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

Annual Report 年報

05/06

Contents

Corporate Information	2
Managing Director's Report	3-7
Directors' Report	8-13
Biographical Details of Directors	14-15
Corporate Governance Report	16-20
Auditors' Report	21
Consolidated Income Statement	22
Consolidated Balance Sheet	23
Balance Sheet	24
Consolidated Statement of Cash Flow	25-26
Consolidated Statement of Changes in Equity	27
Notes to the Financial Statements	28-60
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, JP

The Hon. Bernard Charnwut CHAN

Arnold Tin Chee IP

AUDIT COMMITTEE

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

The Hon. Bernard Charnwut CHAN

Arnold Tin Chee IP

REMUNERATION COMMITTEE

Arnold Tin Chee IP, *Chairman*

Dr. Charles Wai Bun CHEUNG, JP

The Hon. Bernard Charnwut CHAN

COMPANY SECRETARY

Jane Kwai Ying TSUI

BANKERS

Bangkok Bank Public Company Limited

Chiyu Banking Corporation Limited

Citigroup

Public Bank (Hong Kong) Limited

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

Suites 08-11, 18th Floor

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited

46th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

INFORMATION

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

Bloomberg: 224:HK

Reuters: 0224.hk

Managing Director's Report



AIA Tower, Macau

BUSINESS REVIEW

I am pleased to report that the Group's total turnover (including share of associates) for the year ended 31 March 2006 was HK\$142.1 million, representing a 16.2% increase from the same period in 2005 (2005: HK\$122.3 million). The increase in turnover was due mainly to rental contribution from newly acquired assets, advisory fee earned from the sale of Global Gateway (Hong Kong), and revenue growth from Aisawan Resort & Spa.

I am also pleased to report that the Group's net profit for the year ended 31 March 2006 was HK\$129.9 million, which is a 25.3% increase over the restated 2005 net profit of HK\$103.7 million. The increase in net profit was due primarily to strong performance from unlisted associates and fair value increase of investment properties.

As reported in the interim report, the reason for the restatement of 2005 net profit was because this year's net profit has been affected by the adoption of the new revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards. In the past, all investment property revaluation gains are accumulated under reserves in the balance sheet and only revaluation losses are reflected in the income statement if revaluation falls below book cost. Under the new standards, all revaluation gains (or losses) during the period are reflected in the income statement. The adjustments and impact on the financial statements as a result of change of accounting policies are set out in note 2 to the financial statements.

Managing Director's Report



2006 World Cup Event
Kowloon City Plaza
Kowloon City, Kowloon



New Arcade, Kowloon City Plaza,
Kowloon City, Kowloon

Property Investments

Overall, the Group's property investments have performed satisfactorily.

The Pioneer Building in Hong Kong contributed rental revenues of HK\$19.3 million during the reporting period and continued to enjoy a high occupancy rate (95.6% as at 31 March 2006).

The Shanghai K. Wah Centre has leased well since its launch and the building has achieved full occupancy as at the end of this reporting period.

In 2004, the Group formed a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited to purchase the 217,625 sq.ft. 68 Yee Woo Street in Causeway Bay and the 640,000 sq.ft. Kowloon City Plaza (KCP) in Kowloon City. The properties were purchased by the JV consortium through a securitization vehicle with an existing debt of HK\$1.2 billion. In September 2005, the JV consortium successfully refinanced the debt and increased leverage to HK\$1.5 billion. A large portion of the refinancing proceeds have been distributed to the shareholders and the Group's share of the distribution was HK\$12.0 million. After renovation works were completed at the main lobby and show suite, 68 Yee Woo Street was re-launched to the market. As of to-date, most interior works at KCP have been completed while all exterior works are expected to be completed by October this year.

During the year, Global Gateway sold its remaining assets in Hong Kong and Singapore for a total consideration of about HK\$776.7 million. While the Group's actual share of profit from Global Gateway was HK\$57.9 million, the accounting profit reported during this period was only HK\$16.0 million as HK\$41.9 million of the profit was restated in the previous period under the new accounting standards. In terms of cash receipt, the Group received a distribution of HK\$107.7 million from Global Gateway's sale of its assets. In addition to the profit on the sale, the Group has also been paid an advisory fee of HK\$7.5 million in connection to this transaction.

Managing Director's Report

In March and April 2005, the Group purchased a total of 63,840 sq.ft. in Maximall, City Garden, North Point for a total consideration of HK\$117.7 million. During the period, the Group transformed the entire basement of Maximall into a themed education center for young children managed by an independent operator under the trade name "QQ Club". Revenues to the Group are in the form of fixed minimum rent plus percentage of turnover. "QQ Club" opened in January 2006 with all of its space 100% pre-leased.

In April 2005, the Group formed a joint venture with an investment fund and a Thai investor (as local operating partner) to acquire a portfolio of houses from the "Non-Performing Assets" portfolio of the Government Housing Bank of Thailand. As at the end of March 2006, 151 houses have been purchased at a total cost of about Baht 195.4 million and out of which 39 houses were re-sold at an average profit margin of 22.2%. The Group's participation is 40% in the joint venture.

In May 2005, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation to acquire a 22-storey, 437,000 sq.ft. commercial building in Macau for HK\$600.0 million. The joint venture is currently renovating the property into a class-A commercial/retail/entertainment building. In January 2006, the U.S. insurance giant AIA selected the building as its new headquarters in Macau and signed a long term lease to become our anchor tenant. The building has since been renamed as "AIA Tower, Macau". All renovation works at AIA Tower are expected to be completed by August this year.



Q Q Club
Main Reception



Q Q Club
Nursery Playground



Q Q Club
Children's Library

Managing Director's Report

During the year, the Group became a strategic partner in Gateway China Fund I, a US\$198.9 million real estate fund focused on China, Hong Kong and Macau. Under the preference share subscription, the Group shall receive a fixed dividend per annum from the Fund's manager. Gateway Capital and a share of the incentive fees paid to Gateway Capital by the Fund. Separately, a 50% owned associate company of the Group has also committed US\$10 million of capital to the Fund.

Investments in Hotel Industry

Despite the devastation of the December 2004 tsunami that hit many beach resorts in the Andaman Sea and Indian Ocean and the delay in the opening of the new Suvarnabhumi Airport in Bangkok, the Pattaya hotel market has experienced strong growth. For the 12 months ended 31 March 2006, the Aisawan Resort & Spa produced revenues of Baht 285.1 million (2005: Baht 177.9 million) and gross operating profits of Baht 156.2 million (2005: Baht 83.0 million). With the expected opening of the Suvarnabhumi Airport in July this year which will cut travel time to Pattaya for international travelers landing in Bangkok by 50% (to approximately 60 minutes), the management expects the Aisawan Resort & Spa to continue to perform strongly. In order to continue upgrading the resort to take advantage of the growing market, Aisawan Resort & Spa will renovate all of its Garden Villa rooms, including the construction of new pool and deck areas, during the summer months. Through an associate company, Aisawan Resort & Spa contributed HK\$10.9 million to the Group during the period (2005: HK\$4.9 million).

The Group's associate company Pioneer iNetwork Limited owns 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. During the 12 months ended 31 December 2005, Dusit Thani had revenues of Baht 2.83 billion (2004: Baht 2.58 billion) and net income of Baht 245.1 million (2004 (restated): Baht 576.4 million which included a debt restructuring gain of Baht 364.1 million).

Other Investments

The Group's investment in Siam Food Products Public Company Limited was sold for HK\$56.8 million on 29 March 2006. The disposal resulted in a gain of HK\$9.7 million with details provided in a circular to shareholders on 27 April 2006.

The Group owns about 4.1% of Asia Financial Holdings Ltd ("AFH"), a listed financial institution in Hong Kong. In February 2006, AFH entered into a share sale agreement with JCG Holdings Limited in relation to the disposal of the entire share capital of AFH's wholly owned subsidiary, Asia Commercial Bank Ltd ("ACB"). The consideration of the share sale was about HK\$4.5 billion which represents 2.5 times the unaudited consolidated net assets of ACB as at 30 June 2005. AFH estimated that the disposal will generate a profit of about HK\$2.5 billion for the year ending 31 December 2006. The Group's investment in AFH was recorded at HK\$159.7 million based on the closing price of AFH on 31 March 2006.

Managing Director's Report

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2006, 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 20.6% (March 2005: 26.0%) and the net debt (net of cash and cash equivalents) to shareholders fund ratio was 17.8% (March 2005: 18.7%).

PROSPECTS

In May 2006, the Group acquired a Hong Kong incorporated company for HK\$82.0 million. The acquired company is a holding company which owns the whole of 1st, 2nd, 22nd, 25th, 27th, 29th, 31st and 35th floors of Morrison Plaza, Wanchai, Hong Kong. The total GFA is about 29,540 sq.ft. and except for the 1st and 2nd floors, all space has been leased. Subsequently in June 2006, the Group entered into a provisional sale and purchase agreement to dispose of the vacant 1st and 2nd floors. The expected sale will generate a gain of about HK\$7.0 million before taxation. Details of the disposal were provided in a circular to the shareholders on 26 June 2006.

During the period, the Group has made a number of new property investments and all of these new projects are progressing in accordance with plan. Going forward, the Group plans to enhance its existing portfolio of assets while continuing to look selectively for attractive real estate and hotels investments in the region.

EMPLOYEES

As at 31 March 2006, the number of salaried staff at the holding company level was 18 (2005: 15). 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, 11 July 2006

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 2006.

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 13-14 and 30 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 3 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 22.

The Directors recommend the payment of a final dividend for the year ended 31 March 2006 at the rate of HK1.20 cents (2005: HK1.00 cent) per share, payable on 9 October 2006 to all persons registered as shareholders on 8 September 2006. The transfer of books and register of members of the Company will be closed from 5 September 2006 to 8 September 2006, both days inclusive. Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

SHARE CAPITAL AND RESERVES

Details of movements in issued share capital and reserves during the year are set out in notes 19 and 20 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.

FIXED ASSETS

Details of movements in fixed assets are set out in note 12 to the financial statements.

MAJOR SUBSIDIARIES

Details of the major subsidiary companies as at 31 March 2006 are set out in note 30 to the financial statements.

LOANS AND BORROWINGS

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

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers being trade customers and tenants of the Group accounted for 25% of the Group's turnover, the largest trade customer accounting for 6%. The five largest suppliers of goods and services accounted for 38% of the Group's expenditure on goods and services, the largest supplier of goods and services accounting for 17%.

DONATIONS

During the year, the Group has made charitable donations amounting to HK\$10,000 (2005: HK\$15,000).

DIRECTORS

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

Executive Directors

Mrs. Rossana WANG GAW

Mr. Goodwin GAW

Mr. Kenneth GAW

Ms. Jane Kwai Ying TSUI

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP

The Hon. Bernard Charnwut CHAN

Mr. Arnold Tin Chee IP

and their biographical details are set out on pages 14 to 15.

In accordance with the Company's Bye-Laws, Ms. Jane Kwai Ying Tsui and Mr. Arnold Tin Chee Ip retire, and being eligible, offer themselves for re-election.

Neither Ms. Jane Kwai Ying Tsui nor Mr. Arnold Tin Chee Ip 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 2006, 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 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	%
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 Fortune South China 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 underlying shares of the Company

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

Directors' Report

Long position in shares of associated companies

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.

Save as disclosed above, as at 31 March 2006, 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 for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SHAREHOLDERS' INTERESTS

As at 31 March 2006, 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	16.01
Prosperous Island Limited	65,939,293	8.57

Directors' Report

Long positions of other persons in the shares of the Company

	Interests held by controlled corporation	Interests held by family trust	Total	%
Rossana Wang Gaw	15,934,364 ¹ (L)	123,148,701 ² (L)	139,083,065	18.08

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

L: Long position in shares

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 2006, 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' 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.

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

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

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 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.

SHARE OPTION SCHEME

Details of share option scheme are set out in note 27 to the financial statements.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards. Details of these transactions are set out in note 28 to the financial statements.

AUDITORS

During the year, Fan Mitchell & Co. resigned and Wong Brothers & Co was appointed as auditors of the Company to fill the casual vacancy. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Wong Brothers & Co as auditors of the Company.

On Behalf of the Board

Rossana Wang Gaw

Chairman

Hong Kong, 11 July 2006

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mrs. Rossana WANG GAW (Chairman)

Aged 60, 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 37, was appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. He is currently an independent non-executive director of Tian An China Investments Company Limited, a company listed on the Stock Exchange and the Chairman of Gateway Capital, a real estate private equity fund focusing on China, Hong Kong and Macau real estate markets. He is also the President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in the United States. Mr. Gaw graduated with a Bachelor of Science Degree in Civil Engineering from the University of Pennsylvania, a Finance Degree from Wharton Business School and a Master of Science Degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw.

Mr. Kenneth GAW (Managing Director)

Aged 35, was appointed to the Board in 1994 and became Managing Director of the Group in February 1999. He holds directorship at Dusit Thani Public Company Limited, Japan Opportunities Fund II 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.

Ms. Jane Kwai Ying TSUI (Company Secretary)

Aged 62, 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 69, 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 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 the Group Chief Executive and Executive Deputy Chairman of Mission Hills Group. 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 also a Senior Adviser to the Board of the Metropolitan Bank & Trust Company, Philippines. Dr. Cheung was a former director and adviser of Tung Wah Group of Hospitals and 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 and Dr. Cheung was re-appointed by the Hong Kong Special Administrative Region Government as a member of the Estate Agents Authority in November 2004.

The Hon. Bernard Charnwut CHAN

Aged 41, was appointed to the Board in 1994. He 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 President of Asia Financial Group and Asia Insurance. Mr. Chan serves as the Chairman of the Standing Committee on Disciplined Services Salaries and Conditions of Service and the Deputy Chairman of Lingnan University. He is also a member of the Insurance Advisory Committee, Economic & Employment Council, Greater Pearl River Delta Business Council and the Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District. In addition, Mr. Chan serves as the Advisor of Bangkok Bank Ltd., Hong Kong Branch, the Chairman of the Hong Kong-Thailand Business Council and Chairperson of The Hong Kong Council of Social Service.

Mr. Arnold Tin Chee IP

Aged 43, 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) 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. From 1984 to 1988, he worked at Arthur Andersen & Co in London specializing in taxation and qualified as a chartered accountant in 1988.

Corporate Governance Report

A review of the Company's corporate governance in the financial year is set out as follows:

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has duly adopted the principles of good governance provided by the Code on Corporate Governance Practices in the Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the year ended 31 March 2006, the Company has met the code provisions and some of the recommended best practices as set out in the Code except the following:

Under the code provisions A.4.1, non-executive directors should be appointed for specific term, subject to re-election. However, the independent non-executive directors of the Company have no specific term of office but are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-Laws. According to the Bye-Laws of the Company, at every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. The Directors to retire on each occasion shall be those who have been longest in office since their last election. Accordingly, no Director has a term of appointment longer than three years.

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 2006.

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 operation 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.

Corporate Governance Report

The Board currently comprises seven members and its composition is set out below:

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
 The Hon. Bernard Charnwut Chan
 Arnold Tin Chee Ip

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.

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

Directors	Number of Board Meetings attended	Attendance rate
Executive Directors		
Rossana Wang Gaw (Chairman)	3/4	75%
Goodwin Gaw (Vice Chairman)	3/4	75%
Kenneth Gaw (Managing Director)	4/4	100%
Jane Kwai Ying Tsui	4/4	100%
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	3/4	75%
The Hon. Bernard Charnwut Chan	4/4	100%
Arnold Tin Chee Ip	4/4	100%

Corporate Governance Report

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 have no specific term of office but are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-Laws.

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.

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, The Hon. Bernard Charnwut Chan 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.

During the 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 (Chairman)	1/1	100%
Dr. Charles Wai Bun Cheung, JP	1/1	100%
The Hon. Bernard Charnwut Chan	1/1	100%
Executive Directors		
Kenneth Gaw	1/1	100%

In the meeting, the Remuneration Committee assessed the performance of the Executive Directors and approved the bonus to Executive Directors and senior employees.

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee consists of three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, JP (Chairman), The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip. The Audit Committee normally meets three times a year and members of the Audit Committee may request a meeting if they think it necessary. 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.

The Audit Committee held three meetings during the year and attendance record of each Director is set out as below:

Directors	Number of Audit Committee Meetings attended	Attendance rate
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP (Chairman)	2/3	67%
The Hon. Bernard Charnwut Chan	2/3	67%
Arnold Tin Chee Ip	3/3	100%

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

- (1) Selected and recommended new auditors to fill the causal vacancy left by the resignation of the previous auditors.
- (2) Reviewed the financial reports for the year ended 31 March 2006 and for the six months ended 30 September 2005.

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\$272,000
Non-audit services	HK\$13,000
	HK\$285,000

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 Auditors' Report on page 21.

INTERNAL CONTROLS

The Board is responsible for the internal control system of the Company and conduct regular review on the effectiveness of the internal control system of the Company.

SHAREHOLDERS' RIGHTS

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 requiring a poll, the Company engages external scrutineer to ensure proper counting of the votes.

INVESTORS RELATIONS

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 (<http://www.irasia.com/listco/hk/pioneer/index.htm>) for updated information.

Auditors' Report

Auditors' Report to the Members of
PIONEER GLOBAL GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 22 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 Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 2006 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.

Wong Brothers & Co.
Certified Public Accountants
Hong Kong, 11 July 2006

Consolidated Income Statement

For the year ended 31 March 2006

	Notes	2006 HK\$'000	2005 HK\$'000 Restated
Turnover			
Company and subsidiaries		45,853	32,048
Share of listed associate		63,656	60,459
Share of unlisted associates		32,641	29,799
		142,150	122,306
Turnover of Company and subsidiaries	4	45,853	32,048
Properties operating expenses		(11,180)	(3,801)
Staff costs		(12,308)	(8,880)
Depreciation & amortisation		(1,933)	(575)
Other expenses		(5,553)	(4,021)
		(30,974)	(17,277)
Operating profit		14,879	14,771
Share of profits and (losses) of associates			
Listed		1,330	(275)
Unlisted		69,570	53,746
Change in fair value of investment properties	12	62,318	28,884
Other gains and losses	6	3,519	13,707
Finance costs		(8,774)	(1,440)
Profit before taxation	5	142,842	109,393
Taxation – current	7	(1,419)	(610)
– deferred	7	(11,505)	(5,095)
Profit for the year		129,918	103,688
Attributable to:			
Minority interests		399	35
Shareholders of the Company		129,519	103,653
		129,918	103,688
		HK cents	HK cents
Earnings per share	10	16.83	13.67

Consolidated Balance Sheet

At 31 March 2006

	Notes	2006 HK\$'000	2005 HK\$'000 Restated
ASSETS			
Non-current assets			
Investment properties	12	393,300	236,637
Associates – listed	13	–	54,938
– unlisted	14	356,273	232,494
Investments – available for sale investments	15	274,777	–
Investment securities and other investments		–	159,402
Property, plant and equipment	12	23,612	2,219
Leasehold land	12	11,358	–
Other assets		1,458	59,127
		1,060,778	744,817
Current assets			
Debtors, advances & prepayments	16	68,594	29,114
Investments – financial assets at fair value	17	20,426	–
Other investments		–	30,293
Cash and bank balances		25,559	46,258
		114,579	105,665
Total assets		1,175,357	850,482
EQUITY			
Share capital	19	76,935	76,935
Reserves	20	838,119	558,892
Shareholders' funds		915,054	635,827
Minority interests		16,409	1,481
Total equity		931,463	637,308
LIABILITIES			
Non-current liabilities			
Secured bank loans	21	100,200	21,450
Deferred tax liabilities	22	42,427	31,774
		142,627	53,224
Current liabilities			
Creditors & accruals	23	12,315	15,586
Secured bank loans	21	87,921	143,700
Tax liabilities		1,031	664
		101,267	159,950
Total liabilities		243,894	213,174
Total equity and liabilities		1,175,357	850,482

Balance Sheet

At 31 March 2006

	Notes	2006 HK\$'000	2005 HK\$'000
ASSETS			
Non-current assets			
Subsidiary companies	18	744,145	491,564
Unlisted associates	14	40,799	40,448
Investments – available for sale investments	15	10,600	–
		795,544	532,012
Current assets			
Debtors, advances & prepayments		6,322	198
Other investments		–	9,899
Cash and bank balances		22,967	41,430
		29,289	51,527
Total assets		824,833	583,539
EQUITY			
Share capital	19	76,935	76,935
Reserves	20	693,839	446,285
Total equity		770,774	523,220
LIABILITIES			
Current liabilities			
Creditors & accruals		432	1,172
Secured bank loan	21	54,121	59,000
Tax (refundable)/liabilities		(494)	147
Total liabilities		54,059	60,319
Total equity and liabilities		824,833	583,539

Consolidated Statement of Cash Flow

For the year ended 31 March 2006

	2006 HK\$'000	2005 HK\$'000 Restated
Cash flows from operating activities		
Profit before taxation	142,842	109,393
Share of net profit of unlisted associates	(69,570)	(53,746)
Share of net (profit)/loss of listed associate	(1,330)	275
Other gains and losses	(3,519)	(13,707)
Increase in fair value of investment properties	(62,318)	(28,884)
Depreciation & amortisation	1,933	575
Interest income	(2,292)	(3,470)
Interest expenses	8,774	1,440
Dividend income		
– listed	(4,186)	(4,186)
– unlisted	(2,631)	(1,679)
Decrease/(increase) in debtors, advances & prepayments	24,735	(26,765)
(Decrease)/increase in creditors & accruals	(3,407)	2,548
Exchange adjustment	158	262
Cash generated from/(used in) operations	29,189	(17,944)
Hong Kong profits tax paid	(909)	(1,985)
Hong Kong profits tax refund	5	195
Overseas profits tax paid	(148)	(267)
Net cash inflow/(outflow) from operating activities	28,137	(20,001)

Consolidated Statement of Cash Flow

For the year ended 31 March 2006

	2006 HK\$'000	2005 HK\$'000 Restated
Cash flows from investing activities		
Interest received	2,268	3,787
Dividend received	6,457	8,856
Investment properties:		
Purchase of investment properties	(81,809)	–
Proceeds on disposal of investment properties	1,617	–
Deposits on acquisition	–	(59,127)
Associates:		
(Advance to)/repayment from unlisted associates	(62,344)	20,389
Distribution from unlisted associates	108,298	4,873
Advance to a former associate	–	(447)
Available for sale investments:		
Purchase of available for sale investments	(12,428)	–
Distribution for available for sales investments	17,921	–
Proceeds on disposal of available for sale investments	1,448	–
Property, plant and equipment:		
Purchase of property, plant & equipment	(23,158)	(38,222)
Proceeds on disposal of property, plant & equipment	33	29,781
Prepaid lease payment on leasehold land	(11,831)	–
Purchase of investment securities	–	(40,022)
Purchase of other investments	–	(21,753)
Proceeds on disposal of other investments	–	31,989
Purchase of financial assets	(59)	–
Proceeds on disposal of financial assets	3,405	–
Purchase of other assets	(743)	–
Recovery of receivables previously provided for	–	2,629
Reclassification of subsidiary to other investments	–	(830)
Net cash used in investing activities	(50,925)	(58,097)
Cash flows from financing activities		
Interest paid	(8,838)	(1,142)
Share repurchased	–	(6)
Distributions to minority shareholders	(504)	(504)
Dividend paid to shareholders	(11,541)	(6,336)
Bank loans raised	22,971	113,421
Net cash generated from financing activities	2,088	105,433
Net (decrease)/increase in cash and cash equivalents	(20,700)	27,335
Cash and cash equivalents at the beginning of the year	46,258	18,914
Effect of foreign exchange rates changes	1	9
Cash and cash equivalents at the end of the year	25,559	46,258
Analysis of the balances of cash and cash equivalents		
Bank balances, cash & deposits placed with banks up to three months' maturity	25,559	46,258

Consolidated Statement of Changes in Equity

For the year ended 31 March 2006

	Attributable to shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & contributed surplus HK\$'000	Exchange reserve HK\$'000	Investment properties revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2004										
As originally stated	74,898	304,729	64,120	5,283	146,822	-	(37,269)	558,583	2,134	560,717
Prior period adjustments arising from changes in accounting policies	-	-	-	-	(146,822)	-	122,476	(24,346)	-	(24,346)
As restated at 1 April 2004	74,898	304,729	64,120	5,283	-	-	85,207	534,237	2,134	536,371
Exchange on translation of										
- subsidiaries	-	-	-	374	-	-	-	374	-	374
- associates	-	-	-	355	-	-	-	355	-	355
Net income recognised directly in equity	-	-	-	729	-	-	-	729	-	729
Profit attributable to equity holders	-	-	-	-	-	-	103,653	103,653	35	103,688
Disposal of investment properties	-	-	-	3,550	-	-	-	3,550	-	3,550
Total recognised income and expense for the year	-	-	-	4,279	-	-	103,653	107,932	35	107,967
Distribution to minority interests	-	-	-	-	-	-	-	-	(504)	(504)
Transfer to investment	-	-	-	-	-	-	-	-	(184)	(184)
Share repurchased	(3)	(3)	-	-	-	-	-	(6)	-	(6)
Shares issued as scrip dividend	2,040	2,961	-	-	-	-	-	5,001	-	5,001
2004 final dividend paid	-	-	(7,490)	-	-	-	-	(7,490)	-	(7,490)
2005 interim dividend paid	-	-	(3,847)	-	-	-	-	(3,847)	-	(3,847)
As at 31 March 2005	76,935	307,687	52,783	9,562	-	-	188,860	635,827	1,481	637,308
At 1 April 2005										
As originally stated	76,935	307,687	52,783	9,562	-	-	188,860	635,827	1,481	637,308
Opening balance adjustments arising from changes in accounting policies										
- subsidiaries	-	-	-	-	-	3,061	-	3,061	-	3,061
- minority interests	-	-	-	-	-	-	-	-	13,786	13,786
- associates	-	-	-	-	-	16,756	-	16,756	-	16,756
As restated at 1 April 2005	76,935	307,687	52,783	9,562	-	19,817	188,860	655,644	15,267	670,911
Fair value change of available for sale investments										
- subsidiaries	-	-	-	-	-	103,303	-	103,303	-	103,303
- minority interests	-	-	-	-	-	-	-	-	1,247	1,247
- associates	-	-	-	-	-	40,910	-	40,910	-	40,910
Exchange on translation of										
- subsidiaries	-	-	-	158	-	-	-	158	-	158
- associates	-	-	-	3,801	-	-	-	3,801	-	3,801
Net income recognised directly in equity	-	-	-	3,959	-	144,213	-	148,172	1,247	149,419
Profit attributable to equity holders	-	-	-	-	-	-	129,519	129,519	399	129,918
Disposal of a listed associate	-	-	-	(6,740)	-	-	-	(6,740)	-	(6,740)
Total recognised income and expense for the year	-	-	-	(2,781)	-	144,213	129,519	270,951	1,646	272,597
Distribution to minority interests	-	-	-	-	-	-	-	-	(504)	(504)
2005 final dividend paid	-	-	(7,694)	-	-	-	-	(7,694)	-	(7,694)
2006 interim dividend paid	-	-	(3,847)	-	-	-	-	(3,847)	-	(3,847)
As at 31 March 2006	76,935	307,687	41,242	6,781	-	164,030	318,379	915,054	16,409	931,463

Notes to the Financial Statements

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Pioneer Global Group Limited (the "Company") 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 notes 14 and 30.

(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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting period beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 2.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective and are pertinent to the operation of the Group. The Directors anticipate that the application of these standards and interpretations will have no material impact on the consolidated financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures ²
HKAS 21 (Amendment)	Net Investments in a Foreign Operation ²
HKAS 39 (Amendment)	The Fair Value Option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts ²
HKFRS 7	Financial Instruments: Disclosures ¹
HK (IFRIC)-Int 4	Determining whether an Arrangement Contains a Lease ²

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 January 2006.

Notes to the Financial Statements

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2006 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.

(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.

Notes to the Financial Statements

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

(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

Notes to the Financial Statements

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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 amortized 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 recognized in equity.

(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.

Notes to the Financial Statements

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

(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 recognized when the services are rendered and billed to clients.

(3) Dividend income

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

(4) Interest income

Interest income is recognized on a time proportion basis.

(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 recognized in the income statement when incurred.

Notes to the Financial Statements

For the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Employee benefits *(continued)*

(2) Share option scheme

The fair value of share options granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. Where vesting conditions exist, the fair value of share options is spread over the vesting period, taking into account the probability that the options will vest.

(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.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting period beginning on or after 1 January 2005. The accounting policies of the Group after the adoption of these new and revised HKFRSs have been summarized in note 1. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

(a) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement)

In prior years, investments in securities, other than investments in subsidiaries and associates, were classified as investment securities and other investments. Investment securities are securities intended to be held on a continuous basis and they were stated at cost less provision for impairment losses. Other investments are securities other than investment securities and they were stated at fair value. Changes in fair value were recognized in the income statement.

Notes to the Financial Statements

For the year ended 31 March 2006

2. CHANGES IN ACCOUNTING POLICIES *(continued)*

(a) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement) *(continued)*

Following the adoption of HKAS 32 & 39, investments in securities 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 amortized cost using the effective interest method. Financial assets are stated at fair value with changes recognized in the income statement. Available for sale investments are carried at fair value with any changes recognized in equity. The Group has adopted HKAS 32 & 39 prospectively.

	Effect of HKAS 39 for the year ended 31 March 2006
	<i>HK\$'000</i>
	increase (decrease)
<hr/>	
Consolidated Balance Sheet:	
Available for sale investments	106,364
Unlisted associates	57,666
Consolidated Equity:	
Investment revaluation reserve	164,030

(b) Investment Property (HKAS 40, Investment property and HK (SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)

In prior years, investment properties were valued annually by independent professional valuers on an open market basis. Changes in the value of investment properties are dealt with in the investment properties revaluation reserve. If the total of these reserves was insufficient to cover a deficit on a portfolio basis, the excess of deficit was charged to the income statement. On disposal of a revalued investment property, the relevant revaluation surplus or deficit was transferred to the income statement.

Following the adoption of HKAS 40, the Group has elected to use the fair value model to account for investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognized directly in the income statement for the period in which they arise. This change in accounting policy has been applied retrospectively.

Notes to the Financial Statements

For the year ended 31 March 2006

2. CHANGES IN ACCOUNTING POLICIES (continued)**(b) Investment Property (HKAS 40, Investment property and HK (SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)** (continued)

In prior years, the deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale. HK (SIC) Interpretation 21 removes the presumption that the carrying amount of investment properties is to be recovered through sale but rather recovered through use. This change in accounting policy has been applied retrospectively.

	Restatement of opening balances as a result of adoption of HKAS 40 and HK (SIC) Interpretation 21		
	31 March 2004 <i>HK\$'000</i>	Prior period adjustments <i>HK\$'000</i> increase(decrease)	1 April 2004 <i>HK\$'000</i>
<hr/>			
Consolidated Balance Sheet			
Deferred tax liabilities	2,554	24,346	26,900
Consolidated Equity			
Investment property revaluation reserve	146,822	(146,822)	–
Retained earnings	(37,269)	122,476	85,207
<hr/>			
		Effect of HKAS 40 and HK (SIC) Interpretation 21	
		31 March 2006 <i>HK\$'000</i> increase (decrease)	31 March 2005 <i>HK\$'000</i> increase (decrease)
<hr/>			
Consolidated Balance Sheet			
Deferred tax liabilities		40,420	29,401
Consolidated Income Statement			
Change in fair value of investment properties		62,318	28,884
Share of results of unlisted associates		22,624	41,926
Other gains and losses		–	(7,704)
Taxation – deferred		11,019	5,055
Net profit for the year		73,923	58,051
<hr/>			
Earnings per share		HK 9.61 cents	HK 7.66 cents
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Notes to the Financial Statements

For the year ended 31 March 2006

3. SEGMENT INFORMATION**Business Segment**

	Property and hotel		Investment and others		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Segment turnover						
Company and subsidiaries	36,744	22,472	9,109	9,576	45,853	32,048
Segment result	7,438	7,367	7,961	8,061	15,399	15,428
Unallocated corporate expenses					(520)	(657)
Operating profit					14,879	14,771
Share of profits and (losses) of associates						
– Listed	–	–	1,330	(275)	1,330	(275)
– Unlisted	69,570	53,746	–	–	69,570	53,746
Change in fair value of investment properties	62,318	28,884	–	–	62,318	28,884
Other gains and losses	(6,857)	6,254	10,376	7,453	3,519	13,707
Finance costs					(8,774)	(1,440)
Taxation					(12,924)	(5,705)
Minority interests					(399)	(35)
Profit attributable to shareholders					129,519	103,653

Notes to the Financial Statements

For the year ended 31 March 2006

3. SEGMENT INFORMATION (continued)**Business Segment** (continued)

	Property and hotel		Investment and others		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Segment assets and liabilities						
Segment assets	529,004	367,830	290,080	195,220	819,084	563,050
Investment in associates:						
– Listed	–	–	–	54,938	–	54,938
– Unlisted	356,273	232,494	–	–	356,273	232,494
Consolidated total assets					1,175,357	850,482
Segment liabilities	(233,716)	(207,459)	(772)	(1,896)	(234,488)	(209,355)
Unallocated corporate liabilities					(9,406)	(3,819)
Consolidated total liabilities					(243,894)	(213,174)
Other information						
Capital expenditure	130,925	38,222	–	–	130,925	38,222
Depreciation & amortisation	1,929	562	4	13	1,933	575

Geographical Segment

	Turnover by geographical market		Segment assets	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Hong Kong	41,523	30,044	681,678	464,724
Overseas	4,330	2,004	137,406	98,326
	45,853	32,048	819,084	563,050

Notes to the Financial Statements

For the year ended 31 March 2006

4. TURNOVER

	2006 HK\$'000	2005 HK\$'000
Rental income	21,255	18,037
Management fee income	6,017	4,339
Advisory fee income	8,792	–
Dividend income	6,817	5,864
Interest income	2,292	3,470
Others	680	338
	45,853	32,048

5. PROFIT BEFORE TAXATION

	2006 HK\$'000	2005 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans & overdraft wholly repayable within five years	8,464	1,346
Loan interest to an unlisted associate	310	94
Auditors' remuneration	272	261
Provision for long service payments to employees	(75)	33
Rental payment under non-cancellable leases	785	1,810
Exchange loss	175	–
and after crediting:		
Rental income from investment properties less direct outgoings	12,640	15,226
Listed investment income	4,186	4,576
Unlisted investment income	2,631	1,289
Interest income	2,292	3,470
Exchange gain	–	7

Notes to the Financial Statements

For the year ended 31 March 2006

6. OTHER GAINS AND LOSSES

	2006 HK\$'000	2005 HK\$'000
Net profit on disposal of an listed associate	9,658	–
Net profit on disposal of investments	3,209	3,590
Profit/(loss) on sale of investment properties and other fixed assets	(246)	6,254
Increase in fair value of other investments and financial assets	12	3,273
Unrealised holding gain/(loss) on foreign exchange contract	–	37
Provision for impairment losses on investments & other assets	(2,810)	(2,076)
Provision for impairment losses on investment in associates	(6,850)	–
Recovery of receivables, debtors and advances & provision for an associate	546	2,629
	3,519	13,707

7. TAXATION**(a) Taxation**

	2006			2005 (As restated)		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Hong Kong						
– Provision for the year	378	11,505	11,883	761	5,010	5,771
– Over provision in prior year	(506)	–	(506)	(65)	–	(65)
Overseas						
– Provision for the year	78	–	78	(86)	85	(1)
– Under provision in prior year	1,469	–	1,469	–	–	–
	1,419	11,505	12,924	610	5,095	5,705

Hong Kong profits tax has been provided at the rate of 17.50% (2005: 17.50%) on the estimated Hong Kong source assessable profits for the year. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

Notes to the Financial Statements

For the year ended 31 March 2006

7. TAXATION *(continued)*

(b) Reconciliation between accounting profits and the tax charge

	2006 HK\$'000	2005 HK\$'000 (As restated)
Profit before taxation	142,842	109,393
Less: Share of (profits) and losses of associates		
– listed	(1,330)	275
– unlisted	(69,570)	(53,746)
Profit before taxation attributable to the Company and its subsidiaries	71,942	55,922
Tax calculated at applicable tax rate of 17.5% (2005: 17.5%)	12,590	9,786
Expenses not deductible for taxation purposes	5,394	494
Income not subject to taxation	(5,320)	(3,626)
Current year tax losses not recognised	1,898	13
Utilisation of previously unrecognised tax loss	(1,245)	(897)
Deferred tax asset not recognised during the year	113	–
Over provision in previous years	(506)	(65)
Taxation charge	12,924	5,705

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit for the year attributable to equity holders of the Company for the year ended 31 March 2006 in the financial statements of the Company was HK\$252,845,000 (2005: HK\$7,181,000).

Notes to the Financial Statements

For the year ended 31 March 2006

9. DIVIDENDS

	2006 HK\$'000	2005 HK\$'000
Interim dividend of HK0.50 cent (2005: HK0.50 cent) per ordinary share	3,847	3,847
Proposed final cash dividend of HK1.20 cents (2005: HK1.00 cent) per ordinary share	9,232	7,694
	13,079	11,541
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2006	3,847	3,847
Final for the year ended 31 March 2005	7,694	2,489
	11,541	6,336

The 2006 final cash dividend of HK1.20 cents (2005: HK1.00 cent) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$129,519,000 (2005: (Restated) HK\$103,653,000) and on 769,359,104 shares (2005: on weighted average number of 758,295,989 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2006 and 31 March 2005 as the Company had no dilutive potential ordinary shares during both years.

Notes to the Financial Statements

For the year ended 31 March 2006

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	2006 Total HK\$'000
Executive directors					
Rossana Wang Gaw	50	1,800	60	12	1,922
Goodwin Gaw	50	420	500	–	970
Kenneth Gaw	50	2,310	590	12	2,962
Jane Tsui	50	120	20	7	197
Independent non-executive directors					
Charles, Wai Bun Cheung	80	–	–	–	80
Bernard Charnwut Chan	80	–	–	–	80
Arnold Tin Chee Ip	80	–	–	–	80
Total	440	4,650	1,170	31	6,291

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	2005 Total HK\$'000
Executive directors					
Rossana Wang Gaw	30	2,205	60	12	2,307
Goodwin Gaw	30	730	–	–	760
Kenneth Gaw	30	2,796	180	12	3,018
Jane Tsui	30	180	10	7	227
Independent non-executive directors					
Charles, Wai Bun Cheung	30	–	–	–	30
Bernard Charnwut Chan	30	–	–	–	30
Arnold Tin Chee Ip	30	–	–	–	30
Total	210	5,911	250	31	6,402

Notes to the Financial Statements

For the year ended 31 March 2006

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)**(b) Other senior management's emoluments**

- (1) During the year, the five highest paid individuals included three directors (2005: four directors), details of whose emoluments are included above. The details of the remuneration of the remaining two (2005: one) highest paid individual are set out below:

	2006	2005
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,624	925
Bonuses	590	70
Pension scheme contributions	20	12
	2,234	1,007

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

	2006	2005
HK\$		
Nil – 1,000,000	1	–
1,000,001 – 1,500,000	1	1

Notes to the Financial Statements

For the year ended 31 March 2006

12. FIXED ASSETS**(a) Investment properties**

	2006	2005
	HK\$'000	HK\$'000
At valuation	227,100	180,203
At cost	9,537	9,537
At 31 March 2005 (31 March 2004)	236,637	189,740
Additions	119,599	37,716
Disposals	(1,591)	(19,645)
Exchange adjustment	–	(58)
Reclassification	(23,663)	–
Revaluation	62,318	28,884
At 31 March 2006 (31 March 2005)	393,300	236,637

Investment properties comprises the following:

	2006	2005
	HK\$'000	HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	151,000	48,100
Leasehold properties in Hong Kong – medium term	235,000	179,000
Long term leasehold properties in Mainland China	7,300	–
	393,300	227,100
At cost:		
Long term leasehold properties in Mainland China	–	7,947
Freehold property in Myanmar	–	1,590
	–	9,537
	393,300	236,637

Notes to the Financial Statements

For the year ended 31 March 2006

12. FIXED ASSETS *(continued)***(a) Investment properties** *(continued)*

Investment properties have been valued at 31 March 2006 by AA Property Services Limited, independent professional valuers, on an open market value basis.

(b) Leasehold land

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

	2006 HK\$'000	2005 HK\$'000
In Hong Kong, held on leases:		
Over 50 years	11,358	–

Notes to the Financial Statements

For the year ended 31 March 2006

12. FIXED ASSETS (continued)**(c) Property, plant and equipment**

	Building HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost			
At 31 March 2004	–	10,357	10,357
Additions	–	506	506
Disposals	–	(1,690)	(1,690)
Exchange adjustment	–	(5)	(5)
Reclassification to other investments	–	(152)	(152)
At 31 March 2005	–	9,016	9,016
Additions	11,832	11,326	23,158
Disposals	–	(1,670)	(1,670)
At 31 March 2006	11,832	18,672	30,504
Accumulated depreciation			
At 31 March 2004	–	7,660	7,660
Charge for the year	–	575	575
Disposals	–	(1,348)	(1,348)
Exchange adjustment	–	(4)	(4)
Reclassification to other investments	–	(86)	(86)
At 31 March 2005	–	6,797	6,797
Charge for the year	473	986	1,459
Disposals	–	(1,364)	(1,364)
At 31 March 2006	473	6,419	6,892
Net book value			
At 31 March 2006	11,359	12,253	23,612
At 31 March 2005	–	2,219	2,219

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

Notes to the Financial Statements

For the year ended 31 March 2006

13. LISTED ASSOCIATE

On 29 March 2006, the Group disposed of its entire shareholding, 14.31%, of Siam Food Products Public Company Limited which is listed on the Stock Exchange of Thailand for Thai Baht 285,500,000 (approximately HK\$56,800,000). The details of disposal were provided in a circular to shareholders dated 27 April 2006.

14. UNLISTED ASSOCIATES

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i> Restated
The Group		
At cost	14,507	122,805
Goodwill written off	(3,029)	(3,029)
Impairment losses	(18,588)	(11,497)
Exchange reserves	3,847	46
Attributable to post acquisition profit	81,605	11,248
Attributable to investment revaluation reserve	57,666	–
Share of net assets	136,008	119,573
Amount due from associates	230,908	132,921
Amount due to associates	(10,643)	(20,000)
	356,273	232,494
The Company		
At cost	516	516
Amount due from associates	40,283	39,932
	40,799	40,448

Notes to the Financial Statements

For the year ended 31 March 2006

14. UNLISTED ASSOCIATES (continued)

(a) Major associates

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued share capital
			investment	associates	
Valuedrive Investments Ltd	British Virgin Islands	AIA Tower, Macau	25.0%	50.0%	HK\$10
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 5,000,000
Tidefull Investment Ltd	Liberia	Shanghai K Wah Centre, China	7.7%	50.0%	1 fully paid without par value
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
Strand Hotels International Ltd	British Virgin Islands	Three hotels in Myanmar	14.0%	28.0%	US\$11,101,191
Global Gateway, L.P.	United States	Telecom infrastructure in Hong Kong and Singapore	20.0%	20.0%	Partnership interest

Valuedrive Investments Ltd is a new associate invested by the Group in April 2005. The details of the investment were provided in a circular to the shareholders in May 2005.

During 2005, Global Gateway, L.P. disposed of all its real property investments and commenced voluntary wind-up. The total cash distribution received by the Group was HK\$107,700,000.

Notes to the Financial Statements

For the year ended 31 March 2006

14. UNLISTED ASSOCIATES (continued)

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

	2006	2005
	HK\$'000	HK\$'000
Total assets	1,087,758	1,264,818
Total liabilities	(660,888)	(629,649)
Net assets	426,870	635,169
Revenue	75,333	73,059
Profit for the year	187,621	43,990

15. AVAILABLE FOR SALE INVESTMENTS

	2006	2005
	HK\$'000	HK\$'000
The Group		
Listed investments		
Hong Kong	170,264	–
Unlisted investments		
Hong Kong	57,060	–
Outside Hong Kong	47,453	–
	274,777	–
The Company		
Listed investments		
Hong Kong	10,600	–

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.

Included in the listed investments above, the Group held 4.1% equity interest in Asia Financial Holdings Ltd., a company incorporated in Bermuda with limited liability.

Notes to the Financial Statements

For the year ended 31 March 2006

16. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2006 HK\$'000	2005 HK\$'000
Investment disposal receivables	62,588	–
Trade and rental debtors	13	73
Advances & prepayments	5,993	29,041
	68,594	29,114

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

	2006 HK\$'000	2005 HK\$'000
Aging analysis		
0 – 30 days	13	73
31 – 60 days	–	–
61 – 90 days	–	–
> 90 days	–	–
	13	73

17. INVESTMENTS – FINANCIAL ASSETS AT FAIR VALUE

	2006 HK\$'000	2005 HK\$'000
Listed shares, at market value		
In Hong Kong	218	–
Outside Hong Kong	20,208	–
	20,426	–

Notes to the Financial Statements

For the year ended 31 March 2006

18. SUBSIDIARY COMPANIES

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Unlisted shares, at cost	424,433	424,433
Amount due by subsidiaries	365,378	362,797
Provision for impairment	(45,666)	(295,666)
	744,145	491,564

A list of major subsidiaries is set out in note 30.

19. SHARE CAPITAL

	No. of shares of HK\$0.10 each	<i>HK\$'000</i>
Authorised		
At 31 March 2006 and 31 March 2005	2,000,000,000	200,000
Issued and fully paid		
At 31 March 2006 and 31 March 2005	769,359,104	76,935

20. RESERVES**The Group**

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Share premium	307,687	307,687
Capital reserve and contributed surplus	41,242	52,783
Exchange reserve	6,781	9,562
Investment revaluation reserve	164,030	–
Retained earnings	318,379	188,860
	838,119	558,892

Notes to the Financial Statements

For the year ended 31 March 2006

20. RESERVES (continued)

The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
At 31 March 2004	304,729	403,929	(261,175)	–	447,483
Shares repurchased	(3)	–	–	–	(3)
Shares issued as scrip dividend	2,961	–	–	–	2,961
Profit for the year	–	–	7,181	–	7,181
Final dividend paid for the year ended 31 March 2004	–	(7,490)	–	–	(7,490)
Interim dividend paid for the year ended 31 March 2005	–	(3,847)	–	–	(3,847)
At 31 March 2005	307,687	392,592	(253,994)	–	446,285
At 31 March 2005	307,687	392,592	(253,994)	–	446,285
Profit for the year	–	–	252,845	–	252,845
Final dividend paid for the year ended 31 March 2005	–	(7,694)	–	–	(7,694)
Interim dividend paid for the year ended 31 March 2006	–	(3,847)	–	–	(3,847)
Revaluation of available for sale investments	–	–	–	6,250	6,250
At 31 March 2006	307,687	381,051	(1,149)	6,250	693,839

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\$379,902,000 (2005: HK\$138,598,000).

Notes to the Financial Statements

For the year ended 31 March 2006

21. SECURED BANK LOANS

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
The Group		
Current		
Repayable on demand	87,921	143,700
	87,921	143,700
Non-current		
Repayable more than one year but not exceeding two years	83,200	21,450
Repayable more than two years but not exceeding five years	17,000	–
	100,200	21,450
The Company		
Current		
Repayable on demand	54,121	59,000

All bank loans are denominated in Hong Kong dollars (2005: 7.6% of the bank loans were denominated in United States dollars). The effective interest rate at the balance sheet date was 5.1% (2005: 2.5%). The carrying amounts of bank loans approximate to their fair value based on prevailing market interest rate.

Notes to the Financial Statements

For the year ended 31 March 2006

22. 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 and other properties HK\$'000	Accelerated tax depreciation HK\$'000	Unremitted profits HK\$'000	Total HK\$'000
At 31 March 2005, as restated	29,401	1,523	850	31,774
(Credit)/charge to income statement				
– subsidiaries	11,019	484	–	11,503
– reversal of unremitted profit upon disposal of associates	–	–	(850)	(850)
At 31 March 2006	40,420	2,007	–	42,427
At 31 March 2004, as previously reported	–	1,568	986	2,554
Prior year adjustment				
Deferred tax arising from fair value change of investment properties	24,346	–	–	24,346
At 31 March 2004, as restated	24,346	1,568	986	26,900
Prior year adjustment				
Deferred tax arising from fair value change of investment properties	5,055	–	–	5,055
Credit to income statement				
– subsidiaries	–	(45)	–	(45)
– listed associate	–	–	(60)	(60)
– unlisted associates	–	–	(76)	(76)
At 31 March 2005, as restated	29,401	1,523	850	31,774

The Group has tax losses of HK\$32,300,000 (2005: HK\$38,700,000) 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 2006

23. CREDITORS & ACCRUALS

	2006 HK\$'000	2005 <i>HK\$'000</i>
<hr/>		
Creditors and accruals comprised the following:		
Trade creditors	-	41
Provision for long service payments	1,594	1,769
Accruals & other creditors	10,721	13,776
	<hr/> 12,315 <hr/>	<hr/> 15,586 <hr/>

	2006 HK\$'000	2005 <i>HK\$'000</i>
<hr/>		
Aging analysis		
0 – 30 days	-	-
31 – 60 days	-	-
61 – 90 days	-	-
> 90 days	-	41
	<hr/> - <hr/>	<hr/> 41 <hr/>

Notes to the Financial Statements

For the year ended 31 March 2006

24. CONTINGENT LIABILITIES & COMMITMENTS

	Group		Company	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Guarantees				
– to subsidiaries	–	–	188,120	142,070
– to an associate	–	30	–	–
– on utility deposits	486	224	–	–
Commitments				
– to purchase foreign currency (US\$10,000,000)	–	78,488	–	78,488
– to sell Hong Kong Dollars	–	78,488	–	78,488
– to purchase investment properties	–	93,509	–	–
– for further investment	–	682	–	–
– for total future minimum lease payments				
– not later than one year	5,493	1,423	–	–
– later than one year and not later than five years	2,919	240	–	–

25. 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:

	2006 HK\$'000	2005 HK\$'000
Not later than one year	20,071	16,879
Later than one year but not later than five years	11,003	18,288
	31,074	35,167

Notes to the Financial Statements

For the year ended 31 March 2006

26. PLEDGE OF ASSETS

At the balance sheet date, properties, investments and bank balances of the Group with a carrying value of approximately HK\$373 million, HK\$160 million and HK\$23 million (2005: HK\$216 million, HK\$109 million and HK\$41 million) respectively were pledged to secure banking and other loan facilities to the extent of HK\$319 million (2005: HK\$198 million) of which HK\$188 million (2005: HK\$165 million) was utilised at that date.

27. SHARE OPTION SCHEME

As at 31 March 2006, the Company had outstanding options to subscribe for an aggregate of 50,052,962 (2005: 50,052,962) shares in the Company. Summary of the outstanding options is as follows:

Exercise Price	Date of grant	Exercise period	Number of options At 31 March 2006 & 31 March 2005
To executive directors			
HK\$1.8897	24 October 1996	24 October 1996 to 23 October 2006	22,200,039
HK\$1.5405	6 March 1997	6 March 1997 to 5 March 2007	26,149,309
			48,349,348
To employees			
HK\$0.6359	30 August 2001	30 August 2001 to 29 August 2006	1,703,614
			50,052,962

No options were exercised during the year.

Notes to the Financial Statements

For the year ended 31 March 2006

28. RELATED PARTY TRANSACTIONS

- (a) The Group subscribed a preference share for a consideration of US\$1 issued by an entity controlled by two directors of the Company.
- (b) 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 2006 amounted to HK\$171,000.

The transactions of (a) and (b) above were exempted from announcement, reporting and shareholders' approval as the transactions were within the relevant maximum amount permitted under the listing rules of the Stock Exchange.

29. EVENTS AFTER BALANCE SHEET DATE

- (a) In May 2006, the Group acquired a Hong Kong incorporated company for HK\$82,000,000. The acquired company is a holding company which owns the whole of 1st, 2nd, 22nd, 25th, 27th, 29th, 31st and 35th floors of Morrison Plaza, Wanchai, Hong Kong. Details of the purchase were provided in a circular to the shareholders on 15 May 2006.
- (b) In June 2006, the Group entered into a provisional sale and purchase agreement to dispose of the whole of 1st and 2nd floors of Morrison Plaza, Wanchai, Hong Kong for HK\$33,000,000. Details of the disposal were provided in a circular to the shareholders on 26 June 2006.

30. LIST OF MAJOR SUBSIDIARIES

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
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	60
Fortune Far East Limited	Investment	Liberia	1	US\$1,000	100
Future Star Company Limited	Investment	British Virgin Islands	1	US\$1	100

Notes to the Financial Statements

For the year ended 31 March 2006

30. LIST OF MAJOR SUBSIDIARIES (continued)

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Gamolon Investments Limited	Real Estate	Hong Kong	100	HK\$10	100
Glory East Limited	Real Estate	Liberia	1	Nil	100
Golden Mile Limited	Real Estate	Liberia	1	Nil	100
Grand Prospect Enterprises Limited	Investment	Hong Kong	1,000	HK\$1	100
Green Harmony Global Co., Ltd	Investment	British Virgin Islands	1	US\$1	100
Long Growth Investments Limited	Real Estate	British Virgin Islands	1	US\$1	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
PGG Asset Management Limited	Asset management	Hong Kong	1	US\$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 iConcepts Limited	Computer Consultancy Services	Hong Kong	36,363,636	HK\$1	55
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
Wealth Instrument Inc.	Investment	British Virgin Islands	1	US\$1	100

Notes to the Financial Statements

For the year ended 31 March 2006

31. FINANCIAL RISKS

The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and interest rate risk.

(a) Market risk

(i) Currency risk

As at 31 March 2006, the Group's investment classified as financial assets consisted of foreign listed securities amounted to HK\$20,208,000, the value of which fluctuates because of changes in foreign exchange rates.

(ii) Price risk

As at 31 March 2006, the Group had the following investments, the value of which fluctuates as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all financial instruments traded in the market.

	<i>HK\$'000</i>
Available for sale investments	170,264
Financial assets	20,426

(b) Credit risk

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

(c) Liquidity risk

The Group maintains flexibility in funding by keeping committed credit lines available from high-credit-quality financial statements.

(d) Interest rate risk

The Group has no significant interest-bearing assets. The Group's interest-rate risk arises from bank borrowings. Borrowings granted at variable rates expose the Group to interest rate risk.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 22 to 60 have been approved by the Board of Directors on 11 July 2006.

Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2006:

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. 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

	2002 HK\$'000	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000 Restated	2006 HK\$'000
RESULTS					
Turnover	49,256	42,264	35,518	32,048	45,853
Profit/(loss) attributable to shareholders	(53,538)	2,598	21,866	103,653	129,519
Dividends	–	–	–	11,541	11,541
Earnings/(loss) per share (HK cents)	(7.11)	0.35	2.92	13.67	16.83
BALANCE SHEET					
Total assets	608,156	637,741	630,011	850,482	1,175,357
Total liabilities	(69,793)	(104,562)	(69,294)	(213,174)	(243,894)
	538,363	533,179	560,717	637,308	931,463
Capital and reserves					
Share capital	74,948	74,898	74,898	76,935	76,935
Reserves	460,898	457,040	483,685	558,892	838,119
Shareholders' funds	535,846	531,938	558,583	635,827	915,054
Minority interests	2,517	1,241	2,134	1,481	16,409
	538,363	533,179	560,717	637,308	931,463
Net asset value per share	HK cents 71.2	HK cents 71.3	HK cents 74.6	HK cents 83.8	HK cents 118.9



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