



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





PIONEER GLOBAL GROUP LIMITED

CONTENTS

Corporate Information	2
Managing Director's Report	3
Directors' Report	7
Auditors' Report	15
Consolidated Profit and Loss Account	16
Consolidated Balance Sheet	17
Balance Sheet	18
Consolidated Cash Flow Statement	19
Consolidated Statement of Changes in Equity	21
Notes to the Financial Statements	22
Schedule of the Group's Properties	61
Five Years Financial Summary	62



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Jane Kwai Ying TSUI

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, J.P.

The Hon. Bernard Charnwut CHAN

Arnold Tin Chee IP

AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, J.P.

The Hon. Bernard Charnwut CHAN

Arnold Tin Chee IP

COMPANY SECRETARY

Jane Kwai Ying TSUI

BANKERS

Asia Commercial Bank Limited

Bangkok Bank Public Company Limited

Citibank, N.A.

HSBC Republic Bank (Suisse) SA

Standard Chartered Bank

SOLICITORS

Johnson Stokes & Master

K.C. Yung & Co.

Morrison & Foerster

AUDITORS

Fan, Mitchell & Co.

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL OFFICE IN HONG KONG

Suites 01-03, 30th Floor, Office Tower

Convention Plaza

1 Harbour Road

Wanchai, Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services
Limited

Rooms 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

INFORMATION

<http://www.pioneerglobalgroup.com>

Bloomberg: 224:HK

Reuters: 0224.hk



MANAGING DIRECTOR'S REPORT

BUSINESS REVIEW

For the year ended 31 March 2004, the total turnover (including subsidiaries and share of associates) amounted to HK\$127.6 million (2003: HK\$106.7 million). Net profit for the Group improved significantly to HK\$21.8 million, compared to profit of HK\$2.6 million in 2003. The increase in net profit was due mainly to lower expenses, leading to higher operating profit, as well as significantly improved result from Global Gateway and contribution from the newly acquired Garden Beach Resort in Pattaya, Thailand.

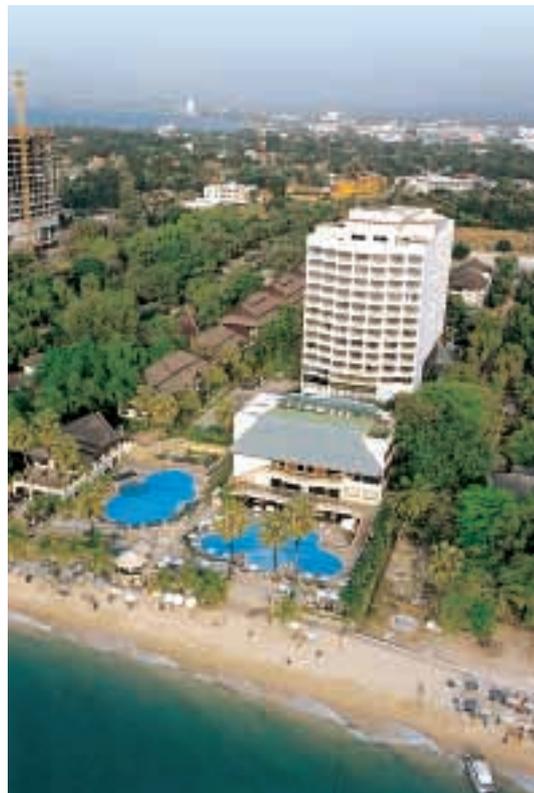
Properties

During the period under review, the Group disposed of the investment properties at Mandarin Plaza, Tsim Sha Tsui, Evergreen Villa, Hong Kong and Tower Park in Thailand. The sale of these assets generated profit of HK\$6.9 million. As a result of the disposals, rental income from the Group's investment properties decreased to HK\$24.3 million (from HK\$27.2 million in 2003) while operating profit stayed roughly the same at HK\$8.9 million (HK\$9.0 million in 2003). The Pioneer Building in Kwun Tong has continued to achieve a high occupancy rate of 96%.

The Pacific Plaza on Huaihai Zhong Road, Shanghai is a joint venture property development 7.7% owned by the Group. Construction for the 790,000 sq.ft. grade A office tower is on-going and is expected to be completed in the first quarter of 2005.

Investments in Hotel Industry

On 10 October 2003, an associate company owned 49.5% by the Group purchased 100% interest in a Thai property fund (now named PGG Siam Property Fund) which owns the Garden Beach Resort, a 382 rooms beachfront resort hotel in Pattaya, Thailand, for a total consideration of Baht 870 million. Since the purchase by the Group, the asset has performed strongly. From the purchase date to 31 March 2004, the Garden Beach Resort reported revenues of Baht 127.8 million and gross operating profit of Baht 84.2 million. Profit contribution to the Group during the period was HK\$5.9 million before tax.



Garden Beach Resort
Pattaya, Thailand



MANAGING DIRECTOR'S REPORT

An associate company owned 50% by the Group holds 10.28% of Dusit Thani Public Company Limited ("Dusit Thani"). Dusit Thani is a company listed on the Stock Exchange of Thailand and is the leading owner and operator of hotels in the country. For the year ended 31 December 2003, Dusit Thani achieved net profit of Baht 314.4 million (2002: Baht 441.4 million) on revenues of Baht 2.25 billion (2002: Baht 2.43 billion). The drop in revenues and profit were attributable mainly to the SARS epidemic in the second quarter of 2003, and also the US-Iraq war as well as renovations of the Dusit Thani Bangkok and Dusit Resort Pattaya during the year. The Thai tourism sector has since rebounded strongly from the SARS epidemic. It is expected that the company's performance will continue to grow going forward, especially upon the completion of the renovation of its flagship Dusit Thani Bangkok hotel later this year.

The Group's unlisted associate, Strand Hotels International Limited, is engaged in a 50:50 joint venture with the government of Myanmar to own and operate three hotels in Yangon for a period of 30 years. The three hotels are the 32 rooms Strand Hotel, the 238 rooms Dusit Inya Lake Resort, and the 58 rooms Thamada Hotel. In addition to the US-Iraq war and the SARS epidemic, tourism in Myanmar was also affected by the US led economic sanctions on the country starting July 2003. As the political impasse appears unlikely to ease in the foreseeable future, the directors have decided to make a provision in the amount of HK\$6.8 million for its investment in Strand Hotels International Limited. Despite the challenging circumstances, the management is hopeful that the situation has stabilized, as evidenced by a 16% increase in tourist arrival in the first five months of 2004.



Global Gateway

Global Gateway is the 20:80 telecom infrastructure joint venture between the Group and Morgan Stanley Real Estate Funds. Currently Global Gateway owns and operates facilities totaling 834,000 sq.ft. in Hong Kong and Singapore. Our customers include high quality tenants from the logistics and industrial sectors as well as telecom users. Occupancy at Global Gateway's facilities in Hong Kong and Singapore are 82% and 32.2% respectively.

For the 12 months ended 31 March 2004, the Group's share of results in Global Gateway was a loss of HK\$1.8 million, compared to a loss of HK\$12.5 million in the year earlier period. The company reported a net loss due to the impairment loss of the Singapore property. Without this one time charge, Global Gateway produced positive operating results during the period.

Listed Associate

With a 14.31% stake, the Group is the largest single shareholder of Siam Food Products Public Company Limited, a leading pineapple producer listed on the Stock Exchange of Thailand. For the fiscal year ended 31 December 2003, Siam Food reported revenues of Baht 2.46 billion and net profit of Baht 205.5 million, compared to revenues of Baht 2.1 billion and net profit of Baht 240.2 million in 2002. Despite higher revenues in 2003, Siam Food's net profit decreased by 10% due to (1) the 8.2% increase of the Thai Baht against the US\$, (2) high fruits costs, and (3) the worldwide increase in raw material prices. In addition, the global rise in fuel cost triggered by the US-Iraq war resulted in higher transportation cost and can manufacturing cost.

MANAGING DIRECTOR'S REPORT

As an associate company to the Group, Siam Food contributed profit of HK\$7.0 million during the 12 months ended 31 March 2004 (31 March 2003: HK\$7.9 million).

IT Services

Pioneer iConcepts Limited, the Group's 55% owned IT services subsidiary, continued to operate in a difficult business environment. For the year ended 31 March 2004, the company suffered a decline in revenues to HK\$5.1 million, from HK\$9.4 million in 2003. Despite the continued decline in revenues, the management was able to achieve a small profit of HK\$0.5 million, versus a loss of HK\$3.9 million in 2003, through stringent cost control measures. However, in view of the company's inability to grow into a sizeable business, the management has decided that it will wind down the operations of Pioneer iConcepts in an orderly manner.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2004, the Group enjoyed a strong financial position, maintaining substantial unutilized bank facilities. At the balance sheet date, the Group's total debt to equity ratio was 9.3% (March 2003: 16.2%) and the net debt (net of cash) to equity ratio was 5.9% (March 2003: 6.0%).

PROSPECTS

In May 2004, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited to purchase two properties in Hong Kong. The two properties are the 217,625 sq.ft. Paliburg Plaza in Causeway Bay and the 640,000 sq.ft. Kowloon City Plaza in Kowloon City. Details of the transaction were provided in a circular to shareholders dated 15 June 2004.

In June 2004, the Group disposed its remaining investment property at Evergreen Villa for HK\$19.6 million. The transaction produced a profit of HK\$16.1 million for the Group. Details of the transactions were provided in a circular to shareholders dated 28 June 2004.

Paliburg Plaza
Causeway Bay, Hong Kong



MANAGING DIRECTOR'S REPORT



Kowloon City Plaza
Kowloon City, Kowloon

Garden Beach Resort is currently undergoing an extensive renovation program of its guestrooms and the addition of a full destination spa for the repositioning of the hotel into a 5-star resort and spa. While the occupancy of the resort will suffer during the renovation period from May to September 2004, the management is confident that with the completion of the renovation program, the property will become a significant contributor to the Group in the future.

In the coming year, the Group plans to continue to pursue attractive investment opportunities in the property and hotel sectors in the region.

EMPLOYEES

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

APPRECIATION

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

Kenneth Gaw
Managing Director

Hong Kong, 20 July 2004



DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited financial statements for the Group and the Company for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies and partnerships are shown in notes 10, 11 and 13. An analysis of the Group's turnover and contribution to results by principal activity of operations is set out in note 2 to the financial statements.

FINANCIAL STATEMENTS AND DIVIDENDS

The consolidated profit and loss account for the year ended 31 March 2004 and the balance sheet for the Group and the Company as at 31 March 2004 are set out in the financial statements on pages 16 to 60.

The Directors recommend the payment of a final scrip dividend for the year ended 31 March 2004 at the rate of 1 HK cent per share with cash option, payable on 15 October 2004 to all persons registered as shareholders on 2 September 2004 (2003: Nil). The transfer books and register of members of the Company will be closed from 30 August 2004 to 2 September 2004, both days inclusive.

Payment of the scrip dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting and The Stock Exchange of Hong Kong Limited ("Stock Exchange") granting the listing of and permission to deal in the new shares to be issued as the scrip dividend. A circular containing details of the proposed scrip dividend will be sent to shareholders of the Company in due course.

SHARE CAPITAL AND RESERVES

Details of movements in issued share capital and reserves during the year are set out in note 18 and note 19 to the financial statements.

FIXED ASSETS

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

SUBSIDIARIES

Details of the subsidiary companies as at 31 March 2004 are set out in note 13 to the financial statements.

BORROWINGS

Details of borrowings are set out in note 16 to the financial statements.



DIRECTORS' REPORT

INTEREST CAPITALIZED

No interest expenses was capitalized during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers being trade customers and tenants of the Group accounted for 36% of the Group's combined turnover on IT services and property rental & management, the largest trade customer accounting for 9%. The five largest suppliers of goods and services accounted for less than 18% of the Group's expenditure on goods and services, the largest supplier of goods and services accounting for 4%.

DONATIONS

During the year the Group has made charitable donations amounting to HK\$20,000 (2003: Nil).

DIRECTORS



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

Mrs. Rossana WANG GAW

Mr. Goodwin GAW

Mr. Kenneth GAW

Ms. Jane Kwai Ying TSUI

Dr. Charles Wai Bun CHEUNG, J.P.

The Hon. Bernard Charnwut CHAN

Mr. Arnold Tin Chee IP

In accordance with the Company's Bye-Laws, Dr. Charles Wai Bun Cheung, J.P. and The Hon. Bernard Charnwut Chan retire, and being eligible, offer themselves for re-election.

Neither Dr. Charles Wai Bun Cheung, J.P. nor The Hon. Bernard Charnwut Chan 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.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mrs. Rossana WANG GAW (*Chairman*)

Aged 58. Appointed to the Board in 1980 and has been Chairman of the Group since February 1999. She is the Managing Director of Pioneer Estates Limited. She is responsible for the management of the real estate sector in the Group. Mrs. Gaw has eight years of experience in the garment manufacturing industry and over 20 years of experience in real estate investments. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a degree in Business Administration.

Mr. Goodwin GAW (*Vice-Chairman*)

Aged 35. Appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. Mr. Gaw is also the Chairman & CEO of Global Gateway, L.P. and President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in United States. He graduated with a Bachelor of Science degree in Civil Engineering from the University of Pennsylvania, a finance degree from Wharton Business School and a Master of Science degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw.

Mr. Kenneth GAW (*Managing Director*)

Aged 33. Appointed to the Board in 1994 and became Managing Director of the Group in February 1999. Mr. Gaw is also a director of Siam Food Products Public Company Limited and Dusit Thani Public Company Limited and was director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until the company was privatized in July 2000. He graduated with a Bachelor of Science degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude.) Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance at Goldman Sachs (Asia) Limited in Hong Kong. Mr. Gaw was the Chairman of Young Entrepreneurs' Organisation Hong Kong Chapter for 2001-2002. He is the son of Mrs. Rossana Wang Gaw.

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

Aged 60. Appointed to the Board in 1984. She is responsible for the day to day operation of the Group, including general administration. She is also responsible for all company secretarial matters of the Group. Ms. Tsui previously worked in the banking sector for about three years before joining the Group in 1980.



DIRECTORS' REPORT

Independent non-executive Directors

Dr. Charles Wai Bun CHEUNG, J.P.

Aged 68. Appointed to the Board in 1986, is the group chief executive and executive deputy chairman of Mission Hills Group, Hong Kong. He holds an Honorary doctorate degree in Business Administration, a Master degree in Business Administration and a bachelor degree of science. Dr. Cheung has more than thirty-eight years working experience and he has held senior management positions in various industries including banking, finance, property, hotel developments, management and investments. He is a non-executive director and chairman of the respective audit committees of K. Wah International Holdings Limited, K. Wah Construction Materials Limited and Prime Investments Holdings Limited which are companies listed on the Main Board of Hong Kong Stock Exchange. Dr. Cheung is also an independent non-executive director of B & S Entertainment Holdings Limited and adviser of the Tung Wah Group of Hospitals. He is a Vice Chairman of Guangdong Province Golf Association. Dr. Cheung was awarded the Directors of the Year Awards 2002 of Listed Company Non-executive Director. Dr. Cheung was appointed by the HKSAR Government as a member of the Estate Agents Authority on 1 November 2002.

The Hon. Bernard Charnwut CHAN



Aged 39. Appointed to the Board in 1994, is a member of the Legislative Council of the Hong Kong Special Administrative Region. A graduate of Pomona College in California, U.S.A., he holds the positions of Deputy Managing Director of Asia Financial Group and the President of Asia Insurance. He serves as the Chairman of the Standing Committee on Disciplined Services Salaries and Conditions of Service; a Director of The Hong Kong Mortgage Corporation Ltd. and a Council Member of Lingnan University. He is also a member of the Mandatory Provident Fund Schemes Advisory Committee, Insurance Advisory Committee, Economic & Employment Council, Greater Pearl River Delta Business Council and the Committee on Financial Assistance for Family members of Those Who Sacrifice Their Lives to Save Others. In addition, he serves as the Advisor of Bangkok Bank Ltd., Hong Kong Branch, the Chairman of the Hong Kong-Thailand Business Council, Chairperson of The Hong Kong Council of Social Service and the Vice Chairperson of the Community Investment & Inclusion Fund Committee.

Mr. Arnold Tin Chee IP

Aged 41. Appointed to the Board in 1999. He is a director of Altus Capital Limited where he is involved in the supervision and management of corporate finance and advisory work for companies in Hong Kong and in advising on private equity and property investments in Asia. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Company Limited thereafter until January 2001 specializing in a broad range of corporate finance and advisory activities for companies based in Hong Kong and China.

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

DIRECTORS' REPORT

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

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

DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2004, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

Long position in shares of the Company

	Personal interests	Interests held by controlled corporation	Interests held by family trust	Total	Percentage of issued share capital
Rossana Wang Gaw	–	15,309,732 ¹	123,148,701 ³	138,458,433	18.49
Kenneth Gaw	1,734,750	8,122,000 ²	26,457,774 ⁴	36,314,524	4.85
Jane Kwai Ying Tsui	600,750			600,750	0.08

Notes:

- Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,309,732 shares.
- Mr. Kenneth Gaw owns the entire issued share capital of Fortune South China Limited, which was beneficially interested in 8,122,000 shares.
- Family trust of which members of the family of Mrs. Rossana Wang Gaw are amongst the beneficiaries held an aggregate of 123,148,701 shares.
- Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 26,457,774 shares.



DIRECTORS' REPORT

Long position in underlying shares of the Company

	Number of share options	Exercise price (HK\$)	Date of grant	Exercise period
Rossana Wang Gaw	8,167,113	1.582	06/03/97	06/03/97 to 05/03/07
Goodwin Gaw	9,668,588	1.941	24/10/96	24/10/96 to 23/10/06
	7,507,374	1.582	06/03/97	06/03/97 to 05/03/07
Kenneth Gaw	9,668,588	1.941	24/10/96	24/10/96 to 23/10/06
	7,507,374	1.582	06/03/97	06/03/97 to 05/03/07
Jane Kwai Ying Tsui	2,274,961	1.941	24/10/96	24/10/96 to 23/10/06
	2,274,962	1.582	06/03/97	06/03/97 to 05/03/07

Long position in shares of associated companies



Name of Company	Name of Director	No. of shares held by controlled corporation	Percentage of issued share capital
Grandsworth Pte. Ltd.	Rossana Wang Gaw	1*	50
Grandsworth Pte. Ltd.	Kenneth Gaw	1*	50

* 1 share in Grandsworth Pte. Ltd. is deemed to be interested by Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw. It represents the same interest and is therefore duplicated.

Saved as disclosed above, as at 31 March 2004, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code of Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SHAREHOLDERS' INTERESTS

As 31 March 2004, according to the register of interests in long and short positions kept by the Company under the provisions of Divisions 2 and 3 of Part XV of section 336 of the SFO and so far as the Directors were aware, the following persons had a long or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

	Number of shares	Percentage of issued share capital
Asset-Plus Investments Ltd.	68,076,076	9.09
Forward Investments Inc.	174,277,635	23.27
Intercontinental Enterprises Corporation	72,650,000	9.70
Prosperous Island Limited	63,354,452	8.46

Saved as disclosed above, there was no other persons (other than the Directors of the Company) who, as at 31 March 2004, was recorded in the register of interests in long positions and short positions kept by the Company under the provisions of Divisions 2 and 3 of Part XV of section 336 of the SFO.



SHARE OPTION SCHEME

Details of share option scheme are set out in note 24 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

DIRECTORS' REPORT

AUDIT COMMITTEE

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

COMPLIANCE WITH CODE OF BEST PRACTICE

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

AUDITORS

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



On Behalf of the Board

Rossana Wang Gaw

Chairman

Hong Kong, 20 July 2004

AUDITORS' REPORT

To the members of
Pioneer Global Group Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 16 to 60 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FAN, MITCHELL & CO.
Certified Public Accountants

Hong Kong, 20 July 2004



CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31 March 2004

	<i>notes</i>	2004 HK\$'000	2003 <i>HK\$'000</i>
Turnover			
Company and subsidiaries		35,518	42,264
Share of listed associate		69,796	57,411
Share of unlisted associates		22,332	7,000
		127,646	106,675
Turnover of Company and subsidiaries	2	35,518	42,264
Properties operating expenses		(3,744)	(5,462)
Purchases for resale		(1,286)	(1,966)
Staff costs		(11,039)	(18,151)
Depreciation & amortisation		(822)	(1,021)
Other operating expenses		(5,034)	(6,191)
		(21,925)	(32,791)
Operating profit	2	13,593	9,473
Share of profits and (losses) of associates			
Listed		7,017	7,891
Unlisted		5,062	(12,144)
		25,672	5,220
Finance costs	3a	(2,336)	(2,692)
Net profit on disposal of assets less impairment provisions	3c	3,393	1,860
		26,729	4,388
Taxation	4	(3,645)	(2,687)
		23,084	1,701
Minority interests		(1,218)	897
Profit attributable to shareholders		21,866	2,598
Earnings per share (HK cents)	6	2.92	0.35
Final dividend (proposed) per share (HK cents)	7	1.00	–



CONSOLIDATED BALANCE SHEET

At 31 March 2004

	<i>notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Non-current assets			
Fixed assets	9	192,437	242,197
Listed associate	10	55,032	47,119
Unlisted associates	11	204,229	153,783
Investment securities	12	108,456	108,456
Other investments	12	7,383	5,061
		567,537	556,616
Current assets			
Debtors, advances & prepayments	14	4,957	6,810
Other investments	12	38,603	20,396
Cash and bank balances		18,914	53,919
		62,474	81,125
Current liabilities			
Creditors & accruals	15	(13,049)	(15,207)
Secured bank loans & overdrafts	16	(51,729)	(64,400)
Taxation		(1,962)	(1,144)
		(66,740)	(80,751)
Net current (liabilities)/assets		(4,266)	374
Total assets less current liabilities		563,271	556,990
Non-current liabilities			
Secured bank loan	16	–	(21,600)
Deferred taxation	17	(2,554)	(2,211)
		(2,554)	(23,811)
Minority interests		(2,134)	(1,241)
Net assets		558,583	531,938
Capital & reserves			
Share capital	18	74,898	74,898
Reserves	19	483,685	457,040
Shareholders' funds		558,583	531,938

Kenneth Gaw
Director

Jane Kwai Ying Tsui
Director



BALANCE SHEET

At 31 March 2004

	<i>notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Non-current assets			
Subsidiary companies	13	444,036	488,031
Unlisted associates	11	38,978	–
		483,014	488,031
Current assets			
Debtors, advances & prepayments		517	617
Other investments		34,697	15,834
Cash and bank balances		14,670	51,035
		49,884	67,486
Current liabilities			
Creditors & accruals		(1,371)	(630)
Secured bank loan		(9,129)	(31,200)
Taxation		(17)	(17)
		(10,517)	(31,847)
Net current assets		39,367	35,639
Net assets		522,381	523,670
Capital & reserves			
Share capital	18	74,898	74,898
Reserves	19	447,483	448,772
Shareholders' funds		522,381	523,670



Kenneth Gaw
Director

Jane Kwai Ying Tsui
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2004

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Cash flows from operating activities		
Profit/(loss) before taxation	26,729	4,388
Exchange adjustment	237	(29)
Share of net (profits)/losses of associates	(12,079)	4,253
Net profit on disposal of assets less impairment provisions	(3,393)	(1,860)
Depreciation and amortisation	822	1,021
Provision for long service payments	339	700
Interest income	(3,231)	(3,704)
Interest expenses	2,336	2,692
Investment income		
– listed	(2,021)	(1,571)
– unlisted	(858)	(429)
Decrease in debtors, advances and prepayments	1,674	1,235
(Decrease)/increase in creditors and accruals	(299)	905
Cash generated from operations	10,256	7,601
Hong Kong profits tax paid	(893)	(316)
Overseas profits tax paid	(273)	(288)
Net cash inflow from operating activities	9,090	6,997



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2004

	<i>notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net cash inflow from operating activities		9,090	6,997
Cash flows from investing activities			
Interest received		3,290	3,458
Dividends received from:			
Investment securities		1,770	949
Other investments		1,109	1,051
Listed associate		2,728	2,459
Purchase of fixed assets		(1,150)	(161)
Proceeds on disposal of fixed assets		56,271	3
Investment in unlisted associates		(516)	(18,768)
Capital repayment from an unlisted associate		1,694	945
Net advances to unlisted associates		(53,673)	(33,528)
Proceeds on disposal of other investments		5,882	12,595
Purchase of other investments		(24,618)	(17,613)
Recovery of receivables previously provided for		–	5,850
Net cash used in investing activities		(7,213)	(42,760)
Cash flows from financing activities			
Interest paid		(2,311)	(2,692)
Shares repurchased		–	(157)
Distributions to minority shareholders		(324)	(379)
Bank loans repaid	23(b)	(22,800)	(1,200)
Net cash used in financing activities		(25,435)	(4,428)
Net decrease in cash and cash equivalents		(23,558)	(40,191)
Cash and cash equivalents at the beginning of the year		(9,281)	29,665
Reclassification to creditors and accruals		–	1,219
Effect of foreign exchange rate changes		24	26
Cash and cash equivalents at the end of the year		(32,815)	(9,281)
Analysis of the balances of cash and cash equivalents			
Bank balances, cash and deposits placed with banks of up to three months' maturity		18,914	53,919
Bank overdraft and loans repayable up to three months	23(a)	(51,729)	(63,200)
Cash and cash equivalents at the end of the year		(32,815)	(9,281)



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

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

In the current year, the Group has adopted the SSAP 12 (Revised) effective for accounting periods commencing on or after 1 April 2003. The principal effect of the SSAP 12 (Revised) is in relation to deferred taxation. Details of the accounting policy and its effect are set out in note (1)(l) to the financial statements.

(b) Consolidation

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

(c) Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the acquisition over the Group's share of the fair values ascribed to the identifiable assets and liabilities as at the date of acquisition.

In accordance with SSAP 30, goodwill arising on acquisition occurring on or after 1 April 2001 is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life.

Goodwill arising on acquisitions previously written off to reserves in the year prior to 1 April 2001 remains eliminated against reserves with subsequent review of impairment.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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

(d) Subsidiaries

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

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

(e) Associates

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

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



(f) Fixed Assets and Depreciation

(1) *Investment Properties*

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

(2) *Other fixed assets*

Other fixed assets are stated at cost less depreciation less provision for impairment losses.

(3) *Depreciation*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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

(g) Investment Securities

Investment securities are securities which are intended to be held on a continuous basis, for example for strategic reasons or to cement commercial relationships.

Investment securities are stated at cost less provision for impairment losses.

(h) Other Investments

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

(i) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where 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 recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) 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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign Currencies

Transactions in foreign currencies during the period are translated at exchange rates ruling at transaction dates. Monetary assets and liabilities in foreign currencies and the financial statements of overseas subsidiaries and associates are translated into Hong Kong Dollars at exchange rates ruling at the balance sheet date.

Differences on foreign currency translation are dealt with in the profit and loss account except that differences arising from the translation of overseas subsidiaries and associates are taken directly to the exchange reserve.

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

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated to Hong Kong dollars at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

The main exchange rates used at the balance sheet date are :

US\$1.00 = HK\$7.80	(2003 : HK\$7.80)
Baht 100 = HK\$19.83	(2003 : HK\$18.19)

(l) Deferred Taxation

Pursuant to the SSAP 12 (Revised), deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Tax rates enacted by the balance sheet are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised.

In prior year, deferred taxation was accounted for using the liability method in respect of timing differences which were expected with reasonable probability to crystallise in the foreseeable future. The adoption of the SSAP 12 (Revised) represents a change in accounting policy which has been applied retrospectively, and the comparatives amounts have been restated accordingly.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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

(l) Deferred Taxation *(continued)*

This change in accounting policy has resulted in prior period adjustments to the opening balance of retained earnings as at 1 April 2003 which has been restated and decreased by HK\$2,206,000 (1 April 2002: HK\$1,773,000), and to the opening balance of the exchange reserve which has been restated and reduced by HK\$5,000 (1 April 2002: Nil).

(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.

(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 received payment is established.

(4) Interest income

Interest income is recognised on a time proportion basis.

(5) Sales of investments

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

(n) Employee Benefits

(1) Retirement scheme

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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

(n) Employee Benefits *(continued)*

(2) Long service payments

Certain of the Group's employees have completed the required number of years of service in order to be eligible for long service payments under the Employment Ordinance in the event of termination of their employment, including retirement. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

The Group has had and continues to maintain a provision in respect of probable future long service payments expected to be made. The provision is based on an estimate of future payments which have been earned by the employees, including executive directors, from their service to the Group, net of the Group's employer contributions to the mandatory provident fund scheme.

(3) Share option scheme

The Group operated a share option scheme, details of which are provided in note 24. Upon the exercise of share options, no charge is recorded in the profit and loss account. The resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.



2) SEGMENT INFORMATION

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

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

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Property is HK\$32,000 (2003: Nil). The amount eliminated attributable to Investments is HK\$330,000 (2003: HK\$11,795,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

2) SEGMENT INFORMATION (continued)

Business Segment

	Property		Investments		Information Technology		Consolidated	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Segment turnover	24,299	27,200	6,110	5,704	5,109	9,360	35,518	42,264
Segment result	8,896	8,981	5,741	5,496	543	(3,866)	15,180	10,611
Unallocated corporate expenses							(1,587)	(1,138)
Operating profit							13,593	9,473
Share of profits and (losses) of associates								
– Listed	–	–	7,017	7,891	–	–	7,017	7,891
– Unlisted	5,062	(12,144)	–	–	–	–	5,062	(12,144)
Finance costs							(2,336)	(2,692)
Net profit on disposal of assets less impairment provisions							3,393	1,860
Taxation							(3,645)	(2,687)
Minority interests							(1,218)	897
Net profit							21,866	2,598
Segment assets and liabilities								
Segment assets	194,509	258,454	172,910	175,500	3,331	2,885	370,750	436,839
Investment in associates:								
– Listed	–	–	55,032	47,119	–	–	55,032	47,119
– Unlisted	204,229	153,783	–	–	–	–	204,229	153,783
Consolidated total assets							630,011	637,741
Segment liabilities	(52,282)	(64,786)	(9,865)	(31,311)	(1,618)	(4,463)	(63,765)	(100,560)
Unallocated corporate liabilities							(5,529)	(4,002)
Consolidated total liabilities							(69,294)	(104,562)
Other information								
Capital expenditure	1,130	116	–	17	20	28	1,150	161
Depreciation	672	621	–	123	150	277	822	1,021



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

2) SEGMENT INFORMATION *(continued)*

Geographical Segment

	Turnover		Carrying Amount of Segment Assets	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong	33,120	40,411	410,186	463,665
Mainland China	943	137	52,248	52,203
South East Asia	1,455	1,716	167,577	121,873
	35,518	42,264	630,011	637,741

3) PROFIT/(LOSS) BEFORE TAXATION

	2004 HK\$'000	2003 HK\$'000
(a) Charging		
Borrowing costs for interest expenses on bank loans & overdrafts	2,336	2,692
Auditors' remuneration	279	246
Depreciation and amortisation	822	1,021
Exchange losses	–	49
Provision for long service payments to employees	339	700
Contributions to mandatory provident fund	131	378
Rental payments under non-cancellable leases	1,254	3,192
(b) Crediting		
Share of results of listed associate	7,017	7,891
Share of results of unlisted associates	5,062	(12,144)
	12,079	(4,253)
Rental income from investment properties less direct outgoings	18,205	19,149
Listed investment income	2,021	1,571
Unlisted investment income	858	429
Interest income	3,231	3,704
Exchange gain	167	–



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

3) PROFIT/(LOSS) BEFORE TAXATION (continued)

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

	2004 HK\$'000	2003 HK\$'000
Net profit on disposal of other investments	331	124
Profit/(loss) on disposal of fixed assets and investment properties	6,433	(131)
Gain on disposal of investments in unlisted associates	–	452
Gain on forfeiture of deposit relating to an unlisted associate	–	2,161
Gain on winding up of former subsidiary	2,814	–
Unrealised (decrease)/increase in fair value of other investments		
– listed	1,911	(162)
– unlisted	(666)	(292)
Unrealised holding loss on foreign exchange contract	(585)	–
Impairment losses		
– Goodwill in respect of an unlisted associate	–	(3,030)
– Provision for unlisted associate	(6,785)	(3,112)
– Recovery of (provision for) receivables, debtors and advances	(60)	5,850
	3,393	1,860



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

4) TAXATION

(a) Taxation

	2004			2003		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	1,419	(62)	1,357	450	121	571
– Underprovision in prior year	292	–	292	–	–	–
Overseas	6	–	6	306	–	306
	1,717	(62)	1,655	756	121	877
Associates – overseas						
Listed	1,311	277	1,588	1,498	312	1,810
Unlisted	326	76	402	–	–	–
Tax charge	3,354	291	3,645	2,254	433	2,687

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) 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.

Of the deferred tax charge of HK\$291,000 for the year, HK\$153,000 (2003: Nil) is attributable to the increase in the tax rate in Hong Kong.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

4) TAXATION (continued)

(b) Reconciliation between accounting profits and the tax charge

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	26,729	4,388
Less: Share of (profits) and losses of associates		
– listed	(7,017)	(7,891)
– unlisted	(5,062)	12,144
Profit before taxation attributable to the Company and its subsidiaries	14,650	8,641
Tax on profit before taxation, calculated at the applicable tax rate of 17.5% (2003: 16%)	2,564	1,383
Tax effect on non-deductible expenses in determining taxable profit	1,359	872
Tax effect on non-taxable revenue in determining taxable profit	(2,435)	(1,527)
Tax effect of current year's tax losses not recognised	69	518
Tax effect of prior year's unrecognised tax losses utilised this year	(347)	(369)
Increase in opening deferred tax liabilities resulting from an increase in the tax rate	153	–
Under provision in respect of prior years	292	–
Taxation attributable to the Company and its subsidiaries for the year	1,655	877

5) PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The loss of the Company is HK\$1,289,000 (2003: Loss of HK\$2,237,000) and is included in determining the net profit attributable to shareholders in the consolidated profit and loss account.

6) EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$21,866,000 (2003: HK\$2,598,000) and on 748,984,917 shares in issue during the year (2003: on the weighted average number of 749,036,972 shares in issue during the year). No diluted earnings or loss per share have been presented for the years ended 31 March 2004 and 31 March 2003 as the exercise prices of the share options granted by the Company were higher than the fair value per share at the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

7) FINAL DIVIDEND (PROPOSED) PER SHARE

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Final dividend proposed after the balance sheet date of HK 1 cent per share (2003: Nil)	7,490	–

The final dividend of HK 1 cent (2003: Nil) per share has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The proposed final dividend will be payable in scrip dividend with cash option.

The amount of the dividend if all shareholders choose the cash option, calculated on the shares in issue at the balance sheet date is HK\$7,490,000. This amount is not included as a liability in these financial statements.

8) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS



(a) Directors' Emoluments

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

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Fees	210	210
Basic salaries, housing and other allowances and benefits in kind	6,001	6,916
Contributions to mandatory provident fund	31	34
	6,242	7,160

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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

(a) Directors' Emoluments (continued)

(1) (continued)

The number of directors fell within emoluments bands as follows:

	2004	2003
HK\$		
Nil–1,000,000	5	5
2,000,001–2,500,000	1	–
2,500,001–3,000,000	1	2
	7	7

(2) Share Options to Executive Directors

The Company granted share options to executive directors, details of which are provided in note 24.

(b) Other Senior Management's Emoluments

- (1) During the year, the five highest paid individuals included four directors (2003: four directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2003: one) highest paid individual are set out below:

	2004 HK\$'000	2003 HK\$'000
Salaries, allowances and benefits in kind	998	1,236
Contributions to mandatory provident fund	12	12
	1,010	1,248

The remuneration of the individual fell within the band of HK\$1,000,001 – HK\$1,500,000.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

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

(b) Other Senior Management's Emoluments *(continued)*

(2) Share Options to employees

The Company granted share options to employees, details of which are provided in note 24.

9) FIXED ASSETS

	Investment Properties <i>HK\$'000</i>	Other Assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
At Valuation	229,533	–	229,533
At Cost	9,540	11,919	21,459
At 31 March 2003	239,073	11,919	250,992
Additions	–	1,150	1,150
Disposals	(50,575)	(2,741)	(53,316)
Exchange adjustment	242	29	271
Revaluation	1,000	–	1,000
At 31 March 2004	189,740	10,357	200,097
Accumulated Depreciation			
At 31 March 2003	–	8,795	8,795
Charge for the year	–	822	822
Disposals	–	(1,980)	(1,980)
Exchange adjustment	–	23	23
At 31 March 2004	–	7,660	7,660
Net book value			
At 31 March 2004	189,740	2,697	192,437
At 31 March 2003	239,073	3,124	242,197



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

9) FIXED ASSETS (continued)

Investment properties comprise the following:

	2004 HK\$'000	2003 HK\$'000
At Valuation:		
Leasehold properties in Hong Kong – long term	21,500	69,000
Leasehold properties in Hong Kong – medium term	152,000	152,000
Freehold properties in Thailand	6,703	8,533
	180,203	229,533
At Cost:		
Long term leasehold properties in Mainland China	7,947	7,950
Freehold property in Myanmar	1,590	1,590
	9,537	9,540
	189,740	239,073

Investment properties have been valued as follows:

- a) Properties in Hong Kong as at 31 March 2004 by AA Property Services Limited, professional valuers, on an open market value basis.
- b) Properties in Thailand as at 31 March 2002 by Nexus Property Consultants Company Limited, professional valuers, on an open market value basis. An updated valuation has not been obtained as the directors consider that any revaluation difference would not be significant to these financial statements.
- c) The other properties which are stated at cost, have not been valued as the directors consider that any revaluation difference would not be significant to these financial statements.

Certain properties outside Hong Kong are registered in the names of nominees.

Other assets comprised of furniture and fixtures and motor vehicles.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

10) LISTED ASSOCIATE

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
At Cost	38,471	38,471
Attributable post acquisition reserves	8,626	5,812
Exchange reserve	6,443	1,841
Increase in fair value	1,492	995
Share of net assets	55,032	47,119
Market value	47,322	40,570

Particulars of the listed associate are as follows:

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

The Group holds 14.31% (2003: 14.31%) of the ordinary share capital of Siam Food Products Public Company Limited ("Siam Food") which is listed on the Stock Exchange of Thailand, and it accounts for this investment as an associate on the ground that the Group exercises significant influence.

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

10) LISTED ASSOCIATE (continued)

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

	2004 Baht '000	2003 Baht '000
Result for the year ended 31 March 2004:		
Turnover	2,540,360	2,140,110
Profit before the following items	148,583	236,281
Prior period adjustments	703	(12,434)
Share of result of associated company and a joint venture	88,014	59,412
Profit before taxation	237,300	283,259
Taxation	(38,011)	(57,401)
Net profit for the year	199,289	225,858
Balance sheet as at 31 March 2004:		
Property, plant and equipment and plantation	1,033,063	960,901
Associated company and joint venture	585,490	540,757
Other non-current assets	106,825	25,595
	1,725,378	1,527,253
Inventories	552,712	572,748
Other current assets	473,246	395,147
Current liabilities	(670,553)	(532,113)
Minority interests	(12,577)	–
	2,068,206	1,963,035
Represented by:		
Issued share capital, share premium and other reserves	600,448	600,769
Retained earnings	1,467,758	1,362,266
Shareholders' funds at 31 March 2004	2,068,206	1,963,035



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

10) LISTED ASSOCIATE (continued)

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

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

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

A reconciliation from Siam Food's profit to the Group's attributable share of profit for year ended 31 March 2004 is as follows:

	2004 <i>Baht '000</i>	2003 <i>Baht '000</i>
Siam Food's profit before taxation as above	237,300	283,259

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Group's share before adjustment, translated into HK\$ at 0.192 in 2004 (2003: 0.1824)	6,519	7,393
Add: Fair value increment for the year	498	498
Group's share of profit	7,017	7,891



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

11) UNLISTED ASSOCIATES

	2004 HK\$'000	2003 HK\$'000
At Cost	130,580	135,661
Goodwill written off	(5,188)	(5,188)
Impairment loss	(11,497)	(4,712)
Exchange reserves	46	46
Attributable post acquisition losses	(44,604)	(60,051)
Share of net assets	69,337	65,756
Amount due from associates	134,892	88,027
	204,229	153,783

During the year, cost of HK\$3,904,000 and the advances of HK\$6,807,000 in respect of the investment in iShipExchange Corporation and iShipExchange Limited was transferred to other investments held under non-current assets together with the corresponding transfer of post acquisition loss of HK\$10,711,000.

Particulars of unlisted associates are as follows:

(a) Associates held by the Group

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
Easy Group (BVI) Holdings Ltd.*	Investment	British Virgin Islands	28	28
Global Gateway, L.P.	Telecom Infrastructure	United States	20	20
Grand Prospect Enterprise Limited	Inactive	Hong Kong	49.5	49.5
Grandworth Pte. Ltd.	Investment	Singapore	50	50
Keencity Properties Limited (operates in Thailand)	Investment	British Virgin Islands	49.5	49.5
PGG Siam Property Fund	Real Estate	Thailand	49.5	49.5
Pioneer iNetwork Limited	Investment	Hong Kong	50	50

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

11) UNLISTED ASSOCIATES *(continued)*

(a) Associates held by the Group *(continued)*

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

(b) Associates held by the Company

	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	516	—
Amount due by associates	38,462	—
	38,978	—

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

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

* operates in Hong Kong

The share of turnover, results and net assets of unlisted associates are based on management accounts, as except for Grandsworth Pte Ltd., none of their financial statements are audited as at or within 6 months prior to 31 March 2004.

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

11) UNLISTED ASSOCIATES *(continued)*

(c) **Additional information in respect of two major associates held by the Group as at 31 March 2004 is provided as follows:**

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

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

(ii) Keencity Properties Limited (“Keencity”)

The Group holds 49.5% equity interest of Keencity. The principal activity of Keencity is its investment holding of 100% of PGG Siam Property Fund in Thailand. PGG Siam Property Fund owns the 382-rooms Garden Beach Resort in Pattaya, Thailand. This is a new acquisition during the year which was the subject of a circular to shareholders dated 26 August 2003.

As at 31 March 2004, the Group’s shares in respect of the investment in Keencity were pledged to a bank for banking facilities granted for its investment in Garden Beach Resort.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

11) UNLISTED ASSOCIATES *(continued)*

(c) **Additional information in respect of two major associates held by the Group as at 31 March 2004 is provided as follows: *(continued)***

The extracts of the financial information of the above two associates based on their unaudited consolidated financial statements as at 31 March 2004 are set out below:

	Global Gateway		Keencity *
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Result for the year			
Turnover	38,914	29,819	12,243
Net profit/(loss)	(9,018)	(62,416)	10,040
Summarised balance sheet			
Total assets	499,449	558,581	184,663
Total liabilities	(251,121)	(291,977)	(79,005)
	248,328	266,604	105,658
Equity			
Partners' equity/ Share capital			
– Ordinary	489,419	498,677	77,524
– Preference	–	–	18,330
Reserves	(241,091)	(232,073)	9,804
	248,328	266,604	105,658
Group's share of profit/(loss)	(1,804)	(12,484)	4,813
Group's share of net assets and advances	49,716	53,473	43,227

* Keencity is a new investment during the year and comparative information is therefore not applicable.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

12) INVESTMENTS

(a) Investment securities

	2004 HK\$'000	2003 HK\$'000
Listed shares in Hong Kong	108,456	108,456
Market value	84,557	43,363

Details of the listed investment securities are as follows:

Name	Country of incorporation	Listed in	Cost HK\$'000
Asia Financial Holdings Limited	Bermuda	Hong Kong	108,456 (2003: HK\$108,456)

As at 31 March 2004, the investment in Asia Financial Holdings Limited ("AFH") represented 4.1% (2003: 4.1%) interest in the ordinary share capital of AFH.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

12) INVESTMENTS (continued)

(b) Other investments

	2004 HK\$'000	2003 HK\$'000
Non-current		
Unlisted shares and debentures	5,930	3,607
Loans and other assets	1,453	1,454
	7,383	5,061
Current		
Listed shares and bonds		
In Hong Kong	10,542	145
Outside Hong Kong	21,093	20,251
Unlisted equity linked notes outside Hong Kong	6,968	–
	38,603	20,396
Market value	38,603	20,396

The market value of other investments was the same as fair value.

13) SUBSIDIARIES

	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	424,433	424,433
Amount due by subsidiaries	315,269	358,598
Provision for subsidiaries	(295,666)	(295,000)
	444,036	488,031



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

13) SUBSIDIARIES (continued)

Particulars of subsidiary companies are as follows:

(a) Subsidiaries held by the Company

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

13) SUBSIDIARIES (continued)

(b) Subsidiaries held by the Group

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Anpona Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Bright Orient Holdings Limited	Investment	Hong Kong	2	HK\$1	100
Dearwood Estates Limited	Investment	Hong Kong	2	HK\$10	100
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Fomax Limited	Computer Consultancy Services	Hong Kong	10,000	HK\$1	55
Forerunner Investments Limited	Investment	Hong Kong	3,000,000	HK\$1	60
Gamolon Investments Limited	Real Estate	Hong Kong	100	HK\$10	100
Golden Joy Technology Limited	Computer Consultancy Services	Hong Kong	5,000	HK\$1	55
Internet Group Technology Company Limited (operates in Hong Kong)	Investment	British Virgin Islands	1	US\$1	55
PGG Development Company Limited	Real Estate	Hong Kong	70,000	HK\$10	100



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

13) SUBSIDIARIES (continued)

(b) Subsidiaries held by the Group (continued)

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Global Gateway Asia Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer Global Gateway LLC*	Investment	United States	1	Nil	100
Pioneer Global Gateway USA Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer iConcepts Limited	Computer Consultancy Services	Hong Kong	36,363,636	HK\$1	55
Pioneer Industries (Holdings) Limited	Investment and Group Administration	Hong Kong	150,794,424	HK\$0.50	100
Sino Asset Developments Ltd.*	Inactive	British Virgin Islands	1	US\$1	100
Wuhan Huazhong Science Union Software Development Co., Ltd. ("WHS")**	Software Development	Mainland China	Nil	Nil	55**

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

* No definite country of operation

** WHS is an equity joint venture registered in Mainland China and the Group's effective interest in WHS is 30.25%.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

14) DEBTORS, ADVANCES & PREPAYMENTS

	2004 HK\$'000	2003 HK\$'000
Trade and rental debtors	332	1,432
Advances & prepayments	4,625	5,378
Debtors, advances & prepayments	4,957	6,810

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

Aged analysis	2004 HK\$'000	2003 HK\$'000
0–30 days	183	693
31–60 days	73	360
61–90 days	76	318
> 90 days	–	61
	332	1,432

15) CREDITORS & ACCRUALS

	2004 HK\$'000	2003 HK\$'000
Trade creditors	246	674
Provision for long service payments	1,860	2,121
Accruals & other creditors	10,943	12,412
Creditors and accruals	13,049	15,207

Aged analysis	2004 HK\$'000	2003 HK\$'000
0–30 days	50	41
31–60 days	16	–
61–90 days	16	–
> 90 days	164	633
	246	674



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

16) SECURED BANK LOANS AND OVERDRAFTS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Current		
Secured bank loans – within one year	51,729	64,400
	51,729	64,400
Non-current		
Secured bank loan		
More than one year but not exceeding two years	–	1,200
More than two years but not exceeding five years	–	3,600
More than five years	–	16,800
	–	21,600



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

17) DEFERRED TAXATION

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

	Accelerated tax depreciation <i>HK\$'000</i>	Unremitted profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2002 as previously reported	–	–	–
Adjustment on adoption of SSAP 12 (Revised)	1,509	264	1,773
As restated	1,509	264	1,773
Charge to profit and loss account	121	312	433
Exchange differences charged to exchange reserve	–	5	5
At 31 March 2003	1,630	581	2,211
At 1 April 2003 as previously reported	–	–	–
Adjustment on adoption of SSAP 12 (Revised)	1,630	581	2,211
As restated	1,630	581	2,211
(Credit)/charge to profit and loss account	(215)	352	137
Effect of change in tax rate			
– charge to profit and loss account	153	–	153
Exchange differences charged to exchange reserve	–	53	53
At 31 March 2004	1,568	986	2,554

The Group has tax losses of HK\$9,552,000 (2003: HK\$10,787,000) to offset against future taxable profits for which no deferred tax assets have been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

18) SHARE CAPITAL

	No. of share of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2003 and 31 March 2004	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2003 and 31 March 2004	748,984,917	74,898

19) RESERVES

At 31 March 2004

Group

	Share Premium HK\$'000	Capital Reserve & Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2003	304,729	64,120	11	147,320	(56,929)	459,251
Effect of adopting SSAP 12 (Revised)	-	-	(5)	-	(2,206)	(2,211)
As restated at 31 March 2003	304,729	64,120	6	147,320	(59,135)	457,040
Exchange on translation of						
- subsidiaries	-	-	378	-	-	378
- associates	-	-	4,602	-	-	4,602
Revaluation on investment properties	-	-	-	1,000	-	1,000
Disposal of investment properties	-	-	297	(1,498)	-	(1,201)
Profit for the year	-	-	-	-	21,866	21,866
At 31 March 2004	304,729	64,120	5,283	146,822	(37,269)	483,685
Dealt with by:						
Company and subsidiaries	304,729	64,120	(1,206)	146,822	(1,291)	513,174
Listed associate	-	-	6,443	-	8,626	15,069
Unlisted associates	-	-	46	-	(44,604)	(44,558)
	304,729	64,120	5,283	146,822	(37,269)	483,685



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

19) RESERVES (continued)

At 31 March 2003

Group

	Share Premium HK\$'000	Capital Reserve & Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Goodwill HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2002	304,836	64,120	(2,088)	157,020	(3,030)	(59,960)	460,898
Effect of adopting SSAP 12 (Revised)	-	-	-	-	-	(1,773)	(1,773)
As restated at 31 March 2002	304,836	64,120	(2,088)	157,020	(3,030)	(61,733)	459,125
Shares repurchased	(107)	-	-	-	-	-	(107)
Impairment loss							
– goodwill written off	-	-	-	-	3,030	-	3,030
Exchange on translation of							
– subsidiaries	-	-	148	-	-	-	148
– associates	-	-	1,946	-	-	-	1,946
Revaluation on investment properties	-	-	-	(9,700)	-	-	(9,700)
Profit for the year	-	-	-	-	-	2,598	2,598
At 31 March 2003	304,729	64,120	6	147,320	-	(59,135)	457,040
Dealt with by:							
Company and subsidiaries	304,729	64,120	(1,881)	147,320	-	(4,896)	509,392
Listed associate	-	-	1,841	-	-	5,812	7,653
Unlisted associates	-	-	46	-	-	(60,051)	(60,005)
	304,729	64,120	6	147,320	-	(59,135)	457,040



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

19) RESERVES (continued)

At 31 March 2004

Company

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

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

The reserves of the Company available for distribution to shareholders as at the balance sheet date, calculated in accordance with the Bermuda Companies Act, amount to HK\$142,754,000 (2003: HK\$144,043,000).

At 31 March 2003

Company

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2002	304,836	403,929	(257,649)	451,116
Shares repurchased	(107)	–	–	(107)
Loss for the year	–	–	(2,237)	(2,237)
At 31 March 2003	304,729	403,929	(259,886)	448,772

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

20) CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Guarantees				
– for banking facilities granted to subsidiaries	–	–	98,260	121,060
– to bankers in lieu of utility deposits	224	260	–	–
– for payment of banking facilities to an associate	196	651	–	–
Commitments				
– to purchase foreign currency (USD10,000,000)	78,488	78,488	78,488	78,488
– to sell Hong Kong Dollars	78,488	78,488	78,488	78,488
– for further investment in other investments	819	819	–	–
– for credit facilities made to an associate	1,479	1,573	1,479	1,573
– for total future minimum lease payments				
– not later than one year	1,886	963	–	–
– later than one year and not later than five years	909	–	–	–



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

21) 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:

	2004 HK\$'000	2003 HK\$'000
Not later than one year	15,645	20,904
Later than one year but not later than five years	20,545	16,920
	36,190	37,824

22) PLEDGE OF ASSETS

In addition to the Group's shares pledged for the investment in the Garden Beach Resort as mentioned in Note 11(c) at the balance sheet date, properties investments and bank balances of the Group with an aggregate book value of approximately HK\$241 million (2003: HK\$300 million) were pledged to secure banking and other loan facilities to the extent of HK\$153 million (2003: HK\$215 million) of which HK\$52 million (2003: HK\$86 million) was utilised at that date.

23) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of bank loans and overdraft

	2004 HK\$'000	2003 HK\$'000
Bank loans and overdraft up to three months, included in cash and cash equivalents	51,729	63,200
Three months and beyond	–	1,200
As shown in the consolidated balance sheet	51,729	64,400

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

23) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Analysis of changes in financing during the year

As at 31 March 2004

	Share Capital and Share Premium <i>HK\$'000</i>	Bank Loan included in Non-current Liabilities <i>(note 16)</i> <i>HK\$'000</i>	Bank Loan repayable beyond three months and included in Current Liabilities <i>(note 23(a))</i> <i>HK\$'000</i>	Minority Interests <i>HK\$'000</i>
At 31 March 2003	379,627	21,600	1,200	1,241
Share of profits	–	–	–	1,218
Distribution to minority shareholders	–	–	–	(325)
Bank loans repaid	–	(21,600)	(1,200)	–
At 31 March 2004	379,627	–	–	2,134

As at 31 March 2003

At 31 March 2002	379,784	22,800	1,200	2,517
Share of losses	–	–	–	(897)
Shares repurchased	(157)	–	–	–
Distribution to minority shareholders	–	–	–	(379)
Transfer from non-current to current liabilities	–	(1,200)	1,200	–
Bank loan repaid	–	–	(1,200)	–
At 31 March 2003	379,627	21,600	1,200	1,241



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

24) SHARE OPTION SCHEME

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

Summary of the Scheme

(a) Purpose of the Scheme

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

(b) Participants of the Scheme

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

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

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

(d) Maximum entitlement to any one participant

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

(e) Period and payment on acceptance of options

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

24) SHARE OPTION SCHEME *(continued)*

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

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

(g) The basis of determining the exercise price

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

(h) Life of the Scheme

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2004

24) SHARE OPTION SCHEME (continued)

As at 31 March 2004, the Company had outstanding options to subscribe for an aggregate of 48,893,641 (2003: 48,893,641) shares in the Company. Summary of the outstanding options is as follows:

Number of options at 31 March 2003 and at 31 March 2004	Exercise price	Date of grant	Exercise period
To executive directors			
21,612,137	HK\$1.941	24 October 1996	24 October 1996 to 23 October 2006
25,456,823	HK\$1.582	6 March 1997	6 March 1997 to 5 March 2007
47,068,960			
To employees			
1,658,499	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2006
166,182	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2004
1,824,681			
48,893,641			

No options were exercised and no options lapsed during the year. The names of the executive directors and their individual entitlements to share options are set out in the Directors' Report.

25) SUBSEQUENT EVENTS

In May 2004, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited. The Group's investment was HK\$39 million. The joint venture subsequently purchased two real properties, Paliburg Plaza and Kowloon City Plaza for investment purposes. Details of transaction were provided in a circular to shareholders dated 15 June 2004.

In June 2004, the Group disposed an investment property – Unit D2, 17/F of Evergreen Villa, Hong Kong for HK\$19.6 million. Details of transaction were provided in a circular to shareholders dated 28 June 2004.

26) APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 16 to 60 have been approved by the Board of Directors on 20 July 2004.



SCHEDULE OF THE GROUP'S PROPERTIES

For the year ended 31 March 2004

The following is a list of properties held for investment as at 31 March 2004:

Location/Lot No.	Type of Property	Lease Term	Group's Effective Interest
1. Pioneer Building, 213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Industrial	Medium-term	100%
2. 12th Floor and the roof and car parking spaces Nos. 24 and 25, Edwick Industrial Centre, 4-30 Lei Muk Road, Kwai Chung, New Territories 98/1210 shares of and in the remaining portion of Kwai Chung Town Lot No. 302	Industrial	Medium-term	100%
3. 6th Floor, On Lok Yuen Building, Nos. 25, 27 and 27A Des Voeux Road Central, Hong Kong 5/81 shares of and in Inland Lot No. 2178	Office	Long-term	100%
4. Flat D2 on 17th Floor and 1 car parking space No. 233 Block D, Evergreen Villa, 43 Stubbs Road, Hong Kong 11/2530 shares of and in Inland Lot No. 7891	Residential	Long-term	100%
5. Tower Park Condominium Units 5D, 12A & 12B, 52/35 Sukhumvit Soi 3, Bangkok 10500, Thailand	Residential	Freehold	100%
6. Building No. (B39/90) at Baho-Si Residential Area, Baho-Si quarter Lanmadaw Township, Yangon, Myanmar	Residential	Freehold	100%
7. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 ZhaoJiaBang Road, Shanghai, People's Republic of China	Residential	Long-term	100%



FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 March

	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000
RESULTS					
Turnover	184,559	63,913	49,256	42,264	35,518
Profit/(loss) attributable to shareholders	(90,672)	195	(53,538)	2,598	21,866
Dividends	501,782	–	–	–	7,490
Earnings/(loss) per share (HK cents)	(18.07)	0.03	(7.11)	0.35	2.92
BALANCE SHEET					
Total assets	582,843	604,030	608,156	637,741	630,011
Total liabilities	(154,505)	(14,310)	(69,793)	(104,562)	(69,294)
Minority interests	(8,283)	(5,358)	(2,517)	(1,241)	(2,134)
	420,055	584,362	535,846	531,938	558,583
Capital and reserves					
Share capital	50,178	75,267	74,948	74,898	74,898
Reserves	369,877	509,095	460,898	457,040	483,685
Shareholders' funds	420,055	584,362	535,846	531,938	558,583

