31,186	–	–	31,186

(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 2008. The Group's listed investments are valued at quoted market prices at the balance sheet date.

Notes to the Financial Statements

For the year ended 31 March 2008

28. FINANCIAL RISKS MANAGEMENT *(continued)*

(e) Equity price risk *(continued)*

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 balance sheet date. For the purpose of this analysis, for the available for sale investments the impact is deemed to be on the available for sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of investments HK\$'000	Change in profit before tax HK\$'000	Change in equity HK\$'000
At 31 March 2008			
Listed investments:			
Available for sale	144,222	–	7,211
Financial asset at fair value	6,288	314	314
At 31 March 2007			
Listed investments:			
Available for sale	182,622	–	9,131
Financial asset at fair value	5,392	270	270

(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 shareholder 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 2008 and 31 March 2007.

Notes to the Financial Statements

For the year ended 31 March 2008

28. FINANCIAL RISKS MANAGEMENT *(continued)*

(f) Capital management *(continued)*

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

	2008 HK\$'000	2007 HK\$'000
Interest bearing bank borrowings	182,563	148,456
Less: Cash and cash equivalents	(22,367)	(15,568)
Net debt	160,196	132,888
Total assets	1,667,760	1,394,617
Gearing ratio	9.6%	9.5%

29. EVENT AFTER BALANCE SHEET DATE

The disposal of the remaining strata units and various car parking spaces of Morrison Plaza was completed on 30 April 2008 for a cash consideration of HK\$78.6 million. Details are provided in the circular to shareholders dated 10 October 2007.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 23 to 60 have been approved by the Board of Directors on 3 July 2008.

Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2008:

Location/Lot No.	Type of property	Lease term	Group's effective interest	GFA
1. Pioneer Building, 213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Industrial	Medium-term	100%	245,678 ft ²
2. 12th Floor and the roof and car parking spaces Nos. 24 and 25, Edwick Industrial Centre, 4-30 Lei Muk Road, Kwai Chung, New Territories 98/1210 shares of and in the remaining portion of Kwai Chung Town Lot No. 302	Industrial	Medium-term	100%	51,340 ft ²
3. 6th Floor, On Lok Yuen Building, Nos. 25, 27 and 27A Des Voeux Road Central, Hong Kong 5/81 shares of and in Inland Lot No. 2178	Commercial	Long-term	100%	3,878 ft ²
4. The whole of basement, shops 1 & 2 on Ground Floor, Shops 1, 47, 59 & 87 on 1st Floor of the podium of blocks 1, 2 & 3, City Garden, No. 233 Electric Road, Hong Kong	Commercial	Long-term	100%	63,840 ft ²
5. Suites 1808-11, 18th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Commercial	Long-term	100%	6,630 ft ²
6. 22nd, 25th, 27th, 29th, 31st and 35th Floor, and car parking spaces No. 1-9 on 3rd Floor, Morrison Plaza, 9 Morrison Hill Road, Wanchai, Hong Kong	Commercial	Long-term	100%	20,976 ft ²
7. 1st Floor, Fu Hop Factory Building, Nos. 209 & 211 Wai Yip Street, Kwun Tong, Hong Kong	Industrial	Medium-term	100%	11,100 ft ²
8. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 Zhao Jia Bang Road, Shanghai, People's Republic of China	Residential	Long-term	100%	5,248 ft ²

Five Years Financial Summary

For the year ended 31 March

	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000 Restated	2007 HK\$'000	2008 HK\$'000
RESULTS					
Turnover	35,518	32,048	45,853	96,112	61,886
Profit attributable to shareholders	21,866	103,653	129,519	189,461	149,146
Dividends	–	11,541	11,541	13,079	17,695
Earnings per share (HK cents)	2.92	13.67	16.83	24.63	19.39
BALANCE SHEET					
Total assets	630,011	850,482	1,175,357	1,394,617	1,667,760
Total liabilities	(69,294)	(213,174)	(243,894)	(214,837)	(268,901)
	560,717	637,308	931,463	1,179,780	1,398,859
Capital and reserves					
Share capital	74,898	76,935	76,935	76,935	76,935
Reserves	483,685	558,892	838,119	1,087,513	1,305,938
Shareholders' funds	558,583	635,827	915,054	1,164,448	1,382,873
Minority interests	2,134	1,481	16,409	15,332	15,986
	560,717	637,308	931,463	1,179,780	1,398,859
	HK cents	HK cents	HK cents	HK cents	HK cents
Net asset value per share	74.6	83.8	118.9	151.4	179.7

