



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

Stock Code 股份代號 : 00224





PIONEER GLOBAL GROUP LIMITED

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Jane Kwai Ying TSUI

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, *JP*

Arnold Tin Chee IP

Stephen TAN

AUDIT COMMITTEE

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

Arnold Tin Chee IP

Stephen TAN

REMUNERATION COMMITTEE

Arnold Tin Chee IP, *Chairman*

Dr. Charles Wai Bun CHEUNG, *JP*

Stephen TAN

Kenneth GAW

COMPANY SECRETARY

Tsui Yan LAW

BANKERS

Bangkok Bank Public Company Limited

Chiyu Banking Corporation Limited

Citibank N.A. Hong Kong

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

SOLICITORS

Baker & McKenzie

Morrison & Foerster

AUDITORS

Wong Brothers & Co.

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

PRINCIPAL OFFICE IN HONG KONG

20th Floor, Lyndhurst Tower

No. 1 Lyndhurst Terrace

Central

Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited

46th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

INFORMATION

www.pioneerglobalgroup.com

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

Bloomberg: 224:HK

Reuters: 0224.hk

Managing Director's Report

BUSINESS REVIEW

Over the past year, Asian economies (other than Japan) have enjoyed strong economic growth despite lackluster western markets. This is due to growing regional trades as well as growing importance in domestic consumption and fixed asset investments in China. Increasingly, China has replaced the U.S. and Japan as the main growth engine for the region.

In China, inflation has affected many areas of the economy, from property prices to food and commodities. As a result, the government began to tighten liquidity by raising reserve requirement and interest rates, as well as putting increasingly severe restrictions on property purchases. While these measures have been effective in cooling the housing market in the short term, long-term demand remain strong as the urbanization process continues in China. We believe that the short-term risk lies more in government cooling measures being too severe, rather than a bubble burst.

Hong Kong, on the other hand, has to deal with a rather difficult balancing act. With a historically low interest rate tied to loose US monetary policy and an economy tied to the high growth Chinese economy, this unnatural marriage has led to a massive rise in asset prices. In addition, the house buying restrictions in China has undoubtedly pushed part of its excess liquidity into the Hong Kong market. The Hong Kong government has responded with a series of measures, from the introduction of a special stamp duty to discourage speculation in the residential market, to lowering loan to value ratios for bank lending, and an increase in land supply. However, since the debt level is not high in the Hong Kong market and physical new supply from recent land sales (which achieved record prices) will not hit the market for a few years, it is likely that the market will continue its current rise for at least the next twelve months.

Thailand has recovered strongly from the political turmoil turned bloodshed since May last year. Not only did the economy record one of the strongest growth year of the decade, the tourism industry also recovered in surprising numbers. All eyes are now on the upcoming general election in July.

For the year ended 31 March 2011, the Group's results were excellent. Turnover of the Group and share of associates for the year was HK\$212.9 million, an increase of 91.0% over the restated revenues in 2010. The increase was due mainly to rental contributions from the Club Lusitano Building (acquired in the second half of 2009-2010 fiscal year) and the increase in ownership in the 68 Yee Wo Street building. During the period, the Group also gained a carried interest payment of HK\$30.4 million from its previous co-investment partners in 68 Yee Wo Street. Profit for the year attributable to shareholders increased substantially to HK\$469.6 million (compared to restated 2010 profits of HK\$339.1 million). This increase in profits was due mainly to increase in operating profit, change in fair value of investment properties, and the gain on disposal of our properties at Maximall in North Point.

Property Investments

In October, 2010, the Group acquired an additional 30% shares in the joint venture company that holds the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong, bringing our aggregate holding to 60% (the Group already owned 30% of the joint venture before the transaction). After the transaction, the Group holds 60% shares in the joint venture company, which has been re-classified and consolidated as a subsidiary and hence contributed direct revenues of HK\$31.0 million to the Group. The occupancy rate of the property was 93% as at 31 March 2011. During the reporting period, a HK\$209.7 million fair value gain of the property was recorded.

Managing Director's Report



68 Yee Wo Street, Causeway Bay



68 Yee Wo Street, Causeway Bay

For the year ended 31 March 2011, Club Lusitano Building (16 Ice House Street in Central, Hong Kong) contributed HK\$28.0 million in rental income and fair value increase in property of HK\$80.0 million to the Group. Due to our hands-on asset management approach since taking over the property, we have been able to substantially increase rental rates for both renewals and new leases signed. As at 31 March 2011, the property enjoys an occupancy rate of 100%.

The Pioneer Building in Kwun Tong, Kowloon continued to enjoy a high occupancy rate (100% as at 31 March 2011). It contributed HK\$21.0 million in rental revenues and fair value increase in property of HK\$38.0 million during the year. As reported previously, the management has been examining various proposals for a potential conversion of the building under Hong Kong Government's revitalization scheme for industrial buildings. To take advantage of this scheme, an architectural firm has been appointed and the plan is to convert the podium space into retail/F&B use while the tower will become

commercial office space. Based on existing tenancy agreements in the building, the conversion works may start as early as 2013 if approved by the government.

In November 2010, the Group sold its retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) for HK\$190.0 million, generating a gain of HK\$46.5 million for the reporting period. From the date of acquisition of the properties in 2005, the deal generated total gains of HK\$54.6 million to the Group.

Rental income of the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company) was relatively stable during the period. The investment contributed an associate profit of HK\$18.0 million to the Group.

The Group's 50% owned associated company invested in a commercial property, Jie Fang Building, Guangzhou, China. During the reporting period,



Pioneer Building, Kwun Tong



Pioneer Building, Kwun Tong (artist's impression)

a cash distribution of HK\$18.8 million resulting from refinancing was received by the Group. This investment contributed HK\$9.8 million profit to the Group as an associated company.

Investments in Hotel Industry

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

For the twelve months ended 31 March 2011, the newly rebranded Pullman Pattaya Aisawan Resort owned by the Group's 49.5% owned associated company had revenues of Baht 264.3 million (2010: Baht 154.4 million) and operating profits of Baht 102.4 million (2010: Baht 15.1 million). The Thai tourism industry was hit by the deeply divisive political crisis in the country that led to a bloodshed in May 2010. Hotels and resorts in Bangkok and Pattaya bore the brunt of this crisis as visitors stayed away. However, the tourism market recovered surprisingly quickly in 4th quarter 2010 and 1st quarter 2011. While rates are still not back to pre-crisis levels, the Thai tourism market has shown its resilience. For the reporting period, the results of associate was a loss of HK\$1.3 million (2010: loss of HK\$7.0 million).

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 twelve months ended 31 December 2010, Dusit Thani had revenues of Baht 3.60 billion (2009: Baht 3.05 billion) and net profit of Baht 108.1 million (2009: loss of Baht 108.0 million). In January 2011, Dusit Thani successfully sponsored the IPO of a listed property fund, Dusit Thani Freehold and Leasehold Property Fund, to hold the Dusit Thani Laguna in Phuket and a portfolio of other hotels. The establishment of this property fund significantly improves the strength of the company's liquidity.

The Group's 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. During the year, a management contract has been signed with Hyatt International to manage the resort as the Park Hyatt Phuket.

Managing Director's Report



Sofitel Silom Hotel, Bangkok



Sofitel Silom Hotel, Bangkok



Sofitel Silom Hotel, Bangkok

PROSPECTS

In January 2011, the Group entered into a provisional sale and purchase agreement to purchase the retail unit of the Ground Floor and the Cockloft of No. 14 Kau U Fong. The consideration was HK\$23.8 million in cash and the transaction was completed on 7 April 2011.

In March 2011, the same 49.5% owned associate that holds the Pullman Pattaya Aisawan Resort entered into an agreement to purchase the 469 rooms Sofitel Silom Hotel in central Bangkok for Baht 2.02 billion. The transaction was closed on 23 June 2011. We believe that we purchased the hotel at an attractive valuation and plan to hold the property through an associated company as a long-term investment. In addition, we believe that this new property will provide significant operational synergies with the Pullman Pattaya Aisawan Resort.

In June 2011, the Group entered into a provisional agreement to purchase a 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. 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 past 18 months, the Group has made major acquisitions such as the Club Lusitano Building and the additional stake in the 68 Yee Wo Street building. In particular, the acquisition of additional shares in the 68 Yee Wo Street project will allow the Group to consolidate its results as a subsidiary of the Company. This will lead to increase in revenues and operating profits contribution to the Group, which will be fully reflected in the next financial year. Now, with the new acquisitions of the Sofitel Silom and the Pemberton Building, the Group has built a sizable portfolio of investment properties and hotels. We are very pleased with these acquisitions and will continue to work hard to enhance their values for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2011, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 31 March 2011, the Group's total debts to total assets was 32.4% (31 March 2010 (restated): 17.3%) and net debt to total assets was 31.2% (31 March 2010 (restated): 13.3%).

EMPLOYEES

As at 31 March 2011, the number of salaried staff at the holding company level was 17 (2010: 16). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

APPRECIATION

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

Kenneth Gaw

Managing Director

Hong Kong, 28 June 2011

Directors' Report

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies are shown in notes 12 and 29 to the financial statements. An analysis of the Group's turnover and contribution to results by principal activity of operations is set out in note 2 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2011 are set out in the consolidated income statement on page 22.

An interim dividend of HK1.0 cent per share, totalling HK\$7,694,000 which was paid on 4 January 2011.

The Directors recommend the payment of a final dividend for the year ended 31 March 2011 at the rate of HK1.80 cents (2010: HK1.80 cents) per share, payable on 30 September 2011 to all persons registered as shareholders on 22 September 2011. The transfer of books and register of members of the Company will be closed from 20 September 2011 to 22 September 2011, both days inclusive, during which period no transfer of shares will be effected. Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 19 September 2011.

SHARE CAPITAL

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

RESERVES

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

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 68.

FIXED ASSETS

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

MAJOR SUBSIDIARIES

Details of the major subsidiaries as at 31 March 2011 are set out in note 29 to the financial statements.

LOANS AND BORROWINGS

Details of loans and borrowings are set out in notes 20 and 21 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year, the five largest customers of the Group accounted for less than 30% of the Group's turnover and the five largest suppliers also accounted for less than 30% of the Group's expenditure on goods and services.

DONATIONS

During the financial year, the Group has made HK\$22,000 charitable donations (2010: HK\$500).

DIRECTORS

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

Executive Directors

Rossana WANG GAW
Goodwin GAW
Kenneth GAW
Jane Kwai Ying TSUI

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP
Arnold Tin Chee IP
Stephen TAN

In accordance with Bye-Laws 82 & 83, Mr. Goodwin Gaw and Mr. Kenneth Gaw will retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting. None of directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

Directors' Report

DISCLOSURE OF DIRECTORS' INTERESTS

As at 31 March 2011, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

Long Position in Shares of the Company

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

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

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

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

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

Long Position in Shares of Associated Corporations

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

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

Save as disclosed above, as at 31 March 2011, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2011, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

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

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

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 2011, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

As at 31 March 2011, there were no outstanding options to subscribe for the shares of the Company. There were no other arrangements to which the Company or any of its subsidiaries was a party to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

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

Directors' Report

DIRECTORS' INTEREST IN CONTRACTS

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

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

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

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 15 to 19.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

RELATED PARTY TRANSACTION

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

AUDITORS

The financial statements for the year ended 31 March 2011 have been audited by Wong Brothers & Co. who retire and being eligible offer themselves for re-appointment. A resolution for the re-appointment of Wong Brothers & Co. as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Rossana Wang Gaw

Chairman

Hong Kong, 28 June 2011

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mrs. Rossana WANG GAW (Chairman)

Aged 65, 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 and hotels business. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a Degree in Business Administration. She is the mother of Mr. Goodwin Gaw and Mr. Kenneth Gaw.

Mr. Goodwin GAW (Vice Chairman)

Aged 42, was appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. He is the Chairman of Gaw Capital Partners, a real estate private equity firm focusing on Asia real estate markets. He is also the President of Downtown Properties Holdings, a private real estate investment company with commercial properties interest in the United States. Mr. Gaw graduated with a Bachelor of Science Degree in Civil Engineering from the University of Pennsylvania, a Finance Degree from Wharton Business School and a Master of Science Degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw and the brother of Mr. Kenneth Gaw.

Mr. Kenneth GAW (Managing Director)

Aged 40, was appointed to the Board in 1994 and became Managing Director of the Group in February 1999. He holds directorships at Dusit Thani Public Company Limited, Home Inns & Hotels Management Inc., and Hong Kong-Thailand Business Council. He was a director of Siam Food Products Public Company Limited until 2006 and was a director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until the company was privatized in July 2000. Mr. Gaw co-founded Gaw Capital Partners, a real estate private equity firm focusing on Asia real estate markets, in July 2005. He graduated with a Bachelor of Science Degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude). Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance with Goldman Sachs (Asia) LLC in Hong Kong. He is the son of Mrs. Rossana Wang Gaw and the brother of Mr. Goodwin Gaw.

Ms. Jane Kwai Ying TSUI

Aged 67, 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 advising on 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 74, 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 of experience in the senior management of companies in various industries including over 22 years of experience of banking business in senior management positions. Dr. Cheung is Chairman of Joy Harvest International Limited, a director and Vice Chairman of the Executive Committee of Metropolitan Bank (China) Ltd.. He is a director and director of Audit Committee of China Resources Bank of Zhuhai Co. Ltd.. He is also an independent non-executive director and Chairman of Audit Committee of both Shanghai Electric Group Company Limited and China Financial International Investments Limited (formerly named Sunshine Capital Investments Group Limited) which are listed on the main board of the Stock Exchange. Dr. Cheung is an independent non-executive director and Chairman of Remuneration Committee of Grand T G Gold Holdings Limited which is listed in GEM board of the Stock Exchange. Dr. Cheung is a Senior Adviser to the Metropolitan Bank & Trust Company, Philippines. He is a council member of The Hong Kong Institute of Directors. Dr. Cheung was formerly Chief Executive and Executive Deputy Chairman of Mission Hills Group and a former director and adviser of Tung Wah Group of Hospitals. He is a Vice Chairman of Guangdong Province Golf Association. He was awarded the Directors of the year Awards 2002 of Listed Company Non-executive Director.

Mr. Arnold Tin Chee IP

Aged 48, was appointed to the Board in 1999. He is the Chairman of the Remuneration Committee of the Company. Mr. Ip is a graduate of Trinity College, Cambridge University. Mr. Ip's work focuses on fund raising for listed and unlisted companies, and management of real estate investment funds. He is a director of Altus Capital Limited where he is involved in the supervision and management of corporate finance and advisory work for companies in Hong Kong and in advising on property investment. He is an independent non-executive director of Pak Fah Yeow International Limited, a company listed on the main board of the Stock Exchange; and Chairman of Japan Residential Assets Manager Limited, manager of a real estate investment trust listed in Singapore. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Limited thereafter until January 2001, specializing in a range of corporate finance and advisory activities for companies based in Hong Kong and China. From 1984 to 1988, he worked at Arthur Andersen & Co in London specializing in taxation and qualified as a chartered accountant in 1988.

Mr. Stephen TAN

Aged 57, was appointed to the Board in 2007. He was educated in the United States and holds a Bachelor's Degree in Business Administration at Rutgers University, and a Master Degree in Business Administration at St. John's University. Mr. Tan is currently the executive director of Asia Financial Holdings Limited which is listed on the main board of the Stock Exchange. He also sits on the boards of Bank Consortium Trust Company Limited, Hong Kong Life Insurance Limited, The Chinese General Chamber of Commerce, Board of Trustee of Pennington School, USA and Hong Kong Chiu Chow Chamber of Commerce. Mr. Tan serves as the Chairman of Cantonese Opera Development Fund Investment Committee of Hong Kong Special Administration Region and Bangkok Mercantile (Hong Kong) Company Limited. He is the President of Chiu Yang Residents Association of Hong Kong Limited, a voting member of Tung Wah Group of Hospitals Advisory Board and Hong Kong Sinfonietta Limited, a founding member of Hong Kong-Thailand Business Council and a trustee of Outward Bound Trust of Hong Kong. Mr. Tan is also a member of Election Committee (Finance), a member of the Mega Events Fund Assessment Committee and an honorary advisor of both The New Graduate School of Business of the Hong Kong Polytechnic University and Hong Kong Baseball Association.

Corporate Governance Report

Good corporate governance provides a framework that is essential for effective management, healthy corporate culture, successful business growth and better shareholders' value. The Group's corporate governance practices emphasize a well-balanced quality Board, effective internal controls and accountability to shareholders. Constant review of the systems and controls within the Group has been carried out by the Company to comply with the prevailing corporate governance standards and requirements.

CORPORATE GOVERNANCE PRACTICES

The Board has duly adopted the principles of good governance provided by the Code on Corporate Governance Practices (the "CG Code") in the Appendix 14 of the Listing Rules. For the year ended 31 March 2011, the Company has applied and complied with the applicable CG Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2011.

BOARD OF DIRECTORS

There is a clear division of responsibilities between the Board and the management. The Board is responsible for directing business affairs of the Company and its subsidiaries which include determining the corporate objectives, business strategies and operational policies, controlling the operating and financial performance, setting appropriate policies to manage risks in pursuit of the Group's strategic objectives and ensuring the Group's operations are conducted in accordance with the framework of laws and regulatory guidelines. The management is delegated with the day-to-day running and operational matters of the Company. The respective functions to the Board and the management have been formalized and set out in writing.

The Board currently comprises seven directors, including four Executive Directors and three Independent Non-executive Directors. The brief biographical details of the Directors including their name, position and relationship are set out on pages 13 to 14. In particular, Mrs. Rossana Wang Gaw (Chairman) is the mother of Mr. Goodwin Gaw (Vice Chairman) and Mr. Kenneth Gaw (Managing Director). Save as aforesaid, none of the members of the Board is related to one another.

The 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.

The Company has received in writing the confirmation of independence from each of the Independent Non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgment.

Corporate Governance Report

The Board meets regularly, and at least four times a year, to review the business development and discuss any matters arising from corporate governance, risk management, accounting and financing. Additional meetings will be held upon the request of the members when they think necessary. Every Director is entitled to have full access to information on the Group and may, in appropriate circumstances, take independent professional advice at the Company's expense. In respect of regular Board meetings, at least 14 days' notice is normally given to all Directors. Draft minutes of every Board meeting are circulated to all Directors for their comment within a reasonable time after the Board meeting is held.

During the financial year, five Board meetings were held and attendance record of each Director is set out below:

Directors	Number of Board Meeting attended	Attendance rate
Executive Directors		
Rossana Wang Gaw (<i>Chairman</i>)	4/5	80%
Goodwin Gaw (<i>Vice Chairman</i>)	4/5	80%
Kenneth Gaw (<i>Managing Director</i>)	5/5	100%
Jane Kwai Ying Tsui	5/5	100%
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP	5/5	100%
Arnold Tin Chee Ip	5/5	100%
Stephan Tan	3/5	60%

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

Each Independent Non-executive Director is appointed for a specific term of not more than 3 years and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws.

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. When there is a vacancy or an addition director, the Directors will identify and nominate suitable candidates to the Board for consideration. The Board will review the qualification of the candidates for determining the suitability to the Group on the basis of his professional knowledge, experience, skills as well as personal ethics, integrity and time commitment. All directors appointed by the Board are subject to election by shareholders at the forthcoming general meeting. As there was no appointment of new director during the financial year, no board meeting was convened for that purpose.

REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee with specific terms of reference in compliance with the Listing Rules. The Remuneration Committee consists of three Independent Non-executive Directors, including Mr. Arnold Tin Chee Ip (Chairman), Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and an Executive Director, Mr. Kenneth Gaw. Under its terms of reference, the principal duties of the Remuneration Committee are to make recommendations to the Board regarding the Group's remuneration policy and to formulate and review the remuneration packages of all the directors and senior executives. The remuneration of directors is determined with reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

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

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

In the meeting, the Remuneration Committee assessed the performance of the Executive Directors and approved the remuneration packages for the Executive Directors and senior executives for year 2011 and the bonus for year 2010.

AUDIT COMMITTEE

The Audit Committee consists of three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, JP (Chairman), Mr. Arnold Tin Chee Ip and Mr. Stephen Tan with its terms of reference in compliance with the Listing Rules. The principal duties of the Audit Committee are to review the interim and annual financial statements, assess the internal control and risk management systems, and monitor the financial aspects of the Group. The members of Audit Committee may request a meeting if they think necessary.

During the financial year, two Audit Committee meetings were held and attendance record of each Director is set out as below:

Directors	Number of Audit Committee Meeting attended	Attendance rate
Independent Non-executive Directors		
Dr. Charles Wai Bun Cheung, JP (<i>Chairman</i>)	2/2	100%
Arnold Tin Chee Ip	2/2	100%
Stephen Tan	0/2	0%

Throughout the year, the Audit Committee had reviewed the interim and annual financial statements and reports of the Group and assessed the effectiveness of the Group's internal control system with the management and external auditors.

AUDITORS' REMUNERATION

During the financial year ended 31 March 2011, the fees charged for statutory audit services provided to the Company and its subsidiaries amounted to HK\$430,000, and in addition HK\$70,000 was charged for other non-statutory audit services, mainly comprised tax advisory services.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that they are responsible for preparing the accounts. The consolidated financial statements of the Company for the year ended 31 March 2011 have been audited by the external auditors, Wong Brother & Co., and reviewed by the Audit Committee. The Auditors' reporting responsibilities are included in the Independent Auditors' Report on pages 20 to 21.

INTERNAL CONTROLS

The Board recognizes its responsibility for maintaining a sound and effective system of internal control to ensure shareholders' investment and the Company's assets are properly safeguarded. The system of internal control is designed according to the risk-based approach which identifies the possible risks associated with and controls over various operations and activities of the Company and its environment. The Board has, through the Audit Committee and the external auditors, conducted the review of effectiveness of the Company's internal control system for the year ended 31 March 2011, including all material financial, operational and compliance controls and risk management functions and assessed the adequacy of resources, qualification and experience of the staff of the Company's accounting and financial reporting function, and their training programs and budgets. The result of assessment is satisfactory and there are no significant control failings or weaknesses identified during the year which might affect shareholders.

COMMUNICATION WITH SHAREHOLDERS

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. An annual general meeting circular is distributed to all shareholders at least 20 clear business days prior to the annual general meeting, setting out details of each proposed resolution and other relevant information. As required by the Listing Rules, all resolutions at the annual general meeting of the Company must be decided on a poll. The Company will engage external scrutineer for proper counting of the votes.

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Investors and shareholders can also visit the Company's website (www.pioneerglobalgroup.com or www.irasia.com/listco/hk/pioneer/index.htm) for copies of relevant corporate and financial information.

Independent Auditors' Report

To the Shareholders of

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Pioneer Global Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 22 to 66, which comprise the consolidated and company statements of financial position as at 31 March 2011 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 March 2011 and of the group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Wong Brothers & Co.

Certified Public Accountants

19/F., MassMutual Tower

38 Gloucester Road

Wanchai

Hong Kong

28 June 2011

Consolidated Income Statement

For the year ended 31 March 2011

	Notes	For the year ended 31 March	
		2011 HK\$'000	2010 HK\$'000 (Restated)
Turnover			
Company and subsidiaries		160,767	68,515
Share of associates		52,163	42,988
		212,930	111,503
Turnover of Company and subsidiaries	3	160,767	68,515
Properties operating expenses		(21,902)	(10,969)
Staff costs		(12,082)	(12,065)
Depreciation & amortization		(611)	(1,690)
Other expenses		(3,453)	(3,299)
		(38,048)	(28,023)
Operating profit		122,719	40,492
Share of profits of associates		102,067	145,859
Change in fair value of investment properties	11	335,882	170,513
Other gains and losses	4	57,901	15,890
Finance costs		(13,536)	(4,611)
Profit before taxation	5	605,033	368,143
Taxation			
Current	6	(1,309)	(1,144)
Deferred	6	(55,787)	(27,308)
Profit for the year		547,937	339,691
Attributable to:			
Profit attributable to shareholders		469,622	339,126
Non-controlling interests		78,315	565
		547,937	339,691
		HK cents	HK cents
Earnings per share	9	61.04	44.08

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	For the year ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
		(Restated)
Profit for the year	547,937	339,691
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	28,661	84,876
– associates	13,819	35,536
Exchange difference on translation of		
– subsidiaries	–	3
– associates	5,199	7,514
Release of exchange reserve upon disposal of subsidiaries	(3,741)	–
Other comprehensive income for the year, net of tax	43,938	127,929
Total comprehensive income for the year	591,875	467,620
Total comprehensive income attributable to:		
Shareholders of the Company	510,975	464,909
Non-controlling interests	80,900	2,711
	591,875	467,620

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	At 31 March 2011 HK\$'000	At 31 March 2010 HK\$'000 (Restated)	At 1 April 2009 HK\$'000 (Restated)
ASSETS				
Non-current assets				
Investment properties	11	3,282,800	1,038,800	453,800
Leasehold property	11	–	–	–
Associates	12	625,371	710,449	592,524
Available for sale investments	13	353,348	361,279	150,164
Property, plant and equipment	11	2,607	2,322	29,034
Other assets		1,447	1,447	1,447
		4,265,573	2,114,297	1,226,969
Current assets				
Debtors, advances & prepayments	14	23,810	5,146	24,612
Available for sale investments	13	48,970	–	–
Financial assets at fair value	15	5,887	3,604	32,262
Cash & bank balances	17	54,884	86,930	161,902
		133,551	95,680	218,776
Total assets		4,399,124	2,209,977	1,445,745
EQUITY				
Share capital	18	76,935	76,935	76,935
Reserves	19	2,122,756	1,633,323	1,187,648
Shareholders' funds		2,199,691	1,710,258	1,264,583
Non-controlling interests		441,640	15,933	13,775
Total equity		2,641,331	1,726,191	1,278,358
LIABILITIES				
Non-current liabilities				
Creditors & accruals	23	29,272	–	–
Secured bank loans	20	1,221,997	210,000	17,000
Deferred payment	21	102,500	102,500	–
Deferred taxation	22	279,816	77,525	48,841
		1,633,585	390,025	65,841
Current liabilities				
Creditors & accruals	23	20,648	22,620	14,333
Secured bank loans	20	102,044	69,273	83,200
Tax liabilities		1,516	1,868	4,013
		124,208	93,761	101,546
Total liabilities		1,757,793	483,786	167,387
Total equity and liabilities		4,399,124	2,209,977	1,445,745

Statement of Financial Position

At 31 March 2011

	Notes	2011 HK\$'000	2010 HK\$'000
ASSETS			
Non-current assets			
Subsidiary companies	16	1,003,273	812,514
Associates	12	40,899	40,866
Available for sale investments	13	11,346	94,730
		1,055,518	948,110
Current assets			
Debtors, advances & prepayments		762	1,170
Cash & bank balances	17	288	80,966
		1,050	82,136
Total Assets		1,056,568	1,030,246
EQUITY			
Share capital	18	76,935	76,935
Reserves	19	978,842	952,571
Total equity		1,055,777	1,029,506
LIABILITIES			
Current liabilities			
Creditors & accruals		802	386
Secured bank loans	20	-	173
Tax (refundable)/payable		(11)	181
Total liabilities		791	740
Total equity and liabilities		1,056,568	1,030,246

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK\$'000	2010 HK\$'000 (Restated)
Cash flows from operating activities			
Profit before taxation		605,033	368,143
Share of net profit of associates		(102,067)	(145,859)
Increase in fair value of investment properties		(335,882)	(170,513)
Other gains and losses		(57,901)	(15,890)
Depreciation & amortization		611	1,690
Interest income		(9,843)	(10,441)
Interest expenses		13,536	4,611
Dividend income			
– listed		(5,542)	(1,689)
– unlisted		(2,200)	(3,546)
<hr/>			
Operating cash flows before working capital changes		105,745	26,506
(Increase)/decrease in debtors, advances & prepayments		(4,839)	833
Increase in creditors & accruals		242	8,161
<hr/>			
Cash generated from operations		101,148	35,500
Hong Kong profits tax paid		(1,635)	(3,267)
Overseas profits tax paid		(26)	(22)
<hr/>			
Net cash from operating activities		99,487	32,211
<hr/>			
Cash flows from investing activities			
Interest received		9,848	10,944
Dividend received		8,121	5,235
Investment properties:			
– Purchase of investment properties		–	(327,987)
– Addition to investment properties		(318)	–
– Deposit on purchase of investment properties		(2,380)	–
– Proceeds on disposal of investment properties		188,843	57,870
Associates:			
– Advance (to)/from associates		(81,150)	1,017
– Distribution from associates		28,301	69,967
Available for sale investments:			
– Purchase of available for sale investments		(70,148)	(157,039)
– Distribution from available for sales investments		2,649	758
– Proceeds on disposal of available for sale investments		58,300	36,893
– Deposit refunded on purchase of available for sale investments		–	12,649
Property, plant and equipment:			
– Purchase of property, plant and equipment		(1,171)	(999)
– Proceeds on disposal of property, plant and equipment		65	–
Financial assets at fair value:			
– Purchase of financial assets		(76)	–
– Proceeds on disposal of financial assets		82	29,360
Acquisition of subsidiaries	24	(229,288)	–
Investment project written-off		–	(656)
<hr/>			
Net cash used in investing activities		(88,322)	(261,988)

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK\$'000	2010 HK\$'000 (Restated)
<hr/>			
Cash flows from financing activities			
Interest paid		(13,318)	(4,485)
Distributions to non-controlling interest shareholders		(539)	(553)
Dividend paid to shareholders		(21,542)	(19,234)
Bank loans raised		82,811	205,173
Bank loans repaid		(90,649)	(26,100)
<hr/>			
Net cash (used in)/generated from financing activities		(43,237)	154,801
<hr/>			
Net decrease in cash and cash equivalents		(32,072)	(74,976)
Cash and cash equivalents at the beginning of the year		86,930	161,902
Effect of foreign exchange rates changes		26	4
<hr/>			
Cash and cash equivalents at the end of the year		54,884	86,930
<hr/>			
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks			
up to three months' maturity	17	54,884	86,930
<hr/>			

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to shareholders of the Company								
	Share capital	Share premium	Capital reserve & contributed surplus	Exchange reserve	Investment revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010 (Restated)	76,935	307,687	41,242	14,140	257,152	1,013,102	1,710,258	15,933	1,726,191
Acquisition of subsidiaries	-	-	-	-	-	-	-	345,346	345,346
Fair value change of available for sale investments									
- subsidiaries	-	-	-	-	26,076	-	26,076	-	26,076
- non-controlling interests	-	-	-	-	-	-	-	2,585	2,585
- associates	-	-	-	-	13,819	-	13,819	-	13,819
Exchange on translation of associates	-	-	-	5,199	-	-	5,199	-	5,199
Release of exchange reserve upon disposal of subsidiaries	-	-	-	(3,741)	-	-	(3,741)	-	(3,741)
Net income recognized directly in equity	-	-	-	1,458	39,895	-	41,353	2,585	43,938
Profit attributable to equity holders	-	-	-	-	-	469,622	469,622	78,315	547,937
Total comprehensive income for the year	-	-	-	1,458	39,895	469,622	510,975	80,900	591,875
Distribution to non-controlling interests	-	-	-	-	-	-	-	(539)	(539)
2010 final dividend paid	-	-	-	-	-	(13,848)	(13,848)	-	(13,848)
2011 interim dividend paid	-	-	-	-	-	(7,694)	(7,694)	-	(7,694)
At 31 March 2011	76,935	307,687	41,242	15,598	297,047	1,461,182	2,199,691	441,640	2,641,331

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to shareholders of the Company									
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve & contributed surplus <i>HK\$'000</i>		Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>		Retained earnings <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
			Total			Total				
			<i>HK\$'000</i>			<i>HK\$'000</i>				
At 1 April 2009	76,935	307,687	41,242	6,623	138,886	693,210	1,264,583	13,775	1,278,358	
Fair value change of available for sale investments										
– subsidiaries	–	–	–	–	82,730	–	82,730	–	82,730	
– non-controlling interests	–	–	–	–	–	–	–	2,146	2,146	
– associates	–	–	–	–	35,536	–	35,536	–	35,536	
Exchange on translation of										
– subsidiaries	–	–	–	3	–	–	3	–	3	
– associates	–	–	–	7,514	–	–	7,514	–	7,514	
Net income recognized directly in equity	–	–	–	7,517	118,266	–	125,783	2,146	127,929	
Profit attributable to equity holders	–	–	–	–	–	339,126	339,126	565	339,691	
Total comprehensive income for the year	–	–	–	7,517	118,266	339,126	464,909	2,711	467,620	
Distribution to non-controlling interests	–	–	–	–	–	–	–	(553)	(553)	
2009 final dividend paid	–	–	–	–	–	(11,540)	(11,540)	–	(11,540)	
2010 interim dividend paid	–	–	–	–	–	(7,694)	(7,694)	–	(7,694)	
At 31 March 2010 (Restated)	76,935	307,687	41,242	14,140	257,152	1,013,102	1,710,258	15,933	1,726,191	

Notes to the Financial Statements

For the year ended 31 March 2011

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

Pioneer Global Group Limited is a limited liability company, incorporated in Bermuda with its shares listed on the Stock Exchange. The principal activities of the Company, through its subsidiaries and associates, are described in notes 12 and 29.

(b) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Listing Rules.

During the current year, the Group has applied a number of new and revised Standards, Amendments to Standards and Interpretations (“new and revised HKFRSs”) issued by the HKICPA. Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

Amendment to HKAS 17 Leases

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010. The Group has early adopted this standard for the year ended 31 March 2010 because the Directors consider that the land and building elements of the newly acquired leasehold interest of the property cannot be separated. Therefore, the impact of the adoption of HKAS 17 (Amendment) had already been presented in the 2010 Annual Report.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“HK Int-5”)

HK Int-5 clarifies that term loans include a clause that gives the lender the unconditional right to call the loans at any time (“repayment on demand clause”) should be classified by the borrower as current liabilities. The Group has applied HK Int-5 for the first time in the current year. HK Int-5 requires retrospective application.

As a result, bank and other borrowings that contain a repayment on demand clause with the aggregate carrying amounts of HK\$61.1 million has been reclassified from non-current liabilities to current liabilities as at 31 March 2010 and 1 April 2009. As at 31 March 2011, all bank and other borrowings are classified according to the agreed scheduled repayment dates and no repayment on demand clause have been included in our existing loan agreements.

Notes to the Financial Statements

For the year ended 31 March 2011

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Accounting policy change

The Group changed its accounting policy for the property investment related to Club Lusitano Building (the “Property”), which was acquired in September 2009. Previously, the Property was valued using a cost model and classified as a leasehold property. It is now valued using the fair value model and classified as an investment property. Management judges that this policy provides more relevant and consistent information because it results in all the Group’s investment properties are valued at fair value. This change in accounting policy has been accounted for retrospectively, and the comparative statements for the financial year 2010 have been restated. The effect of the change on the financial year 2010 is tabulated below:

	31 March 2010		
	Originally stated	Adjustments	Restated
	HK\$’000	HK\$’000	HK\$’000
Investment properties	508,800	530,000	1,038,800
Leasehold property	427,707	(427,707)	–
Deferred tax liabilities	(61,105)	(16,420)	(77,525)
Change in fair value of investment properties	71,000	99,513	170,513
Depreciation & amortization	(4,470)	2,780	(1,690)
Deferred tax	(10,888)	(16,420)	(27,308)

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 are not yet effective.

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets ¹
HKAS 24 (Revised)	Related Parties Disclosures ²
HKAS 32 (Amendment)	Classification of Right Issues ³
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets ²
HKFRS 9	Financial Instruments ⁴

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

² Effective for annual periods beginning on or after 1 January 2011

³ Effective for annual periods beginning on or after 1 February 2010

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

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 on the results of operations and financial position of the Group.

Notes to the Financial Statements

For the year ended 31 March 2011

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation and consolidation

The consolidated financial statements for the year ended 31 March 2011 incorporate the financial statements of the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

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 intra-group transactions, balances and realized surplus and deficits on transactions between group companies have been eliminated. Non-controlling interests represent the proportion of the results and net assets of subsidiaries not attributable to the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, available for sale investments and financial assets at fair value are stated at their fair values as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Subsidiaries

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.

In the Company’s statement of financial position, 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 2011

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 recognized for the year.

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

(f) Business combination/Goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

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 recognized 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 statement of financial position at fair value. Any gain or loss arising from a change in fair value is recognized in the income statement.

Notes to the Financial Statements

For the year ended 31 March 2011

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment

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

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

(i) Financial instruments

Financial assets, other than investments in subsidiaries and associates, are classified into two categories: financial assets at fair value and available for sale investments. Financial assets at fair value 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 adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value. The amendment requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: Fair values measured using significant inputs, directly or indirectly, based on observable market data, other than those quoted prices in active markets for similar financial instruments.

Level 3: Fair values measured using valuation techniques in which any significant input is not based on observable market data.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Impairment of assets

At each year end date, the Group reviews the carrying amounts of its tangible and intangible assets other than financial assets excluding investment in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in 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) 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 income and expenses under operating leases are accounted for on a straight-line basis over the respective periods of the leases.

(l) Foreign currencies

The functional and presentation currency of the Company, subsidiaries and associates which operate in Hong Kong is in Hong Kong dollars. Certain overseas subsidiaries and associates which operate overseas are in their respective local currencies.

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

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

Notes to the Financial Statements

For the year ended 31 March 2011

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Revenue recognition

(i) Rental income

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

(ii) Rendering of services

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

(iii) Dividend income

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

(iv) Interest income

Interest income is recognized on a time proportion basis.

(n) Employee benefits

The Group participates in a defined contribution mandatory provident fund retirement benefits scheme in compliance with the Mandatory Provident Fund Schemes Ordinance. The assets of this scheme are held separately from those of the Group and administered independently. The Group's contributions are recognized in the income statement when incurred. The amount of contributions by the Group is based on a specified percentage of the monthly relevant income of the eligible employees. Forfeited contributions of the fund will be used to reduce the existing retirement scheme costs.

(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 year end 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.

Notes to the Financial Statements

For the year ended 31 March 2011

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks repayable within three months from the date of placement, less bank overdrafts and advances from banks repayable within three months from the date of advance.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the income statement in the period in which they are incurred.

2. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary businesses and geographical location.

Business segment

In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the reportable segments are (i) property and hotel and (ii) investments and others.

	Property and hotels		Investments and others		Consolidated	
	2011 HK\$'000	2010 HK\$'000 (Restated)	2011 HK\$'000	2010 HK\$'000 (Restated)	2011 HK\$'000	2010 HK\$'000 (Restated)
Segment turnover						
Company and subsidiaries	142,731	51,751	18,036	16,764	160,767	68,515
Segment result	105,656	24,726	17,441	15,935	123,097	40,661
Unallocated corporate expenses					(378)	(169)
Operating profit					122,719	40,492
Share of profits of associates	102,067	145,859	-	-	102,067	145,859
Change in fair value of investment properties	335,882	170,513	-	-	335,882	170,513
Other gains and losses	48,752	7,993	9,149	7,897	57,901	15,890
Finance costs					(13,536)	(4,611)
Taxation					(57,096)	(28,452)
Non-controlling interests					(78,315)	(565)
Profit attributable to shareholders					469,622	339,126

Notes to the Financial Statements

For the year ended 31 March 2011

2. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

	Property and hotels		Investments and others		Consolidated	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)		(Restated)
Segment assets	3,404,590	1,091,678	369,163	407,850	3,773,753	1,499,528
Investment in associates	625,371	710,449	-	-	625,371	710,449
Consolidated total assets					4,399,124	2,209,977
Segment liabilities	(1,750,316)	(481,608)	(5,499)	(415)	(1,755,815)	(482,023)
Unallocated corporate liabilities					(1,978)	(1,763)
Consolidated total liabilities					(1,757,793)	(483,786)
Other information						
Capital expenditure	313,136	431,143	71,395	158,038	384,531	589,181
Depreciation & amortization	611	1,690	-	-	611	1,690

Geographical Segment

In geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Overseas segment includes China, Thailand, Malaysia, Singapore and United States.

	Turnover by geographical market		Segment assets	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)
Hong Kong	147,934	62,072	3,585,885	1,377,220
Overseas	12,833	6,443	187,868	122,308
	160,767	68,515	3,773,753	1,499,528

Notes to the Financial Statements

For the year ended 31 March 2011

3. TURNOVER

	2011	2010
	HK\$'000	HK\$'000
Rental income	88,034	41,529
Property expenses recovery	16,207	5,438
Carried interest income	30,357	–
Asset management fee	8,134	4,783
Dividend income	7,742	5,235
Interest income	9,843	10,441
Others	450	1,089
	160,767	68,515

4. OTHER GAINS AND LOSSES

	2011	2010
	HK\$'000	HK\$'000
Net gain on disposal of available for sale investments	3,562	12,315
Gain on disposal of investment properties and other fixed assets	46,433	9,056
Negative goodwill on acquisition of subsidiaries	2,229	–
Increase in fair value of financial assets at fair value	2,231	660
Provision for impairment losses on available for sale investments	(418)	(5,422)
Other gains/(losses)	3,864	(719)
	57,901	15,890

Notes to the Financial Statements

For the year ended 31 March 2011

5. PROFIT BEFORE TAXATION

	2011	2010
	HK\$'000	HK\$'000
		(Restated)
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	13,536	4,611
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	11,945	11,923
Pension scheme contributions	137	142
Auditors' remuneration	430	435
Depreciation	611	1,690
(Over)-provision/provision for long service payments	(80)	75
and after crediting:		
Rental income from investment properties	88,034	41,529
Less: Direct outgoings	(2,444)	(4,083)
Carried interest income	30,357	–
Listed investment income	5,542	1,689
Unlisted investment income	2,200	3,546
Interest income	9,843	10,441
Exchange gain	237	438

6. TAXATION

(a) Taxation

	2011			2010		
	Current	Deferred	Total	Current	Deferred	Total
	taxation	taxation	taxation	taxation	taxation	taxation
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Restated)	(Restated)
Hong Kong						
– Provision for the year	2,510	55,787	58,297	1,452	27,308	28,760
– Over-provision in prior years	–	–	–	(330)	–	(330)
Overseas						
– Provision for the year	26	–	26	22	–	22
– Over-provision in prior years	(1,227)	–	(1,227)	–	–	–
	1,309	55,787	57,096	1,144	27,308	28,452

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

Notes to the Financial Statements

For the year ended 31 March 2011

6. TAXATION (continued)

(b) Reconciliation between accounting profits and the tax charge

	2011 HK\$'000	2010 HK\$'000 (Restated)
Profit before taxation	605,033	368,143
Less: Share of profits of associates	(102,067)	(145,859)
Profit before taxation attributable to the Company and its subsidiaries	502,966	222,284
Tax calculated at applicable tax rate of 16.5% (2010: 16.5%)	82,989	36,677
Expenses not deductible for taxation purposes	4,561	166
Income not subject to taxation	(22,321)	(9,121)
Current year tax losses not recognized	79	1,650
Utilization of previously unrecognized tax loss	(7,315)	(739)
Deferred tax asset not recognized during the year	330	149
Over-provision in prior years	(1,227)	(330)
Taxation charge	57,096	28,452

7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit for the year attributable to equity holders of the Company for the year ended 31 March 2011 in the financial statements of the Company was HK\$54,467,000 (2010: HK\$43,288,000).

Notes to the Financial Statements

For the year ended 31 March 2011

8. DIVIDENDS

	2011	2010
	HK\$'000	HK\$'000
Interim dividend of HK1.00 cent (2010: HK1.00 cent) per ordinary share	7,694	7,694
Proposed final cash dividend of HK1.80 cents (2010: HK1.80 cents) per ordinary share	13,848	13,848
	21,542	21,542
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2011 (2010)	7,694	7,694
Final for the year ended 31 March 2010 (2009)	13,848	11,540
	21,542	19,234

The 2011 final cash dividend of HK1.80 cents (2010: HK1.80 cents) per ordinary share has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$469,622,000 (2010 (Restated): HK\$339,126,000) and on 769,359,104 shares (2010: 769,359,104 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2011 and 31 March 2010 as the Company had no dilutive potential ordinary shares during both years.

Notes to the Financial Statements

For the year ended 31 March 2011

10. 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	2011 Total HK\$'000
Executive directors					
Rossana Wang Gaw	50	2,040	240	5	2,335
Goodwin Gaw	50	420	-	-	470
Kenneth Gaw	50	2,970	600	12	3,632
Jane Kwai Ying Tsui	50	195	30	-	275
Independent non-executive directors					
Charles, Wai Bun Cheung	80	-	-	-	80
Stephen Tan	80	-	-	-	80
Arnold Tin Chee Ip	80	-	-	-	80
Total	440	5,625	870	17	6,952

	Directors' fee HK\$'000	Salaries, allowances and benefits HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	2010 Total HK\$'000
Executive directors					
Rossana Wang Gaw	50	1,800	120	12	1,982
Goodwin Gaw	50	420	-	-	470
Kenneth Gaw	50	2,610	270	12	2,942
Jane Kwai Ying Tsui	50	180	30	-	260
Independent non-executive directors					
Charles, Wai Bun Cheung	80	-	-	-	80
Stephen Tan	80	-	-	-	80
Arnold Tin Chee Ip	80	-	-	-	80
Total	440	5,010	420	24	5,894

Notes to the Financial Statements

For the year ended 31 March 2011

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

(b) Other senior management's emoluments

During the year, the five highest paid individuals included three directors (2010: three directors), details of whose emoluments are included above. The details of the remuneration of the remaining two (2010: two) highest paid individual are set out below:

	2011	2010
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,626	1,542
Bonuses	750	476
Pension scheme contributions	24	24
	2,400	2,042

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

	2011	2010
HK\$		
Nil – 1,000,000	1	1
1,000,001 – 2,000,000	1	1

Notes to the Financial Statements

For the year ended 31 March 2011

11. FIXED ASSETS

(a) Investment properties

	2011 HK\$'000	2010 HK\$'000 (Restated)
At Valuation at 31 March 2010 (31 March 2009)	1,038,800	453,800
Additions	318	430,487
Disposals	(142,200)	(16,000)
Acquisition of subsidiaries	2,050,000	–
Revaluation	335,882	170,513
At 31 March 2011 (31 March 2010)	3,282,800	1,038,800

Investment properties comprised the following:

	2011 HK\$'000	2010 HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	2,885,400	686,200
Leasehold properties in Hong Kong – medium term	386,200	343,400
Long term leasehold properties in Mainland China	11,200	9,200
	3,282,800	1,038,800

Investment properties have been valued at 31 March 2011 by AA Property Services Limited, independent professional valuers, on an open market value basis. The valuation was mainly arrived at by reference to comparable market transactions and where appropriate on the basis of capitalization of the net income receivable with due allowance for reversionary income potential.

(b) Leasehold property

The Group has changed its accounting policy to reclassify the Club Lusitano Building from a leasehold property into investment properties using the fair value model. The reason and financial impact of the adjustments have been discussed in note 1(b).

Notes to the Financial Statements

For the year ended 31 March 2011

11. FIXED ASSETS (continued)

(c) Property, plant and equipment

	Leasehold land and building HK\$'000	Other assets HK\$'000	Total HK\$'000
Cost			
At 31 March 2009	22,717	20,438	43,155
Additions	–	999	999
Disposals	(22,717)	(13,050)	(35,767)
At 31 March 2010	–	8,387	8,387
Additions	–	1,171	1,171
Disposals	–	(1,111)	(1,111)
At 31 March 2011	–	8,447	8,447
Accumulated depreciation			
At 31 March 2009	2,130	11,991	14,121
Charge for the year	–	1,690	1,690
Disposals	(2,130)	(7,616)	(9,746)
At 31 March 2010	–	6,065	6,065
Charge for the year	–	611	611
Disposals	–	(836)	(836)
At 31 March 2011	–	5,840	5,840
Net book value			
At 31 March 2011	–	2,607	2,607
At 31 March 2010	–	2,322	2,322

Notes to the Financial Statements

For the year ended 31 March 2011

12. ASSOCIATES

	2011 HK\$'000	2010 HK\$'000
The Group		
At cost	195,588	195,588
Goodwill written off	(3,029)	(3,029)
Impairment loss	(18,738)	(18,588)
Exchange reserves	15,643	10,444
Attributable to post acquisition profit	300,995	230,992
Attributable to investment revaluation reserve	219,339	205,520
Deemed disposal	(226,948)	–
	482,850	620,927
Share of net assets	482,850	620,927
Amount due from associates	170,943	112,469
Amount due to associates	(28,422)	(22,947)
	625,371	710,449
The Company		
At cost	2,093	2,093
Amount due from associates	38,806	38,773
	40,899	40,866

The Group has increased its shareholdings in an associate from 30% to 60%. As a result, the interest in an associate has reclassified into an investment in a subsidiary. Details of the acquisition was set out in note 24.

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

(a) Major associates

Name	Country of incorporation	Investment by associates	Group's effective		Issued share capital
			investment	interest in associates	
Keencity Properties Limited	British Virgin Islands	Pullman Pattaya Aisawan Resort, Thailand	49.5%	49.5%	US\$9,939,020
Pioneer Hospitality Siam (GBR) Limited	Thailand	Hotel operating businesses	49.5%	49.5%	Baht 20,000,000
Royal Culture Limited	Hong Kong	Sofitel Silom Bangkok, Thailand	49.5%	49.5%	HK\$1

Notes to the Financial Statements

For the year ended 31 March 2011

12. ASSOCIATES (continued)

(a) Major associates (continued)

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued share capital
			investment	associates	
Pioneer iNetwork Limited	Hong Kong	10% of listed shares of Dusit Thani Public Company Ltd and 5% of shares of Gateway China Fund I	50.0%	50.0%	HK\$2
Right Cheer Limited	Hong Kong	Guangzhou Jie Fang Building, China	50.0%	50.0%	HK\$2
Strand Hotels International Limited	British Virgin Islands	Three hotels in Myanmar	14.0%	28.0%	US\$11,101,191
Tidefull Investment Limited	Liberia	Shanghai K. Wah Centre, China	7.7%	50.0%	2 full paid without par value

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

	2011 HK\$'000	2010 HK\$'000
Total assets	1,912,517	3,331,341
Total liabilities	(750,532)	(1,675,537)
Net assets	1,161,985	1,655,804
Group's share of net assets of associates	558,219	682,686
Revenue	124,866	113,999
Profit for the year	304,651	429,052
Group's share of profit of associates	102,067	145,859

Notes to the Financial Statements

For the year ended 31 March 2011

13. AVAILABLE FOR SALE INVESTMENTS

	2011 HK\$'000	2011 HK\$'000	2011 HK\$'000	2011 HK\$'000	2010 HK\$'000
	Level 1	Level 2	Level 3	Total	Total
The Group (Non-current)					
Listed investments					
In Hong Kong	124,249	-	-	124,249	109,230
Outside Hong Kong	164,302	-	-	164,302	129,578
Unlisted investments					
In Hong Kong	-	-	37	37	64,738
Outside Hong Kong	-	-	64,760	64,760	57,733
	288,551	-	64,797	353,348	361,279
The Group (Current)					
Unlisted investments					
In Hong Kong	-	48,970	-	48,970	-
The Company (Non-current)					
Listed investments					
In Hong Kong	11,346	-	-	11,346	9,716
Outside Hong Kong	-	-	-	-	51,349
Unlisted investments					
In Hong Kong	-	-	-	-	33,665
	11,346	-	-	11,346	94,730

Notes to the Financial Statements

For the year ended 31 March 2011

13. AVAILABLE FOR SALE INVESTMENTS (continued)

The available for sale investments are shown at fair value. The fair value of the listed investments are measured using quoted prices in active market (level 1 inputs). For unlisted investments that do not have quoted market price in active markets, they are either measured using significant inputs, directly or indirectly, based on observable market data (level 2 inputs) or using valuation techniques in which any significant input is not based on observable market data (level 3 inputs).

The following represents the changes in level 3 instruments for the Group:

	2011 HK\$'000	2010 HK\$'000
Unlisted available for sale investments		
At 1 April 2010 (1 April 2009)	57,770	49,395
Payment for purchases	2,295	7,904
Return of capital	(2,649)	–
Total gains or losses:		
In income statement as other gains and losses	(419)	(5,422)
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	7,800	6,651
Proceeds from sales	–	(758)
At 31 March 2011 (31 March 2010)	64,797	57,770

14. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2011 HK\$'000	2010 HK\$'000
Deferred rental receivables	10,705	–
Deposit on acquisition of properties	2,380	–
Other receivables	3,495	–
Other deposits and prepayments	5,928	4,081
Trade and rental debtors	1,302	1,065
	23,810	5,146

Notes to the Financial Statements

For the year ended 31 March 2011

14. DEBTORS, ADVANCES & PREPAYMENTS (continued)

At 31 March, the aging analysis of the trade and rental debtors was as follows:

	31 March 2011 HK\$'000	31 March 2010 HK\$'000
0 – 30 days	345	860
31 – 60 days	957	113
61 – 90 days	–	32
> 90 days	–	60
	1,302	1,065

The Group only allows an average credit period of 30 days to its trade customers. For rental receivables from tenants, they are due on presentation of debit notes and payable in advance. The Group considered the above trade and rental debtors are fully recoverable.

15. FINANCIAL ASSETS AT FAIR VALUE

The Group

	2011 HK\$'000	2010 HK\$'000
Listed shares, at market value		
Outside Hong Kong	5,887	3,604

All of the financial assets at fair value as at 31 March 2011 were measured using quoted price (unadjusted) in active markets for identical financial instruments (level 1 inputs).

16. SUBSIDIARY COMPANIES

	2011 HK\$'000	2010 HK\$'000
Unlisted shares, at cost	421,941	424,433
Amount due by subsidiaries	626,998	433,747
Provision for impairment	(45,666)	(45,666)
	1,003,273	812,514

The amounts due by subsidiaries are unsecured, interest-free and have no fixed term of repayment. The carrying value of these amounts due by subsidiaries approximates their fair values. A list of major subsidiaries is set out in note 29.

Notes to the Financial Statements

For the year ended 31 March 2011

17. CASH & BANK BALANCES

	2011	2010
	HK\$'000	HK\$'000
The Group		
Cash at bank and in hand	38,914	54,332
Short-term bank deposits	15,970	32,598
	54,884	86,930
The Company		
Cash at bank and in hand	288	48,368
Short-term bank deposits	–	32,598
	288	80,966

Included in cash and bank balances, there was a pledged bank deposit of HK\$39,803,000 (2010: Nil) to secure the principal and interest payments on the loan granted by the bank.

The effective interest rate on short-term bank deposits was 1.01% (2010: 4.12%). The carrying amounts of these assets approximate their fair value.

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

	2011	2010
	HK\$'000	HK\$'000
The Group		
Hong Kong dollar	44,336	65,329
United States dollar	377	21,601
Chinese Yuan	10,171	–
	54,884	86,930
The Company		
Hong Kong dollar	275	60,373
United States dollar	13	20,593
	288	80,966

Notes to the Financial Statements

For the year ended 31 March 2011

18. SHARE CAPITAL

	No. of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2011 and 31 March 2010	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2011 and 31 March 2010	769,359,104	76,935

19. RESERVES

The Group

	2011 HK\$'000	2010 HK\$'000 (Restated)
Share premium	307,687	307,687
Capital reserve and contributed surplus	41,242	41,242
Exchange reserve	15,598	14,140
Investment revaluation reserve	297,047	257,152
Retained earnings	1,461,182	1,013,102
	2,122,756	1,633,323

Notes to the Financial Statements

For the year ended 31 March 2011

19. RESERVES (continued)

The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
At 31 March 2010	307,687	381,051	262,035	1,798	952,571
Profit for the year	-	-	54,467	-	54,467
Final dividend paid for the year ended 31 March 2010	-	-	(13,848)	-	(13,848)
Interim dividend paid for the year ended 31 March 2011	-	-	(7,694)	-	(7,694)
Revaluation of available for sale investments	-	-	-	(6,654)	(6,654)
At 31 March 2011	307,687	381,051	294,960	(4,856)	978,842
At 31 March 2009	307,687	381,051	237,981	(5,458)	921,261
Profit for the year	-	-	43,288	-	43,288
Final dividend paid for the year ended 31 March 2009	-	-	(11,540)	-	(11,540)
Interim dividend paid for the year ended 31 March 2010	-	-	(7,694)	-	(7,694)
Revaluation of available for sale investments	-	-	-	7,256	7,256
At 31 March 2010	307,687	381,051	262,035	1,798	952,571

The reserves of the Company available for distribution to shareholders as at the reporting date, calculated in accordance with the Bermuda Companies Act, amounted to HK\$676,011,000 (2010: HK\$643,086,000).

Notes to the Financial Statements

For the year ended 31 March 2011

20. SECURED BANK LOANS

	2011	2010	2009
	HK\$'000	HK\$'000	HK\$'000
		(Restated)	(Restated)
The Group			
Current			
Repayable on demand	102,044	69,273	83,200
Non-current			
Repayable more than one year but not exceeding two years	1,045,997	25,000	17,000
Repayable more than two years but not exceeding five years	176,000	185,000	–
	1,221,997	210,000	17,000
The Company			
Current			
Repayable on demand	–	173	–

The Group has a bank loan of HK\$78,953,000 which is denominated in United States Dollars. Except for that, all bank loans are denominated in Hong Kong Dollars (2010: all bank loans were denominated in Hong Kong Dollars, except for a bank loan of HK\$173,000 which was denominated in Euro). The effective interest rate at the year end date was 1.66% (2010: 1.35%). The carrying amount of bank loans approximates their fair value based on prevailing market interest rate.

21. DEFERRED PAYMENT

On the acquisition of the 80-year leasehold interest of the Club Lusitano Building in previous reporting period, 25% of the consideration has been deferred and shall be paid by installments over a 5-year period at an interest rate of 3% p.a.. The carrying value of the deferred payment approximates its fair value.

Notes to the Financial Statements

For the year ended 31 March 2011

22. DEFERRED TAXATION

The components of deferred tax liabilities recognized in the consolidated statement of financial position and movements thereon during the current and prior years are as follows:

	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 31 March 2009	46,034	2,807	–	48,841
Charge to income statement (Restated)	25,791	1,517	–	27,308
Reversal upon disposal of investment properties	1,376	–	–	1,376
At 31 March 2010 (Restated)	73,201	4,324	–	77,525
At 31 March 2010 (Restated)	73,201	4,324	–	77,525
Acquisition of subsidiary	155,745	17,173	(26,413)	146,505
Charge to income statement	54,846	2,198	3,442	60,486
Reversal upon disposal of investment properties	(3,363)	(1,337)	–	(4,700)
At 31 March 2011	280,429	22,358	(22,971)	279,816

23. CREDITORS & ACCRUALS

	2011 HK\$'000	2010 HK\$'000
Creditors and accruals (due within one year)		
Rental deposit received	9,767	14,639
Provision for long service payments	1,886	1,966
Accruals	3,982	3,607
Trade payables	5,013	2,408
	20,648	22,620
Creditors and accruals (due more than one year)		
Rental deposit received	29,272	–
	49,920	22,620

Notes to the Financial Statements

For the year ended 31 March 2011

23. CREDITORS & ACCRUALS (continued)

At 31 March, the aging analysis of the trade payables based on the date of the invoices was as follows:

	2011	2010
	HK\$'000	HK\$'000
0 – 30 days	1,346	481
31 – 60 days	312	23
61 – 90 days	206	23
> 90 days	3,149	1,881
	5,013	2,408

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

24. ACQUISITION OF SUBSIDIARIES

The Group acquired an additional 30% interest in Causeway Bay 68 Ltd and its subsidiaries (“Causeway Bay 68 Group”) on 28 October 2010. Causeway Bay 68 Group is a property investment company owning the property of 68 Yee Wo Street. Before the acquisition, our Group holds 30% interest in Causeway Bay 68 Group, which was classified as an investment in associates. After the acquisition, it becomes a 60% owned subsidiary of our Group. The acquired subsidiaries contributed revenue of HK\$31 million and profit after tax of HK\$194 million to the Group for the period from 28 October 2010 to 31 March 2011.

	Acquiree's carrying amount	Fair value adjustment	Fair value
	HK\$'000	HK\$'000	HK\$'000
Net assets acquired			
Investment properties	1,922,000	128,000	2,050,000
Debtors, advances & prepayments	11,830	–	11,830
Cash and bank balance	27,495	–	27,495
Creditors & accruals	(26,840)	–	(26,840)
Bank loan	(1,052,606)	–	(1,052,606)
Deferred tax liabilities	(125,385)	(21,120)	(146,505)
	756,494	106,880	863,374
30% interest			259,012
Negative goodwill			(2,229)
Total consideration, satisfied by cash			256,783
Cash and cash equivalents acquired			(27,495)
Net cash outflow arising on acquisition			229,288

Notes to the Financial Statements

For the year ended 31 March 2011

25. GUARANTEES & COMMITMENTS

	The Group		The Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Guarantees				
– given to bank in respect of banking facilities utilized by subsidiaries	193,533	279,633	193,000	279,633
– given to bank in respect of banking facilities utilised by an associate	20,000	–	20,000	–
– on utility deposits	609	693	533	–
Commitments				
– for total future minimum lease payments				
– not later than one year	1,824	2,543	–	–
– later than one year and not later than five years	869	2,693	–	–
Contracted but not provided for				
– for purchase of available for sale investments				
– not later than one year	7,111	43,147	–	–
– 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	–	–	–

26. OPERATING LEASE RECEIVABLE

At the year end date, the Group's total future minimum lease payments to be received under non-cancelable rental leases in respect of investment properties were as follows:

	2011 HK\$'000	2010 HK\$'000
Not later than one year	124,799	38,710
Later than one year but not later than five years	179,703	24,777
Over five years	25,046	–
	329,548	63,487

Notes to the Financial Statements

For the year ended 31 March 2011

27. PLEDGE OF ASSETS

At the year end date, properties and available for sale investments with a carrying value of approximately HK\$3,218 million and HK\$199 million respectively (2010: properties of HK\$880 million) were pledged to secure banking and other loan facilities to the extent of HK\$1,520 million (2010: HK\$476 million) of which HK\$1,324 million (2010: HK\$280 million) was utilized at that date.

At the year end date, a bank deposit of HK\$40 million (2010: Nil) was pledged to secure the principal and interest payments of the bank loan.

28. RELATED PARTY TRANSACTION

The Group rented office space at market rate from an entity controlled by two directors of the Company. Gross rental expenses in the financial year ended 31 March 2011 amounted to HK\$979,200 (2010: HK\$979,200).

The transaction was exempted from announcement, reporting and shareholders' approval as the transaction was within the relevant maximum amount permitted under the Listing Rules.

29. LIST OF MAJOR SUBSIDIARIES

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
All Success Holdings Limited	Real Estate	Hong Kong	1	HK\$1	100
Anpona Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Brilliant Valley Investment Limited	Investment	Liberia	1	Nil	100
Causeway Bay 68 Limited	Investment	British Virgin Islands	1,000	US\$1	60
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Dynamic Business Limited	Real Estate	Hong Kong	1	HK\$1	100
Forerunner Investments Limited	Investment	Hong Kong	3,000,000	HK\$1	65
Fortune Far East Limited	Investment	Liberia	1	US\$1,000	100

Notes to the Financial Statements

For the year ended 31 March 2011

29. LIST OF MAJOR SUBSIDIARIES (continued)

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Future Star Company Limited	Investment	British Virgin Islands	1	US\$1	100
Gamolon Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Glory East Limited	Real Estate	Liberia	1	Nil	100
Golden Mile Limited	Real Estate	Liberia	1	Nil	100
Master Yield Limited	Investment	British Virgin Islands	1	Nil	100
Nice Fortune Limited	Real Estate	Hong Kong	1	HK\$1	100
PGG Development Company Limited	Investment	Hong Kong	70,000	HK\$10	100
PGG Asset Management Limited	Asset management	British Virgin Islands	1	US\$1	100
PGG Morrison Holding Limited	Real Estate	Hong Kong	2	HK\$1	100
Pine International Limited	Investment	British Virgin Islands	1	HK\$1	100
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	150,794,424	HK\$0.50	100
Supreme Success Limited	Real Estate	Hong Kong	1	HK\$1	100
Wealth Instrument Inc.	Investment	British Virgin Islands	1	US\$1	100

Notes to the Financial Statements

For the year ended 31 March 2011

30. FINANCIAL RISKS MANAGEMENT

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

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

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings and short-term bank deposits with a floating interest rate. The interest rates and terms of repayment of the Group's bank borrowings are disclosed in note 20 to the financial statements.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before taxation (through the impact on floating rate borrowings and floating rate bank deposits) and the Group's and the Company's equity.

	The Group			The Company		
	Change in	Change in	Change in	Change in	Change in	Change in
	basis	profit	Change in	basis	profit	Change in
	points	before	equity	points	before	equity
		taxation	HK\$'000		taxation	HK\$'000
		HK\$'000	HK\$'000		HK\$'000	HK\$'000
2011						
Bank borrowings	100	13,240	13,240	100	-	-
Short-term bank deposits	100	160	160	100	-	-
2010						
Bank borrowings	100	2,793	2,793	100	2	2
Short-term bank deposits	100	326	326	100	326	326

Notes to the Financial Statements

For the year ended 31 March 2011

30. FINANCIAL RISKS MANAGEMENT (continued)

(b) Foreign currency risk

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

The Group's exposure to foreign currency risk is primarily through its investment in available for sale investments and financial assets at fair value which is denominated in Thai Baht, Singapore Dollar, Malaysian Ringgit, Euro and Chinese Yuan. The following table demonstrates the sensitivity at the year end date to a reasonable possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before taxation and the Group's equity.

	Change in exchange rate %	Change in profit before taxation HK\$'000	Change in equity HK\$'000
At 31 March 2011			
Thai Baht	5%	294	304
Singapore Dollar	5%	–	653
Malaysian Ringgit	5%	–	2,620
Euro	5%	–	309
Chinese Yuan	5%	–	106
At 31 March 2010			
Thai Baht	5%	180	357
Singapore Dollar	5%	–	700
Malaysian Ringgit	5%	–	2,250

(c) Credit risk

The Group's exposure to credit risk is mainly attributable to bank deposits and investments. Bank deposits are placed with high-quality financial institutions with good credit ratings. Investments are those listed securities and investment funds of counterparties that have high credit standing, the equity share price movements are closely monitored by our management.

The Group is also exposed to counterparties credit risk from its operating activities. Stringent monitoring procedures are in place to deal with the overdue debts. Debtors balance are reviewed regularly to ensure adequate impairment loss is provided.

Notes to the Financial Statements

For the year ended 31 March 2011

30. FINANCIAL RISKS MANAGEMENT *(continued)*

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities.

The maturity profile of the Group's financial liabilities as at the year end date, based on the contracted undiscounted payments, was as follows:

The Group at 31 March 2011

	Within 1 year or on demand	1 to 2 years	3 to 5 years	Over 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest bearing bank borrowings	102,044	1,045,997	176,000	–	1,324,041
Deferred payment	–	41,000	61,500	–	102,500
Rental deposit received	9,767	18,379	3,480	7,413	39,039
Accruals and trade payables	8,995	–	–	–	8,995
	120,806	1,105,376	240,980	7,413	1,474,575

The Group at 31 March 2010 (Restated)

	Within 1 year or on demand	1 to 2 years	3 to 5 years	Over 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest bearing bank borrowings	69,273	25,000	185,000	–	279,273
Deferred payment	–	–	102,500	–	102,500
Rental deposit received	14,639	–	–	–	14,639
Accruals and trade payables	6,015	–	–	–	6,015
	89,927	25,000	287,500	–	402,427

Notes to the Financial Statements

For the year ended 31 March 2011

30. FINANCIAL RISKS MANAGEMENT (continued)

(d) Liquidity risk (continued)

The Company at 31 March 2011

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Accruals and trade payables	802	-	-	-	802
	802	-	-	-	802

The Company at 31 March 2010

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	173	-	-	-	173
Accruals and trade payables	386	-	-	-	386
	559	-	-	-	559

(e) Equity price risk

Equity price risk is the risk that the fair value of equity securities decreases as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual investments classified as available for sale investments (note 13) and financial assets at fair value (note 15) as at 31 March 2011. The Group's listed investments are valued at quoted market prices at the year end date.

Notes to the Financial Statements

For the year ended 31 March 2011

30. FINANCIAL RISKS MANAGEMENT (continued)

(e) Equity price risk (continued)

The following table demonstrates the sensitivity to every 5% change in fair value of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the year end date. For the purpose of this analysis, for the available for sale investments the impact is deemed to be on the available for sale investments revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of investments HK\$'000	Change in profit before taxation HK\$'000	Change in equity HK\$'000
At 31 March 2011			
Listed investments:			
Available for sale	288,551	–	14,428
Financial asset at fair value	5,887	294	294
At 31 March 2010			
Listed investments:			
Available for sale	238,808	–	11,940
Financial asset at fair value	3,604	180	180

(f) Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 March 2011 and 31 March 2010.

Notes to the Financial Statements

For the year ended 31 March 2011

30. FINANCIAL RISKS MANAGEMENT *(continued)*

(f) Capital management *(continued)*

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

	2011	2010
	HK\$'000	HK\$'000
		(Restated)
Interest bearing bank borrowings	1,324,041	279,273
Deferred payment	102,500	102,500
Less: Cash and cash equivalents	(54,884)	(86,930)
Net debt	1,371,657	294,843
Total assets	4,399,124	2,209,977
Gearing ratio	31.2%	13.3%

31. EVENT AFTER REPORTING DATE

On 22 June 2011, the Group entered into a provisional sale and purchase agreement to purchase the entire issued share capital of the holding company of "The Pemberton", Nos.22-26 Bonham Strand, Hong Kong. The consideration of the sale shares is determined based on a value of HK\$523 million for the Pemberton plus other assets and less the liabilities subject to certain adjustments. The completion will take place on or before mid-October 2011. The transaction constitutes a major acquisition under the Listing Rules and required shareholders' approval. An announcement on this major transaction has been published on 24 June 2011.

32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 22 to 66 have been approved by the Board of Directors on 28 June 2011.

Schedule of the Group's Properties

The following is a list of properties held for investment as at 31 March 2011:

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. 1st Floor, Fu Hop Factory Building, Nos. 209 & 211 Wai Yip Street, Kwun Tong, Kowloon 8/112 shares of and in Kwun Tong Inland Lot No. 293	Industrial	Medium-term	100%	11,100 ft ²
4. 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
5. Club Lusitano, No. 16 Ice Street, Central, Hong Kong Remaining portion of Inland Lot No. 339	Commercial	Long-term	100%	80,100 ft ²
6. 68 Yee Wo Street (formerly known as Paliburg Plaza) No. 68 Yee Wo Street, Causeway Bay, Hong Kong The whole of Section K of Inland Lot No. 1408	Commercial	Long-term	60%	229,200 ft ²
7. 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

	2007	2008	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)	
RESULTS					
Turnover	96,112	61,886	119,038	68,515	160,767
Profit attributable to shareholders	189,461	149,146	84,693	339,126	469,622
Dividends	13,079	17,695	17,695	19,234	21,542
Earnings per share (HK cents)	24.63	19.39	11.01	44.08	61.04
FINANCIAL POSITION					
Total assets	1,394,617	1,667,760	1,445,745	2,209,977	4,399,124
Total liabilities	(214,837)	(268,901)	(167,387)	(483,786)	(1,757,793)
	1,179,780	1,398,859	1,278,358	1,726,191	2,641,331
Capital and reserves					
Share capital	76,935	76,935	76,935	76,935	76,935
Reserves	1,087,513	1,305,938	1,187,648	1,633,323	2,122,756
Shareholders' funds	1,164,448	1,382,873	1,264,583	1,710,258	2,199,691
Non-controlling interests	15,332	15,986	13,775	15,933	441,640
	1,179,780	1,398,859	1,278,358	1,726,191	2,641,331
	HK cents	HK cents	HK cents	HK cents	HK cents
Net asset value per share (Note)	151.4	179.7	164.4	222.3	285.9

Note: Net asset value per share is arrived at using shareholders' fund divided by number of issued shares at year end.

