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Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2012, together with the comparative figures for the corresponding period in 2011 as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended	
		31 March	
	<i>Notes</i>	2012	2011
		HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		179,762	160,767
Share of associates		78,324	52,163
		<u>258,086</u>	<u>212,930</u>
Turnover of Company and subsidiaries	4	179,762	160,767
Properties operating expenses		(31,717)	(21,902)
Staff costs		(13,522)	(12,082)
Depreciation		(525)	(611)
Other expenses		(4,501)	(3,453)
		<u>(50,265)</u>	<u>(38,048)</u>
Operating profit		129,497	122,719
Share of profits of associates		37,457	102,067
Change in fair value of investment properties		296,249	335,882
Other gains and losses	5	31,268	57,901
Finance costs		(29,843)	(13,536)

		For the year ended	
		31 March	
	<i>Notes</i>	2012	2011
		HK\$'000	HK\$'000
Profit before taxation	6	464,628	605,033
Taxation			
Current	7	(3,052)	(1,309)
Deferred	7	(59,224)	(55,787)
		<u>402,352</u>	<u>547,937</u>
Profit for the year		<u>402,352</u>	<u>547,937</u>
Profit attributable to:			
Shareholders of the Company		340,563	469,622
Non-controlling interests		61,789	78,315
		<u>402,352</u>	<u>547,937</u>
		<u>402,352</u>	<u>547,937</u>
Earnings per share	9	HK cents 36.08	HK cents 61.04
		<u>36.08</u>	<u>61.04</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31 March	
	2012	2011
	HK\$'000	HK\$'000
Profit for the year	<u>402,352</u>	<u>547,937</u>
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	(57,104)	28,661
– associates	(1,474)	13,819
Exchange difference on translation of associates	(7,349)	5,199
Release of exchange reserve upon disposal of subsidiaries	<u>–</u>	<u>(3,741)</u>
Other comprehensive income for the year, net of tax	<u>(65,927)</u>	<u>43,938</u>
Total comprehensive income for the year	<u>336,425</u>	<u>591,875</u>
Total comprehensive income attributable to:		
Shareholders of the Company	272,635	510,975
Non-controlling interests	<u>63,790</u>	<u>80,900</u>
	<u>336,425</u>	<u>591,875</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March 2012 HK\$'000	At 31 March 2011 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties		4,136,700	3,282,800
Associates		669,864	625,371
Available for sale investments		229,085	353,348
Property, plant and equipment		2,072	2,607
Other assets		950	1,447
		<u>5,038,671</u>	<u>4,265,573</u>
Current assets			
Debtors, advances & prepayments	10	26,113	23,810
Available for sale investments		12,260	48,970
Financial assets at fair value		1,780	5,887
Cash & bank balances		155,582	54,884
		<u>195,735</u>	<u>133,551</u>
Total assets		<u>5,234,406</u>	<u>4,399,124</u>
EQUITY			
Share capital	15	115,404	76,935
Share premium	15	547,748	307,687
Other reserves		2,060,007	1,815,069
		<u>2,723,159</u>	<u>2,199,691</u>
Shareholders' funds		2,723,159	2,199,691
Non-controlling interests		498,765	441,640
		<u>3,221,924</u>	<u>2,641,331</u>
Total equity		<u>3,221,924</u>	<u>2,641,331</u>
LIABILITIES			
Non-current liabilities			
Creditors & accruals		31,615	29,272
Secured bank loans		433,410	1,221,997
Deferred payment	11	61,500	102,500
Deferred taxation		365,999	279,816
		<u>892,524</u>	<u>1,633,585</u>
Current liabilities			
Creditors & accruals	12	31,577	20,648
Secured bank loans		1,046,053	102,044
Deferred payment	11	41,000	–
Tax liabilities		1,328	1,516
		<u>1,119,958</u>	<u>124,208</u>
Total liabilities		<u>2,012,482</u>	<u>1,757,793</u>
Total equity and liabilities		<u>5,234,406</u>	<u>4,399,124</u>

Notes:

1. BASIS OF PREPARATION

The audited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 March 2011, except for the changes set out below.

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

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 24 (Revised)	Related Parties Disclosures
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs did not have any material effect on the financial position or performance of the Group for the current and/or prior accounting years.

New and revised Standards and Interpretations in issue but not yet effective

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

HKAS 1 (Amendment)	Presentation of Financial Statements ³
HKAS 12(Amendment)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (Amendment)	Employee Benefits ⁴
HKAS 27 (2011)	Separate Financial Statements ⁴
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁴
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ⁵
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets ¹
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ⁴
HKFRS 9	Financial Instruments ⁶
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

⁵ Effective for annual periods beginning on or after 1 January 2014

⁶ Effective for annual periods beginning on or after 1 January 2015

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

3. SEGMENT INFORMATION

Business segment

The Group is principally engaged in property and hotels investments and other investment holdings business in Hong Kong, Thailand and China.

	Property and hotels		Investments and others		Consolidated	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Segment turnover						
Company and subsidiaries	<u>165,173</u>	<u>142,731</u>	<u>14,589</u>	<u>18,036</u>	<u>179,762</u>	<u>160,767</u>
Segment result	116,176	105,656	13,792	17,441	129,968	123,097
Unallocated corporate expenses					<u>(471)</u>	<u>(378)</u>
Operating profit					129,497	122,719
Share of profits of associates	37,457	102,067	–	–	37,457	102,067
Change in fair value of investment properties	296,249	335,882	–	–	296,249	335,882
Other gains and losses	10,168	48,752	21,100	9,149	31,268	57,901
Finance costs					(29,843)	(13,536)
Taxation					(62,276)	(57,096)
Non-controlling interests					(61,789)	(78,315)
Profit attributable to shareholders					<u>340,563</u>	<u>469,622</u>

Geographical Segment

	2012 HK\$'000	2011 HK\$'000
Revenue from external customers by location of operations		
Hong Kong	168,948	147,934
Overseas	<u>10,814</u>	<u>12,833</u>
	<u>179,762</u>	<u>160,767</u>

Overseas segment includes China, Thailand, Singapore, Malaysia and United States.

4. TURNOVER

	2012 HK\$'000	2011 HK\$'000
Rental income	138,516	88,034
Property expenses recovery	26,657	16,207
Asset management fee	–	8,134
Dividend income	8,703	7,742
Interest income	5,199	9,843
Others	<u>687</u>	<u>30,807</u>
	<u>179,762</u>	<u>160,767</u>

5. OTHER GAINS AND LOSSES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net gain on disposal of available for sale investments	20,005	3,562
Gain on disposal of investment properties and other fixed assets	26,390	46,433
(Goodwill written off)/negative goodwill on acquisition of subsidiaries	(17,456)	2,229
Increase in fair value of financial assets at fair value	629	2,231
Other gains and recovery of impairment provision	1,700	3,446
	<u>31,268</u>	<u>57,901</u>

6. PROFIT BEFORE TAXATION

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	29,843	13,536
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	13,419	11,945
Pension scheme contributions	103	137
Auditors' remuneration	498	430
Depreciation	525	611
Provision/(over)-provision for long service payments	161	(80)
and after crediting:		
Rental income from investment properties	138,516	88,034
Less: direct outgoings	(1,749)	(2,444)
Listed investment income	6,039	5,542
Unlisted investment income	2,664	2,200
Interest income	5,199	9,843
Exchange gain	193	237

7. TAXATION

	2012			2011		
	Current taxation <i>HK\$'000</i>	Deferred taxation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Current taxation <i>HK\$'000</i>	Deferred taxation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong						
– Provision for the year	3,023	59,224	62,247	2,510	55,787	58,297
Overseas						
– Provision for the year	29	–	29	26	–	26
– Over-provision in prior years	–	–	–	(1,227)	–	(1,227)
	<u>3,052</u>	<u>59,224</u>	<u>62,276</u>	<u>1,309</u>	<u>55,787</u>	<u>57,096</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated Hong Kong source assessable profits for the year. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

8. DIVIDEND

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interim dividend of HK1.20 cents (2011: HK1.00 cent) per ordinary share	13,849	7,694
Proposed final cash dividend of HK2.30 cents (2011: HK1.80 cents) per ordinary share	<u>26,543</u>	<u>13,848</u>
	<u>40,392</u>	<u>21,542</u>
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2012 (2011)	13,849	7,694
Final for the year ended 31 March 2011 (2010)	<u>13,848</u>	<u>13,848</u>
	<u>27,697</u>	<u>21,542</u>

The 2012 final cash dividend of HK2.30 cents (2011: HK1.80 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting (“AGM”).

9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$340,563,000 (2011: HK\$469,622,000) and the weighted average of 943,831,251 shares (2011: 769,359,104 shares) in issue during the year.

Weighted average number of shares

	2012	2011
Number of shares in issue	769,359,104	769,359,104
Effect of open offer	<u>174,472,147</u>	<u>–</u>
Weighted average number of shares	<u>943,831,251</u>	<u>769,359,104</u>

No diluted earnings per share have been presented for the years ended 31 March 2012 and 31 March 2011 as the Company had no dilutive potential ordinary shares during both years.

10. TRADE RECEIVABLES

Rental receivables from tenants are due on presentation of debit notes and payable in advance. The aging analysis of the trade and rental debtors at the reporting date was as follows:

	31 March 2012 <i>HK\$'000</i>	31 March 2011 <i>HK\$'000</i>
0 – 30 days	664	345
31 – 60 days	<u>35</u>	<u>957</u>
	<u>699</u>	<u>1,302</u>

11. DEFERRED PAYMENT

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

12. TRADE PAYABLES

Trade payables are included in creditors and accruals. The aging analysis of the trade payables at the reporting date was presented based on the dates of the invoices as follows:

	31 March 2012 HK\$'000	31 March 2011 HK\$'000
0 – 30 days	5,717	1,346
31 – 60 days	1	312
61 – 90 days	517	206
> 90 days	66	3,149
	<u>6,301</u>	<u>5,013</u>

13. CONTINGENT LIABILITIES AND COMMITMENTS

	The Group		The Company	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees				
– given to bank in respect of banking facilities utilized by subsidiaries	446,500	193,533	446,500	193,000
– given to bank in respect of banking facilities utilized by associates	187,364	20,000	20,000	20,000
– on utility deposits	609	609	533	533
Commitments				
– for total future minimum lease payments				
– not later than one year	2,309	1,824	–	–
– later than one year and not later than five years	720	869	–	–
– for purchase of available for sale investments				
– not later than one year	4,529	7,111	–	–
– for purchase of an investment property				
– not later than one year	–	21,420	–	–
– for investment through an associate				
– not later than one year	–	22,008	–	–

14. ACQUISITION OF SUBSIDIARIES

The Group acquired the entire issued share capital of AEW VIA Cayman 4, Ltd. and its subsidiaries (“AEW VIA Group”) on 28 September 2011. AEW VIA Group is holding an investment property, The Pemberton located at 22-26 Bonham Strand, Sheung Wan, Hong Kong. After the acquisition, AEW VIA Group became indirectly wholly owned subsidiaries of the Company. The results, assets and liabilities have been consolidated into the accounts of the Group. The acquired subsidiaries contributed revenue of HK\$9.4 million and profit after tax of HK\$4.5 million to the Group for the period from 28 September 2011 to 31 March 2012.

	Acquiree's carrying amount <i>HK\$'000</i>	Fair value adjustment <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Net assets acquired			
Investment property	523,000	17,000	540,000
Debtors, advances & prepayments	871	–	871
Cash and bank balances	9,237	–	9,237
Creditors & accruals	(8,226)	–	(8,226)
Bank loan	(261,500)	–	(261,500)
Deferred tax liabilities	(26,515)	(2,805)	(29,320)
	236,867	14,195	251,062
Goodwill (Note 5)			17,456
Total consideration, satisfied by cash			268,518
Cash and cash equivalents acquired			(9,237)
Net cash outflow arising on acquisition			259,281

The goodwill arising from the acquisition was recognized in the consolidated income statement as its potential economic benefit was uncertain to be realized in the future due to the high volatility of the Hong Kong property market.

15. SHARE CAPITAL AND SHARE PREMIUM

SHARE CAPITAL

	Number of Shares of HK\$0.10 each	<i>HK\$'000</i>
Authorized		
At 31 March 2012 and 31 March 2011	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2011	769,359,104	76,935
Open offer	384,679,552	38,469
At 31 March 2012	1,154,038,656	115,404

SHARE PREMIUM

	<i>HK\$'000</i>
At 31 March 2011	307,687
Open offer	240,061
At 31 March 2012	547,748

On 18 October 2011, the Company issued 384,679,552 new ordinary shares of HK\$0.10 each at a price of HK\$0.73 per share on the basis of one offer share for every two shares held on 22 September 2011, the record date of the open offer. Net proceeds from such issue amounted to HK\$278,530,000, out of which HK\$38,469,000 and HK\$240,061,000 were recorded in share capital and share premium account respectively. All the new shares issued during the year ranked pari passu with the then existing shares in all respects.

16. EVENTS AFTER THE REPORTING PERIOD

On 25 April 2012, the Group entered into a provisional sale and purchase agreement to dispose of the 12th Floor and the roof and car parking spaces of Edwick Industrial Centre, Kwai Chung, New Territories for a total consideration of HK\$36.2 million. The completion date is scheduled to be in July 2012.

BUSINESS REVIEW

Since the summer of 2011, world economy has been unstable due to the Eurozone sovereign debt crisis, which has greatly affected global economic growth.

During 2011, China has been successful in cooling inflation and housing prices by keeping higher bank reserve requirement and interest rate while maintaining severe restrictions on property purchases. However, in face of uncertain world economy and slowdown in its export sector, the Chinese Government started to inject liquidity into the banking system in the beginning of 2012. And for the first time in more than two years, it surprised the markets by lowering interest rates. While it is unlikely for China to repeat its RMB4 trillion stimulus program after the 2008 global financial crisis, signs are clear that China will be using monetary and fiscal policy tools to avoid a hard landing.

During the second half of 2011, tight monetary policies in China and the sovereign debt crisis in Europe affected liquidity and the property market in Hong Kong. However, with the historically low interest rate tied to loose US monetary policy and an economy tied to the high growth Chinese economy, prices had strong support. In particular, retail and office properties have continued to be robust due to lack of supply in the market. Looking forward, the biggest fundamental effect for the Hong Kong market will be the government's land supply and public housing policies. It is expected that the new administration of CY Leung will change the Hong Kong government's land and public housing policies.

In 2011, Thailand held a successful general election which brought landslide victory for the Pheu Thai Party led by Yingluck Shinawatra. This is only the second time in Thai political history that a single party won the parliamentary majority. But then this positive mood was spoilt by unprecedented flooding in central Thailand and Bangkok. While the floods caused significant damages to industrial facilities and agricultural production, the economy and consumer spending have recovered surprisingly quickly since then. And as all of the major tourist resorts (like Pattaya, Koh Samui, Phuket) are outside of the flood zone, the tourism industry escaped largely unaffected. The exception is Bangkok, which suffered from high cancellations during the crisis. Fortunately, since most major hotels in the city have not been affected during the flood, recovery came quickly in the high season.

For the year ended 31 March 2012, the Group had turnover (including share of associates) of HK\$258.1 million, compared to HK\$212.9 million in 2011. Operating profits also increased to HK\$129.5 million (2011: HK\$122.7 million). The increase in turnover and operating profits were due to the acquisitions of the Pemberton building and Pullman Bangkok Hotel G (previously Sofitel Silom), and the full year accounting of revenues from 68 Yee Wo Street Building. Net profit for the Group was HK\$402.4 million (2011: HK\$547.9 million). While operating results rose during the period, the decrease in net profit was mainly due to lower fair value increase in investment properties, lower gain on disposal of properties, goodwill write-off related to acquisition, and higher financial costs. Net profit attributable to shareholders (less non-controlling interest) was HK\$340.6 million (2011: HK\$469.6 million).

On 17 October 2011, the Group completed an open offer of 384,679,552 new shares at a subscription price of HK\$0.73 per share, raising a total amount (before expenses) of HK\$280.8 million. The proceeds from the offer will be used to finance the upcoming Pioneer Building conversion works as well as any other attractive investment opportunities.

Property Investments

As at 31 March 2012, occupancy for the Group's 60% owned 68 Yee Wo Street Building (229,200 sq.ft.) in Causeway Bay was 90%. During the period, the property also contributed rental and related revenues of HK\$91.1 million and a fair value gain of HK\$134.8 million on the back of a robust commercial property market.

During the reporting period, the Club Lusitano Building (80,100 sq.ft.) contributed HK\$37.1 million in rental and related revenues and fair value increase of HK\$76.9 million. As at 31 March 2012, the property had an occupancy rate of 100%.

The Pioneer Building (245,678 sq.ft.) in Kwun Tong, Kowloon also enjoys a high occupancy rate (100% as at 31 March 2012), and contributed HK\$24.3 million in rental and related revenues and HK\$72.0 million in fair value increase during the year.

In September 2011, the Group acquired the holding company which owns the 70,616 sq.ft. The Pemberton, Nos. 22-26 Bonham Strand, Hong Kong for a property value of HK\$523.0 million. As at 31 March 2012, the property was valued at HK\$540.0 million by an independent appraiser. The property is located near the Sheung Wan MTR station and is well occupied by a fine roster of commercial and F&B tenants. The Group plans to hold this asset as a long-term investment for rental income and capital appreciation. During the period since acquisition, the Pemberton building contributed HK\$9.4 million in rental and related revenues to the Group.

The Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company) contributed an associate profit of HK\$20.0 million to the Group.

In November 2011, the Group disposed of an investment property located on 6th Floor, On Lok Yuen Building, Des Voeux Road Central, Hong Kong. The property was purchased in 1986 for the consideration of HK\$3.8 million. The sale consideration was HK\$40.0 million and the disposal has achieved a total capital gain of HK\$35.7 million.

Investments in Hotel Industry

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

During the 12 months ended 31 March 2012, the Pullman Pattaya Aisawan Resort (owned by the Group's 49.5% owned associated company) had revenues of Baht 310.2 million (2011: Baht 264.3 million) and operating profits of Baht 125.5 million (2011: Baht 102.4 million). Net profit after depreciation and interest was Baht 27.1 million (2011: Baht 5.9 million). Throughout the past 12 months, the Thai tourism industry has continued its recovery from the political crisis of 2010. However, due to increased competition from newly completed hotels in the Pattaya market, room rates are still below pre-crisis levels even though occupancy has rebounded. In order to take advantage of synergistic marketing effects with its newly acquired sister property in Bangkok, the Pullman Pattaya Aisawan Resort has been rebranded as Pullman Pattaya Hotel G since April this year.

In June 2011, the Group (through the same 49.5% owned associate that holds the Pullman Pattaya Hotel G) acquired the 469 rooms Sofitel Silom Hotel in central Bangkok for Baht 2.02 billion. We believe that this new property will provide significant operational synergies with the Pullman Pattaya Hotel G. Since taking over the property, we have carried out a major renovation program to rebrand the property into a lifestyle hotel. New lobby, new rooms, new restaurants, and new function rooms were all unveiled in the first half of 2012 and the property was renamed Pullman Bangkok Hotel G. Since our acquisition in June 2011, the Pullman Bangkok Hotel G had revenues of Baht 266.7 million and operating profit of Baht 33.8 million. Net loss after financing costs and depreciation was Baht 97.7 million. The hotel operating performance was negatively affected by floods in the 3rd and 4th quarter and the property underwent a major renovation program during the period. In spite of this, we are confident that the property will become a strong competitor in the market place.

The Group (through its 49.5% owned Thai associated company) owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. The plan is to develop a world-class luxury resort with branded residences. Phase 1 of the project is planned as a 100-keys all villa resort and luxury residences operating under the brand of Park Hyatt Phuket. During the reporting period, we have started the submission process to the local government authorities. It is expected that approvals for the project will be obtained in the second half of this year.

In November 2011, the Mercure Pattaya Hotel (65% owned by the Group's 49.5% associated company) was sold for a consideration of Baht 490.0 million. The disposal generated an estimated gain of Baht 176.3 million to our associated company.

A 50% owned associated company of the Group holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. For the year ended 31 December 2011, Dusit Thani had revenues of Baht 3.92 billion (2010: Baht 3.60 billion) and net profit of Baht 31.0 million (2010: Baht 108.1 million). Dividend income to our associated company was Baht 4.4 million (2010: Baht 4.4 million).

The Group's unlisted associate (27.71% owned by the Group), Strand Hotels International Limited, is in a 50/50 joint venture with the government of Myanmar to own and operate three hotels in Yangon – the Strand Hotel, the Inya Lake Hotel, and the Thamada Hotel. Since Myanmar's general election in late 2010, the new regime has engaged in a series of political reforms. The most significant of these reforms have been the release of the opposition leader Aung San Suu Kyi, who was recently elected into the parliament. In addition, economic reforms have also started, including the regularization of the currency regime. As a result of these very encouraging developments, we have seen a significant increase in both tourists and business visitors. As long as the reforms continue, we believe that Myanmar as a country will offer significant investment opportunities in tourism and other sectors.

PROSPECTS

Touted as the new major business district of the city, Kowloon East (Kowloon Bay and Kwun Tong) has been changing rapidly, with by far the largest completion of new commercial buildings in Hong Kong and attracting many large office space users. With the future redevelopment of the old Kai Tak Airport and its accompanying new infrastructure, the area is anticipated to have the class A office space multiple times of that in Hong Kong Central. As a result, both rental rates and capital values have risen strongly in the area. In light of these developments in the neighborhood, the management has applied for a conversion of the Pioneer Building into a commercial building under Hong Kong Government's revitalization scheme for industrial buildings. We are pleased to report that the proposed scheme has been approved by the government in May 2012. The conversion works will start in 2nd quarter of 2013, and completion is expected by the middle of 2014.

On 27 February 2012, a sale and purchase agreement was signed by the Group to dispose of a shop unit at 14 Kau U Fong, Central for a consideration of HK\$30.0 million. This transaction was completed in May 2012 and will contribute a total capital gain of HK\$4.5 million for the Group.

On 25 April 2012, the Group entered into a provisional sale and purchase agreement to dispose of the 12th Floor and the roof and car parking spaces of Edwick Industrial Centre, Kwai Chung, for a total consideration of HK\$36.2 million. The completion date is scheduled to be in July 2012. When completed, the sale will achieve a total capital gain of HK\$30.0 million of which about HK\$20.2 million were already recognized in previous financial years.

With the proceeds from the open offer and the divestiture of non-core assets, the Group has maintained a healthy balance sheet and is well placed to take advantage of opportunities that may arise from the current economic crisis.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2012, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 31 March 2012, the Group's total debts to total assets ratio was 30.2% (31 March 2011: 32.4%) and net debt to total assets ratio was 27.3% (31 March 2011: 31.2%).

EMPLOYEES

As at 31 March 2012, the number of salaried staff at the holding company level was 18 (2011: 17). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK2.30 cents (2011: HK1.80 cents) per share for the year ended 31 March 2012. The proposed dividend is subject to the approval of shareholders at the forthcoming AGM and payable on 27 September 2012 to all persons registered as shareholders on 21 September 2012.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Monday, 3 September 2012. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 30 August 2012 to 3 September 2012, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 29 August 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The record date for entitlement to the proposed final dividend is Friday, 21 September 2012. For determining the entitlement to the proposed final dividend for the year ended 31 March 2012, the register of members of the Company will be closed from 19 September 2012 to 21 September 2012, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 18 September 2012.

CORPORATE GOVERNANCE

During the year ended 31 March 2012, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management and external auditors the financial condition of the Group for the year ended 31 March 2012, including the accounting principles and practices adopted by the Group and the adequacy of internal control system. The Committee is satisfied with the review and the Board is also satisfied with the Committee's report.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 22 June 2012

As at the date of this announcement, the executive directors of the Company are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Jane Kwai Ying Tsui and the independent non-executive directors of the Company are Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip.