



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



PIONEER GLOBAL GROUP LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Rossana WANG GAW, *Chairman*
Goodwin GAW, *Vice Chairman*
Kenneth GAW, *Managing Director*
Jane Kwai Ying TSUI
Dr. Charles Wai Bun CHEUNG, J.P.
The Hon Bernard Charnwut CHAN
Arnold Tin Chee IP

COMPANY SECRETARY

Jane Kwai Ying TSUI

BANKERS

ABN-AMRO Bank
Asia Commercial Bank Limited
Bangkok Bank Public Company Limited
Citibank, N.A.
HSBC Republic (Suisse) SA
Standard Chartered Bank

SOLICITORS

Baker & McKenzie
Johnson Stokes & Master

AUDITORS

Fan, Mitchell & Co.

REGISTERED OFFICE

Cedar House, 41 Cedar Avenue
Hamilton, HM 12, Bermuda

PRINCIPAL OFFICE IN HONG KONG

29th Floor, Dah Sing Financial Centre
108 Gloucester Road, Wanchai, Hong Kong

NEW PRINCIPAL OFFICE IN HONG KONG (effective 1 September 2003)

Suite 01-03, 30th Floor, Office Tower
Convention Plaza, 1 Harbour Road
Wanchai, Hong Kong

SHARE REGISTRARS & 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
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

INFORMATION

<http://www.pioneerglobalgroup.com>
Bloomberg: 224HK Equity
Reuters: 0224.HK



MANAGING DIRECTOR'S REPORT

BUSINESS REVIEW

For the year ended 31 March 2003, the direct revenues (excluding associates) for the Group amounted to HK\$42.3 million (2002: HK\$49.2 million) and operating profit was HK\$9.5 million (2002: HK\$8.0 million). The decline in revenues was due solely to the drop in IT services revenues. The increase in operating profit was the result of continued cost cutting measures achieved during the period. In addition, as a result of improved performance from all associates during the year, net profit for the Group improved to HK\$3.0 million, from a loss of HK\$53.5 million in 2002.

Properties and Securities Investments

Revenue from the Group's investment properties increased to HK\$27.2 million (from HK\$26.5 million in 2002) while operating profit increased to HK\$9.0 million (from HK\$8.0 million in 2002). In spite of the weak economic environment, the Pioneer Building in Kwun Tong has continued to achieve a high occupancy rate of 98%.

The Pacific Plaza on Huaihai Zhong Road, Shanghai is a joint venture property development 15.4% owned by a 50% associated Company of the Group. The development comprises two development phases. Phase-1 development, which was a luxurious residential property development, was completed and fully sold. Construction for the Phase-2 790,000 sq.ft. grade A office tower has commenced and is expected to be completed by the 2004/2005 fiscal year.

For the year ended 31 March 2003, dividends and interest income were HK\$2.0 million (2002: HK\$3.8 million) and HK\$3.7 million (2002: HK\$ 1.9 million) respectively.

IT Services

Pioneer iConcepts Limited, the Group's 55% owned IT services subsidiary, operated in an extremely difficult environment during the period. While the company continued to have support from its key corporate customers, revenues declined from HK\$17 million in 2002 to HK\$9.4 million in the 12 months ended 31 March 2003 due to drastic cutbacks in corporate IT spending by customers. On the other hand, even though the company suffered a significant decline in revenues, operating loss was contained at HK\$3.9 million (2002: loss of HK\$4.1 million) due to continued cost cutting measures implemented by the management.

Global Gateway

Global Gateway is the 20:80 telecom infrastructure joint venture between the Group and Morgan Stanley Real Estate Funds. The Group is the managing partner contributing management and technical expertise to the joint venture. During the 12 month period ended 31 March 2003, Global Gateway disposed of its facility in Seattle. In April 2003, Global Gateway also disposed of its facility in San Diego. The two disposals resulted in an aggregate loss of HK\$5.1 million. As a result, Global Gateway currently owns and operates facilities totalling 834,000 sq.ft. in Hong Kong and Singapore. Due to the continued turmoil surrounding the telecom industry worldwide, the management has brought in alternative use tenants from



MANAGING DIRECTOR'S REPORT

the logistics and industrial sectors into our facilities, in addition to our traditional telecom customers. Thus, occupancy rate of Global Gateway's facilities has continued to improve and the company achieved positive operating cash flow (EBITDA – earnings before interest, tax, depreciation, and amortization) starting from August 2002.

The Group's share of results of Global Gateway for the period was a loss of HK\$12.5 million, a significant improvement from a loss of HK\$26.4 million in 2002. As rental yield increases and expenses are trimmed, we expect that Global Gateway's performance will continue to improve in the coming year.

Listed Associate

The Group owns 14.31% of Siam Food Products Public Company Limited ("Siam Food"), making us the largest single shareholder in the company. Siam Food is a leading pineapple producer listed on the Stock Exchange of Thailand. For the fiscal year ended 31 December 2002, Siam Food showed net profit of Baht240.2 million, an increased of 16.4% from the same period in 2001. A total dividend of Baht 4.5 per share was distributed for fiscal 2002 (2001: Baht 4.0 per share). This is due to satisfactory result from the company's main pineapple business and strong performance from its 40% owned joint venture industrial estate, the Eastern Seaboard Industrial Estate, which is the leading industrial estate for the automotive industry in Thailand. We believe that Siam Food will continue to be a strong performer this year due to the company's market leading position and the competitiveness of the Thai agribusiness export industry.

Siam Food contributed profit of HK\$7.9 million as an associate to the Group during the 12 months ended 31 March 2003 (2002: HK\$7 million).

Investments in Hotel Industry

In July 2002, an associate company owned 50% by the Group acquired about 10% of Dusit Thani Public Company Limited ("Dusit Thani"). Dusit Thani is listed on the Stock Exchange of Thailand and is the leading owner and operator of hotels in the country. Under the Dusit brand and the Royal Princess brand, Dusit Thani has 21 hotels with about 5,200 rooms under its management, of which 9 hotels are wholly or majority owned by the company. For the fiscal year ended 31 December 2002, Dusit Thani reported net profit of Baht 441.4 million, a 29.3% increase from the same period last year. A total dividend of Baht 2.75 per share was distributed for fiscal 2002 (2001: Baht 2.25 per share). This result was achieved despite the negative effects to the tourism industry after the terrorist attack in Bali in October 2002.

The Group's unlisted associate, Strand Hotels International Limited, is engaged in a 50/50 joint venture with the government of Myanmar to operate three hotels in Yangon for a period of 30 years. The three hotels are the 32 rooms Strand Hotel, the 238 rooms Renaissance Inya Lake Hotel, and the 58 rooms Thamada Hotel. In December 2002, Dusit Hotels and Resorts (the wholly owned management company of Dusit Thani) took over the management of the Inya Lake Hotel and the property has been renamed Dusit Inya Lake Resort. However, the tourism business continues to suffer from the economic sanctions by the West against the ruling party of Myanmar. During the year, the Group made an impairment provision of HK\$5.9 million for this investment.



MANAGING DIRECTOR'S REPORT

Liquidity and Financial Resources

As at 31 March 2003, the Group had cash balance of HK\$54 million (2002: HK\$62 million) and enjoyed substantial unutilized bank facilities made available to the Group. At the balance sheet date, the Group's total debt to equity ratio was 16% (March 2002: 11%) and the net debt (net of cash and cash equivalent) to equity ratio was 6% (March 2002: 0%). In light of the strong liquidity and sufficient bank facilities available, the Group is in a strong position to further expand its asset base.

PROSPECTS

The telecommunications and IT industries have continued to suffer during the period under review. As such, we do not anticipate meaningful growth at Global Gateway and Pioneer iConcepts in the coming fiscal year. The Group will instead focus its attention on acquiring more income producing property and hotel assets in the region.

The tourism sector has been hit by a number of events in the past year, including the terrorist attack in Bali, the war in Iraq, and the recent SARS crisis. As such, operating results at our hotel investments will be negatively affected in the first 2 quarters of the year. However, with the passing of the SARS crisis, there are signs that hotel occupancy will be returning to normal levels fairly quickly. Due to the events of the past year, a number of attractive hotel assets are now available for sale in the market. The Group is currently looking at a number of acquisition targets in this sector, particularly in Thailand.

On 11 July 2003, a subsidiary of the Group entered into a binding agreement to purchase the Garden Beach Resort, a 382-room beachfront resort hotel in Pattaya, Thailand. The total consideration will be Baht 870 million (approximately HK\$163 million). The Group's share of investment is 51%, representing an amount of Baht 443.7 million (approximately HK\$83 million) and the other 49% shall be invested by the Gaw Family. Subject to certain closing conditions, the completion of the transaction will be on 10 October 2003. Under this Listing Rules, this acquisition constitutes a notifiable transaction and a press announcement was made on 16 July 2003. We believe that the Garden Beach Resort transaction represents a rare and attractive acquisition opportunity due to its beachfront location, its 4.69 acres freehold land and the positive outlook for the tourism industry in Pattaya, Thailand.

Lastly, the Group is currently exploring an opportunity to acquire a portfolio of good income producing property assets and the possibility of forming a joint venture property fund management company with potential partners.

EMPLOYEES

As at 31 March 2003, the number of salaried staff was 49. The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Share options are granted by the Board of Directors to staff members as appropriate.



MANAGING DIRECTOR'S REPORT

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, 15 July 2003



DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and associated companies and partnerships are shown on notes 9, 10 and 12. An analysis of the Group's turnover and contribution to results by principal activity of operations is set out in note 2 to the financial statements.

FINANCIAL STATEMENTS AND DIVIDENDS

The consolidated profit and loss account for the year ended 31 March 2003 and the balance sheet for the Group and the Company as at 31 March 2003 are set out in the financial statements on pages 15 to 57.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2003 (2002: Nil). No interim dividend for the 6 months ended 30 September 2002 had been declared.

SHARE CAPITAL AND RESERVES

Details of movements in issued share capital and reserves during the year are set out in note 16 and note 17 to the financial statements.

FIXED ASSETS

Details of movements in fixed assets are set out in note 8 to the financial statements.

SUBSIDIARIES

Details of the subsidiary companies as at 31 March 2003 are set out in note 12 to the financial statements.

BORROWINGS

Details of borrowings are set out in note 15 to the financial statements.



DIRECTORS' REPORT

INTEREST CAPITALISED

No interest expense was capitalised during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers being trade customers and tenants of the Group accounted for 36% of the Group's combined turnover on IT services and property rental & management, the largest trade customer accounting for 10%. The five largest suppliers of goods and services accounted for less than 42% of the Group's expenditure on goods and services, the largest supplier of goods and services accounting for 17%.

DIRECTORS

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

Mrs. Rossana WANG GAW

Mr. Goodwin GAW

Mr. Kenneth GAW

Ms. Jane Kwai Ying TSUI

Dr. Charles Wai Bun CHEUNG, J.P.

The Hon Bernard Charnwut CHAN

Mr. Arnold Tin Chee IP

In accordance with the Company's Bye-Laws, Mrs. Rossana Wang Gaw and Mr. Arnold Tin Chee Ip retire, and being eligible, offer themselves for re-election.

Neither Mrs. Rossana Wang Gaw nor Mr. Arnold Tin Chee Ip has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mrs. Rossana WANG GAW (*Chairman*)

Aged 57. Appointed to the Board in 1980 and has been Chairman of the Group since February 1999. She is the Managing Director of Pioneer Estates Limited. She is responsible for the management of the real estate sector in the Group. Mrs. Gaw has eight years of experience in the garment manufacturing industry and over 20 years of experience in real estate investments. Mrs. Gaw is a graduate of the University of California, Berkeley, and holds a degree in Business Administration.



DIRECTORS' REPORT

Mr. Goodwin GAW (*Vice-Chairman*)

Aged 34. Appointed to the Board in 1994 and became Vice Chairman of the Group in August 1996. Mr. Gaw is also the Chairman & CEO of Global Gateway, L.P.. He graduated with a Bachelor of Science degree in Civil Engineering from the University of Pennsylvania, a finance degree from Wharton Business School and a Master of Science degree in Construction Management from Stanford University. He is the son of Mrs. Rossana Wang Gaw.

Mr. Kenneth GAW (*Managing Director*)

Aged 32. Appointed to the Board in 1994 and became Managing Director of the Group in February 1999. Mr. Gaw is also a director of Siam Food Products Public Company Limited and Dusit Thani Public Company Limited and was director and Deputy Chairman of Wah Kwong Shipping Holdings Limited until the company was privatised in July 2000. He graduated with a Bachelor of Science degree in Applied Mathematics and Economics from Brown University (Magna Cum Laude). Before joining the Group, Mr. Gaw worked in the structured finance group at Goldman, Sachs & Co. in New York and in corporate finance at Goldman Sachs (Asia) Limited in Hong Kong. Mr. Gaw was the Chairman of Young Entrepreneurs' Organisation Hong Kong Chapter for 2001-2002. He is the son of Mrs. Rossana Wang Gaw.

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

Aged 59. Appointed to the Board in 1984. She is responsible for the day to day operation of the Group, including general administration. She is also responsible for all company secretarial matters of the Group. Ms. Tsui previously worked in the banking sector for about three years before joining the Group in 1980.

Independent non-executive Directors

Dr. Charles Wai Bun CHEUNG, J.P.

Aged 67. Appointed to the board in 1986. He is the Group Chief Executive and Executive Deputy Chairman of Mission Hills Group. He is a non-executive director of both K. Wah International Holdings Limited and K. Wah Construction Materials Limited. Dr. Cheung is also a non-executive director of Prime Investments Holdings Limited and B&S Entertainment Holdings Ltd.. Dr. Cheung holds an honorary doctor degree, a master degree and a bachelor of science degree in business administration. He had been in the banking business for over twenty-two years and held senior management positions. Dr. Cheung was a former director and adviser of the Tung Wah Group of Hospitals. He is a Vice Chairman of Guangdong Province Golf Association. Dr. Cheung was awarded the Directors of the Year 2002 Awards of listed company non-executive Director. Dr. Cheung was appointed by the HKSAR Government as a member of the Estate Agents Authority on 1 November 2002.



DIRECTORS' REPORT

The Hon Bernard Charnwut CHAN

Aged 38. Appointed to the Board in 1994, is the youngest member of the Legislative Council of the Hong Kong Special Administrative Region. A graduate of Pomona College in California, U.S.A., he holds the positions of Deputy Managing Director of Asia Financial Group and Executive Director of Asia Insurance and Asia Commercial Bank. He serves as the Chairman of the Standing Committee on Disciplined Services Salaries and Conditions of Service; a Director of The Hong Kong Mortgage Corporation Ltd. and a Council Member of Lingnan University. He is also a member of the Mandatory Provident Fund Schemes Advisory Committee, the Process Review Panel of Securities & Futures Commission, the Hong Kong Government's Business Advisory Group, the Fight Crime Committee, the Task Force on Employment and the Committee on Financial Assistance for Family Members of Those Who Sacrifice Their Lives to Save Others. In addition, he serves as the Chairperson of The Hong Kong Council of Social Service, the Chairman of the Hong Kong-Thailand Business Council, the Advisor of Bangkok Bank Ltd., Hong Kong Branch and the Vice Chairperson of Community Investment & Inclusion Fund Committee.

Mr. Arnold Tin Chee IP



Aged 40. Appointed to the Board in 1999. He is a director of Altus Capital Limited where he is involved in the supervision and management of corporate finance and advisory work for companies in Hong Kong and in advising on private equity and property investments in Asia. Between 1989 and March 1997, Mr. Ip worked for Standard Chartered Asia Limited and was a director of Yuanta Securities (Hong Kong) Company Limited thereafter until January 2001 specializing in a broad range of corporate finance and advisory activities for companies based in Hong Kong and China.

Mr. Ip's work focuses on fund raising for listed and unlisted companies including development capital raising for unlisted companies.

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

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

DIRECTORS' REPORT

DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

As at 31 March 2003, the interests of the directors in the share capital of the Company, as recorded in the register maintained by the Group pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), were as follows:

Name of Directors	Personal	Family	Corporate	Other	Total	Number of share options* granted and remained outstanding
Rossana Wang Gaw	–	–	15,309,732 [#]	<i>Note 1</i>	138,238,433	8,167,113
Goodwin Gaw	–	–	–	–	–	17,175,962
Kenneth Gaw	1,734,750	–	8,122,000 ^{##}	<i>Note 2</i>	36,314,524	17,175,962
Jane Kwai Ying Tsui	600,750	–	–	–	600,750	4,549,923
Charles Wai Bun Cheung	–	–	–	–	–	–
Bernard Charnwut Chan	–	–	–	–	–	–
Arnold Tin Chee Ip	–	–	–	–	–	–

Notes:

1. Family trust of which members of the family of Mrs. Rossana Wang Gaw are amongst the beneficiaries held an aggregate of 123,148,701 shares.
 2. Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 26,457,774 shares.
- * The relevant share options were granted pursuant to the share option scheme of the Company approved at the Company's special general meeting held on 3 September 1996.
- [#] Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,309,732 Shares.
- ^{##} Mr. Kenneth Gaw owns the entire issued share capital of Fortune South China Limited, which was beneficially interested in 8,122,000 Shares.

Save as disclosed above, none of the directors, chief executives or their associates had any interests in the share capital of the Company or any of its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under Section 31 of Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein.



DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 March 2003, according to the register kept by the Company under Section 16(1) of the SDI Ordinance and so far as was known to the directors, the following person, other than the directors, was interested or taken or deemed to be interested in 10 percent or more in nominal value of the issued share capital of the Company:

Name of shareholder	Number of shares	Percentage of the issued share capital
Forward Investments Inc.	174,277,635	23.27%

SHARE OPTION SCHEME

Details of share option scheme are set out in note 22 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTEREST IN CONTRACTS

The directors had no interest, direct or indirect, either during the financial year or at the end thereof in any significant contracts to which the Company or its subsidiaries was a party.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year, the Company repurchased on the Stock Exchange a total of 500,000 shares of HK\$0.10 each of the Company at an aggregate consideration of HK\$156,447. Repurchased shares were cancelled subsequent to the repurchases. Details of the shares repurchased are set out below:

Month of repurchase	Number of shares	Price per share (HK\$)		Aggregate consideration (HK\$)
		Highest	Lowest	
April 2002	500,000	0.31	0.31	156,447

Save as aforesaid, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed shares during the year.

AUDIT COMMITTEE

The audited consolidated financial statements for the year ended 31 March 2003 have been reviewed by the Audit Committee of the Company. The members of the Audit Committee are Dr. Charles Wai Bun Cheung, J.P., The Hon Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

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

AUDITORS

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

On Behalf of the Board

Rossana Wang Gaw

Chairman

Hong Kong, 15 July 2003



AUDITORS' REPORT

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

We have audited the financial statements on pages 15 to 57 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FAN, MITCHELL & CO.
Certified Public Accountants

Hong Kong, 15 July 2003



CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31 March 2003

	<i>notes</i>	2003 HK\$'000	2002 <i>HK\$'000</i>
Turnover	2	42,264	49,256
Properties operating expenses		(5,462)	(3,970)
Purchases for resale		(1,966)	(4,200)
Staff costs		(18,151)	(25,063)
Depreciation & amortisation		(1,021)	(1,113)
Other operating expenses		(6,191)	(6,875)
		(32,791)	(41,221)
Operating profit	2	9,473	8,035
Share of profits and (losses) of associates			
Listed		7,891	7,032
Unlisted		(12,144)	(26,444)
		5,220	(11,377)
Finance costs	3a	(2,692)	(586)
Net profit/(loss) on disposal of assets less impairment provisions	3c	1,860	(41,293)
		4,388	(53,256)
Taxation	4	(2,254)	(2,126)
		2,134	(55,382)
Minority interests		897	1,844
Profit/(loss) attributable to shareholders		3,031	(53,538)
Earnings/(loss) per share (HK cents)	6	0.40	(7.11)



CONSOLIDATED BALANCE SHEET

At 31 March 2003

	<i>notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Non-current assets			
Fixed assets	8	242,197	252,802
Listed associate	9	47,119	41,613
Unlisted associates	10	153,783	114,970
Investment securities	11	108,456	108,456
Other investments	11	5,061	4,242
		556,616	522,083
Current assets			
Debtors, advances & prepayments	13	6,810	7,529
Other investments	11	20,396	16,456
Cash and bank balances		53,919	62,088
		81,125	86,073
Current liabilities			
Creditors & accruals	14	15,207	12,378
Secured bank loans & overdrafts	15	64,400	33,623
Taxation		1,144	992
		(80,751)	(46,993)
Net current assets		374	39,080
Total assets less current liabilities		556,990	561,163
Non-current liabilities			
Secured bank loan	15	(21,600)	(22,800)
Minority interests		(1,241)	(2,517)
Net assets		534,149	535,846
Capital & reserves			
Share capital	16	74,898	74,948
Reserves	17	459,251	460,898
Shareholders' funds		534,149	535,846



Kenneth Gaw
Director

Jane Kwai Ying Tsui
Director

BALANCE SHEET

At 31 March 2003

	<i>notes</i>	2003 HK\$'000	2002 <i>HK\$'000</i>
Non-current assets			
Subsidiary companies	12	488,031	487,661
Current assets			
Debtors, advances & prepayments		617	327
Other investments		15,834	11,447
Cash and bank balances		51,035	58,474
		67,486	70,248
Current liabilities			
Creditors & accruals		630	645
Secured bank loan		31,200	31,200
Taxation		17	–
		(31,847)	(31,845)
Net current assets		35,639	38,403
Net assets		523,670	526,064
Capital & reserves			
Share capital	16	74,898	74,948
Reserves	17	448,772	451,116
Shareholders' funds		523,670	526,064



Kenneth Gaw
Director

Jane Kwai Ying Tsui
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2003

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Cash flows from operating activities		
Profit/(loss) before taxation	4,388	(53,256)
Exchange adjustment	(29)	316
Share of net losses of associates	4,253	19,412
Net (profit)/loss on disposal of assets less impairment provisions	(1,860)	41,293
Depreciation and amortisation	1,021	1,113
Provision for long service payments	700	140
Interest income	(3,704)	(1,878)
Interest expenses	2,692	586
Investment income		
– listed	(1,571)	(3,384)
– unlisted	(429)	(429)
Decrease in debtors, advances and prepayments	1,235	316
Increase in creditors and accruals	905	239
Cash generated from operations	7,601	4,468
Hong Kong profits tax (paid)/refunded	(316)	435
Overseas profits tax paid	(288)	(955)
Net cash inflow from operating activities	6,997	3,948



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2003

<i>notes</i>	2003 HK\$'000	2002 HK\$'000
Net cash inflow from operating activities	6,997	3,948
Cash flows from investing activities		
Interest received	3,458	1,868
Dividends received from:		
Investment securities	949	3,151
Other investments	1,051	662
Listed associate	2,459	–
Purchase of fixed assets	(161)	(43,725)
Proceeds on disposal of fixed assets	3	301
Investment in unlisted associates	(18,768)	(20,415)
Capital repayment from an unlisted associate	945	210
Net advances to unlisted associates	(33,528)	(1,080)
Proceeds on disposal of other investments	12,595	50,925
Purchase of other investments	(17,613)	(63,300)
Recovery of receivables previously provided for	5,850	390
Net cash used in investing activities	(42,760)	(71,013)
Cash flows from financing activities		
Interest paid	(2,692)	(586)
Shares repurchased	(157)	(976)
Distributions to minority shareholders	(379)	(144)
Long term bank loans (repaid)/raised	(1,200)	22,800
Other bank loan raised	–	1,200
Net cash (used in)/generated from financing activities	(4,428)	22,294
Net decrease in cash and cash equivalents	(40,191)	(44,771)
Cash and cash equivalents at the beginning of the year	29,665	74,397
Reclassification to creditors and accruals	1,219	–
Effect of foreign exchange rate changes	26	39
Cash and cash equivalents at the end of the year	(9,281)	29,665
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks of up to three months' maturity	53,919	62,088
Bank overdraft and loans repayable up to three months	(63,200)	(32,423)
Cash and cash equivalents at the end of the year	(9,281)	29,665



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2003

	<i>notes</i>	2003 HK\$'000	2002 <i>HK\$'000</i>
Total equity at 1 April		535,846	584,362
Exchange adjustment of:			
– associates	17	1,946	(59)
– subsidiaries	17	153	691
Deficit on revaluation of investment properties		(9,700)	(11,292)
Net losses not recognised in the profit and loss account		(7,601)	(10,660)
Profit/(loss) for the year		3,031	(53,538)
Goodwill included in reserves written off		3,030	16,658
Shares repurchased		(157)	(976)
Total equity at 31 March		534,149	535,846



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

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

In the current year, the Group has adopted the following new or revised SSAPs effective for accounting periods commencing on or after 1 April 2002:

SSAP 1 (Revised)	–	Presentation of financial statements
SSAP 11 (Revised)	–	Foreign currency translation
SSAP 15 (Revised)	–	Cash flow statements
SSAP 34	–	Employee benefits

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of those SSAPs which have had a significant effect on the financial statements, are summarized as follows, and certain comparative figures have been restated to conform with the current year's presentation.

SSAP 1 prescribes the basis for the presentation of financial statements and sets out guidelines for the structure and minimum requirements for the content thereof. The principal impact of the revision of this SSAP is that a consolidated statement of changes in equity is now presented in place of the consolidated statement of recognized gains and losses that was previously required.

SSAP 11 prescribes the basis for the translation of foreign currency transactions and financial statements. The principal impact of the revision of this SSAP on the consolidated financial statements is that the profit and loss accounts of overseas subsidiaries and associates are now translated to Hong Kong dollars at the weighted average exchange rates for the year, whereas previously they were translated at the exchange rates at the balance sheet date. The adoption of the revised SSAP 11 has had no material effect on the financial statements.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(a) Basis of Preparation of Financial Statements *(continued)*

SSAP 15 prescribes the revised format for the cash flow statement. The principal impact of the revision of this SSAP is that the consolidated cash flow statement now presents cash flows under three headings, cash flows from operating, investing and financing activities, rather than the five headings previously required. In addition, cash flows from overseas subsidiaries arising during the year are now translated to Hong Kong dollars at the exchange rates at the dates of the transactions, or at an approximation thereto, whereas previously they were translated at the exchange rates at the balance sheet date.

SSAP34 prescribes the recognition and measurement criteria to apply to employee benefits, together with the required disclosures in respect thereto. This SSAP has had no material effect on amounts previously reported in the prior year's financial statements.

(b) Consolidation

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

(c) Goodwill

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

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

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(d) Subsidiaries

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

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

(e) Associates

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

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



(f) Fixed Assets and Depreciation

(1) *Investment Properties*

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

(2) *Other fixed assets*

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

(3) *Depreciation*

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(g) Investment Securities

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

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

(h) Other Investments

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

(i) Impairment of Assets

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Operating Leases

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(k) Foreign Currencies

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

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

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

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

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

US\$1.00 = HK\$7.80	(2002 : HK\$7.80)
Baht 100 = HK\$18.19	(2002 : HK\$17.89)

(l) Deferred Taxation

Provision is made for deferred tax using the liability method in respect of timing differences which are expected with reasonable probability to crystallise in the foreseeable future.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(m) Revenue Recognition

(1) *Rental income*

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

(2) *Rendering of services*

Services income is recognised when the services are rendered.

(3) *Dividend income*

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

(4) *Interest income*

Interest income is recognised on a time proportion basis.

(5) *Sales of investments*

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

(n) Employee Benefits

(1) *Retirement scheme*

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(n) Employee Benefits *(continued)*

(2) Long service payments

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

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

(3) Share option scheme

The Group operated a share option scheme, details of which are provided in note 22. Upon the exercise of share options, no charge is recorded in the profit and loss account. The resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.



2) SEGMENT INFORMATION

Segment information is presented on a primary reporting basis by business segment.

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

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

Turnover from external customers is after elimination of inter-segment turnover. The amount eliminated attributable to Investments is HK\$11,795,000 (2002: HK\$16,163,000).

No geographical analysis is provided this year as less than 10% of the Group's turnover, less than 10% of the consolidated profit of the Group and less than 10% of the Group's net assets are outside Hong Kong.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

2) SEGMENT INFORMATION (continued)

Business Segments

	Property		Investments		Information Technology		Consolidated	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Segment turnover	27,200	26,541	5,704	5,690	9,360	17,025	42,264	49,256
Segment result	8,981	7,995*	5,496	5,455*	(3,866)	(4,088)*	10,611	9,362*
Unallocated corporate expenses							(1,138)	(1,327)*
Operating profit							9,473	8,035
Share of profits and (losses) of associates								
– Listed	–	–	7,891	7,032	–	–	7,891	7,032
– Unlisted	(12,144)	(25,936)	–	–	–	(508)	(12,144)	(26,444)
Finance costs							(2,692)	(586)
Net profit/(loss) on disposal of assets less impairment provisions							1,860	(41,293)
Taxation							(2,254)	(2,126)
Minority interests							897	1,844
Net profit/(loss)							3,031	(53,538)
Segment assets and liabilities								
Segment assets	258,454	267,607	175,500	177,988	2,885	5,978	436,839	451,573
Investment in associates:								
– Listed	–	–	47,119	41,613	–	–	47,119	41,613
– Unlisted	153,783	114,970	–	–	–	–	153,783	114,970
Consolidated total assets							637,741	608,156
Segment liabilities	(64,786)	(33,250)*	(31,311)	(31,291)*	(4,463)	(3,602)	(100,560)	(68,143)*
Unallocated corporate liabilities							(1,791)	(1,650)*
Consolidated total liabilities							(102,351)	(69,793)
Other information								
Capital expenditure	116	43,450	17	90	28	185	161	43,725
Depreciation	621	749	123	163	277	201	1,021	1,113

* Segment results and liabilities and unallocated corporate expenses and liabilities for the year ended 31 March 2002 have been reclassified to conform with the current year's presentation following an internal review of allocation of overheads and liabilities.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

3) PROFIT/(LOSS) BEFORE TAXATION

	2003 HK\$'000	2002 HK\$'000
(a) Charging		
Borrowing costs for interest expenses on bank loans & overdrafts	2,692	586
Auditors' remuneration	246	275
Depreciation and amortisation	1,021	1,113
Exchange losses	49	298
Provision for long service payments to employees	700	140
Contributions to mandatory provident fund	378	138
Rental payments under non-cancellable leases	3,192	2,071
(b) Crediting		
Share of results of listed associate	7,891	7,032
Share of results of unlisted associates	(12,144)	(26,444)
	(4,253)	(19,412)
Rental income from investment properties less direct outgoings	19,149	19,366
Listed investment income	1,571	3,384
Unlisted investment income	429	429
Interest income	3,704	1,878



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

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

	2003 HK\$'000	2002 HK\$'000
Net profit on disposal of other investments	124	820
Loss on disposal of fixed assets	(131)	(77)
Gain on disposal of investments in unlisted associates	452	–
Gain on forfeiture of deposit relating to an unlisted associate (note 21(c))	2,161	–
Unclaimed liabilities written back	–	1,505
Unrealised (decrease)/increase in fair value of other investments		
– listed	(162)	24
– unlisted	(292)	(16,884)
Impairment losses		
– Goodwill in respect of a subsidiary	–	(14,500)
– Goodwill in respect of an unlisted associate	(3,030)	(2,158)
– Provision for unlisted associates	(3,112)	(1,600)
– Recovery of (provision for) receivables, debtors and advances	5,850	(8,423)
	1,860	(41,293)



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

4) TAXATION

	2003 HK\$'000	2002 HK\$'000
Group		
Current provision		
Hong Kong	450	522
Overseas	306	246
Over provision in prior year		
Hong Kong	–	(73)
	756	695
Listed associate, overseas taxation	1,498	1,431
	2,254	2,126

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated Hong Kong source assessable profits for the year. Overseas tax in respect of the Group and the listed associate has been provided at the applicable rates in the countries in which the tax is levied.

In respect of deferred taxation, the Group has not made provision for potential liabilities representing taxation in the event of future disposal of certain properties amounting to HK\$1,630,000 (2002: HK\$1,500,000). This liability has not been provided for because it is not the present intention of the directors that the Group disposes of these properties.

5) PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The loss of the Company is HK\$2,237,000 (2002: Loss of HK\$40,548,000) and is included in determining the net profit attributable to shareholders in the consolidated profit and loss account.

6) EARNINGS/(LOSS) PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$3,031,000 (2002: Loss of HK\$53,538,000) and on the weighted average number of 749,036,972 shares in issue during the year (2002: on the weighted average number of 752,468,545 shares in issue during the year). No diluted earnings or loss per share have been presented for the years ended 31 March 2003 and 31 March 2002 as the exercise prices of the share options granted by the Company were higher than the fair value per share at the balance sheet date.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

7) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' Emoluments

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

	2003 HK\$'000	2002 HK\$'000
Fees	210	150
Basic salaries, housing and other allowances and benefits in kind	6,916	7,630
Contributions to mandatory provident fund	34	36
	7,160	7,816

The number of directors fell within emoluments bands as follows:

	2003	2002
<i>HK\$</i>		
Nil-1,000,000	5	5
1,000,001-1,500,000	-	-
2,500,001-3,000,000	2	1
3,000,001-3,500,000	-	1
	7	7

- (2) Share Options to Executive Directors

The Company granted share options to executive directors, details of which are provided in note 22.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(b) Other Senior Management's Emoluments

- (1) During the year, the five highest paid individuals included four directors (2002: four directors), details of whose emoluments are included above. The details of the remuneration of the remaining one (2002: one) highest paid individual are set out below:

	2003 HK\$'000	2002 HK\$'000
Salaries, allowances and benefits in kind	1,236	1,441
Contributions to mandatory provident fund	12	12
	1,248	1,453

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

- (2) Share Options to employees

The Company granted share options to employees, details of which are provided in note 22.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

8) FIXED ASSETS

	Investment Properties <i>HK\$'000</i>	Other Assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
At Valuation	241,044	–	241,044
At Cost	9,540	12,078	21,618
At 31 March 2002	250,584	12,078	262,662
Additions	–	161	161
Disposals	–	(328)	(328)
Exchange adjustment	89	8	97
Revaluation	(11,600)	–	(11,600)
At 31 March 2003	239,073	11,919	250,992
Accumulated Depreciation			
At 31 March 2002	1,900	7,960	9,860
Charge for the year	–	1,021	1,021
Disposals	–	(194)	(194)
Exchange adjustment	–	8	8
Adjustment to revaluation reserve	(1,900)	–	(1,900)
At 31 March 2003	–	8,795	8,795
Net book value			
At 31 March 2003	239,073	3,124	242,197
At 31 March 2002	248,684	4,118	252,802



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

8) FIXED ASSETS (continued)

Investment properties comprise the following:

	2003 HK\$'000	2002 HK\$'000
At valuation:		
Leasehold properties in Hong Kong – long term	69,000	71,400
Leasehold properties in Hong Kong – medium term	152,000	159,300
Freehold properties in Thailand	8,533	8,444
	229,533	239,144
At cost:		
Long term leasehold properties in Mainland China	7,950	7,950
Freehold property in Myanmar	1,590	1,590
	9,540	9,540
	239,073	248,684

Investment properties have been valued as follows:

- a) Properties in Hong Kong as at 31 March 2003 by AA Property Services Limited, professional valuers, on an open market value basis.
- b) Properties in Thailand as at 31 March 2002 by Nexus Property Consultants Company Limited, professional valuers, on an open market value basis. An updated valuation has not been obtained as the directors consider that any revaluation difference would not be significant to these financial statements.
- c) The other properties which are stated at cost, have not been valued as the directors consider that any revaluation difference would not be significant to these financial statements.

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

Other assets comprised of furniture and fixtures and motor vehicles.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

9) LISTED ASSOCIATE

	2003 HK\$'000	2002 HK\$'000
At cost	38,471	38,471
Attributable post acquisition reserves	5,812	2,645
Exchange reserve	1,841	–
Increase in fair value	995	497
Share of net assets	47,119	41,613
Market value	40,570	37,632

Particulars of the listed associate are as follows:



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

The Group holds 14.31% (2002: 14.31%) of the ordinary share capital of Siam Food Products Public Company Limited (“Siam Food”) which is listed on the Stock Exchange of Thailand, and it accounts for this investment as an associate on the ground that the Group exercises significant influence.

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

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

9) LISTED ASSOCIATE (continued)

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

	2003 <i>Baht '000</i>	2002 <i>Baht '000</i>
Result for the year ended 31 March 2003:		
Turnover	2,140,110	1,717,046
Profit before the following items	236,281	195,988
Prior period adjustments	(12,434)	–
Share of result of associated company and a joint venture	59,412	59,268
Profit before taxation	283,259	255,256
Taxation	(57,401)	(55,910)
Net profit for the year	225,858	199,346
Balance sheet as at 31 March 2003:		
Property, plant and equipment and plantation	960,901	706,879
Associated company and joint venture	540,757	530,217
Other non-current assets	25,595	73,922
	1,527,253	1,311,018
Inventories	572,748	618,153
Other current assets	395,147	274,249
Current liabilities	(532,113)	(360,659)
	1,963,035	1,842,761
Represented by:		
Issued share capital, share premium and legal reserve	600,769	601,352
Retained earnings	1,362,266	1,241,409
Shareholders' funds at 31 March 2003	1,963,035	1,842,761



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

9) LISTED ASSOCIATE (continued)

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

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

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

A reconciliation from Siam Food's profit to the Group's attributable share of profit for year ended 31 March 2003 follows:



	2003 <i>Baht '000</i>	2002 <i>Baht '000</i>
Siam Food's profit before taxation as above	283,259	255,256

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Group's share before adjustment, translated into HK\$ at 2003: 0.1824 (2002: 0.1789)	7,393	6,535
Add: Fair value increment for the year	498	497
Group's share of profit	7,891	7,032

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

10) UNLISTED ASSOCIATES

	2003 HK\$'000	2002 HK\$'000
At cost	135,661	112,243
Goodwill written off	(5,188)	(5,188)
Impairment loss	(4,712)	(1,600)
Exchange reserves	46	(59)
Attributable post acquisition losses	(60,051)	(44,007)
Share of net assets	65,756	61,389
Amount due from associates	88,027	53,581
	153,783	114,970

Particulars of unlisted associates are as follows:

(a) Associates held by Group

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
Easy Group (BVI) Holdings Ltd.*	Investment	British Virgin Islands	28	28
Global Gateway, L.P.	Telecom Infrastructure	United States	20	20
Grand Prospect Enterprise Limited	Inactive	Hong Kong	50	50
Grandsworth Pte. Ltd.*	Investment	Singapore	50	50
iShipExchange Corporation*	e-procurement solutions providers	Cayman Islands	21	12
iShipExchange Limited	e-procurement platform services agent	Hong Kong	21	12
Strand Hotels International Limited (the hotels operate in Myanmar)	Hotels	British Virgin Islands	28	28
Winman Investment Limited	Real Estate	Hong Kong	35	35



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

10) UNLISTED ASSOCIATES (continued)

(b) Associate held by the Company

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
Tidefull Investment Limited*	Investment	Liberia	50	50

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

* operates in Hong Kong

(c) Additional information in respect of three major associates held by the Group as at 31 March 2003 is provided as follows.

(i) Global Gateway, L.P. ("Global Gateway")

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

(ii) Tidefull Investment Limited ("Tidefull")

The Group holds 50% equity interest of Tidefull Investment Limited. The principal activity of Tidefull Investment Limited is its investment holding of 28% in Chely Well Limited, a company incorporated in Hong Kong with its principal activity of property investment in Mainland China.

(iii) Grandsworth Pte. Ltd. ("Grandsworth")

The Group holds 50% equity interest of Grandsworth Pte. Ltd. The principal activity of Grandsworth Pte. Ltd. is its investment holding of approximately 10% in Dusit Thani Public Company Limited, a listed company in Thailand.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

10) UNLISTED ASSOCIATES (continued)

(c) Additional information in respect of three major associates held by the Group as at 31 March 2003 (continued)

The extracts of the financial information of the above three associates based on their unaudited consolidated financial statements as at 31 March 2003 are set out below:

	Global Gateway		Tidefull		Grandsworth*
	2003 US\$'000	2002 US\$'000	2003 HK\$'000	2002 HK\$'000	2003 S\$'000
Result for the year					
Turnover	3,823	1,623	–	–	460
Net profit/(loss)	(8,002)	(16,964)	(4)	(4)	214
Summarised balance sheet					
Total assets	71,613	70,659	86,709	85,644	14,734
Total liabilities	(37,433)	(40,712)	(84,998)	(83,929)	(14,520)
	34,180	29,947	1,711	1,715	214
Equity					
Partners' equity/ Share capital	63,933	51,802	–	–	–
Reserves	(29,753)	(21,855)	1,711	1,715	214
	34,180	29,947	1,711	1,715	214

* Grandsworth is a new investment during the year and comparative information is therefore not provided.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

11) INVESTMENTS

(a) Investment securities

	2003 HK\$'000	2002 HK\$'000
Listed shares in Hong Kong	108,456	108,456
Market value	43,363	46,832

Details of the listed investment securities are as follows:

Name	Country of incorporation	Listed in	Cost HK\$'000
Asia Financial Holdings Limited	Bermuda	Hong Kong	108,456 (2002: HK\$108,456)

As at 31 March 2003, the investment in Asia Financial Holdings Limited ("AFH") represented 4.1% (2002: 4.1%) interest in the ordinary share capital of AFH.

(b) Other investments

	2003 HK\$'000	2002 HK\$'000
Non-current		
Unlisted shares and debentures	3,607	2,788
Loans and other assets	1,454	1,454
	5,061	4,242
Current		
Listed shares and bonds		
In Hong Kong	145	1,223
Outside Hong Kong	20,251	15,233
	20,396	16,456
Market value	20,396	16,456

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

12) SUBSIDIARIES

	2003 HK\$'000	2002 HK\$'000
Unlisted shares, at cost	424,433	424,433
Amount due by subsidiaries	358,598	348,228
Provision for subsidiaries	(295,000)	(285,000)
	488,031	487,661

Particulars of subsidiary companies are as follows:

(a) Subsidiaries held by the Company

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

12) SUBSIDIARIES (continued)

(b) Subsidiaries held by the Group

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

12) SUBSIDIARIES (continued)

(b) Subsidiaries held by the Group (continued)

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Global Gateway Asia Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer Global Gateway LLC*	Investment	United States	1	Nil	100
Pioneer Global Gateway USA Limited*	Investment	British Virgin Islands	1	US\$1	100
Pioneer iConcepts Limited	Computer Consultancy Services	Hong Kong	36,363,636	HK\$1	55
Pioneer iNetwork Limited	Inactive	Hong Kong	2	HK\$1	100
Pioneer Industries (Holdings) Limited	Investment and Group Administration	Hong Kong	150,794,424	HK\$0.50	100
Sino Asset Developments Ltd.*	Inactive	British Virgin Islands	1	US\$1	100
Wuhan Huazhong Science Union Software Development Co., Ltd. ("WHS")**	Software Development	Mainland China	Nil	Nil	55**

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

* No definite country of operation

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

13) DEBTORS, ADVANCES & PREPAYMENTS

	2003 HK\$'000	2002 HK\$'000
Trade and rental debtors	1,432	2,428
Advances & prepayments	5,378	5,101
Debtors, advances & prepayments	6,810	7,529

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

Aged analysis	2003 HK\$'000	2002 HK\$'000
0–30 days	693	1,610
31–60 days	360	452
61–90 days	318	14
> 90 days	61	352
	1,432	2,428

14) CREDITORS & ACCRUALS

	2003 HK\$'000	2002 HK\$'000
Trade creditors	674	985
Provision for long service payments	2,121	1,421
Accruals & other creditors	12,412	9,972
Creditors and accruals	15,207	12,378

Aged analysis	2003 HK\$'000	2002 HK\$'000
0–30 days	41	227
31–60 days	–	–
61–90 days	–	16
> 90 days	633	742
	674	985



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

15) SECURED BANK LOANS AND OVERDRAFTS

	2003 HK\$'000	2002 HK\$'000
Current		
Secured bank overdraft	–	1,222
Secured bank loans – within one year	64,400	32,401
	64,400	33,623
Non-current		
Secured bank loan		
More than one year but not exceeding two years	1,200	1,200
More than two years but not exceeding five years	3,600	3,600
More than five years	16,800	18,000
	21,600	22,800



16) SHARE CAPITAL

	No. of share of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2002	1,000,000,000	100,000
Increased during the year	1,000,000,000	100,000
At 31 March 2003	2,000,000,000	200,000
Issued and Fully Paid		
At 31 March 2002	749,484,917	74,948
Shares repurchased	(500,000)	(50)
At 31 March 2003	748,984,917	74,898

Pursuant to the annual general meeting of the Company held on 29th August 2002, the Company's authorised share capital was increased from HK\$100,000,000 to HK\$200,000,000 by the creation of 1,000,000,000 additional shares of HK\$0.1 each.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

17) RESERVES

At 31 March 2003

Group

	Share Premium HK\$'000	Capital Reserve & Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Goodwill HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2002	304,836	64,120	(2,088)	157,020	(3,030)	(59,960)	460,898
Shares repurchased	(107)	–	–	–	–	–	(107)
Impairment losses							
– goodwill written off	–	–	–	–	3,030	–	3,030
Exchange on translation of							
– subsidiaries	–	–	153	–	–	–	153
– associates	–	–	1,946	–	–	–	1,946
Revaluation on							
investment properties	–	–	–	(9,700)	–	–	(9,700)
Profit for the year	–	–	–	–	–	3,031	3,031
At 31 March 2003	304,729	64,120	11	147,320	–	(56,929)	459,251
Dealt with by:							
Company and							
subsidiaries	304,729	64,120	(1,876)	147,320	–	(2,690)	511,603
Listed associate	–	–	1,841	–	–	5,812	7,653
Unlisted associates	–	–	46	–	–	(60,051)	(60,005)
	304,729	64,120	11	147,320	–	(56,929)	459,251



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

17) RESERVES (continued)

At 31 March 2002

Group

	Share Premium HK\$'000	Capital Reserve & Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Goodwill HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2001	305,493	64,120	(2,720)	168,312	(19,688)	(6,422)	509,095
Shares repurchased	(657)	–	–	–	–	–	(657)
Impairment loss							
– goodwill written off	–	–	–	–	16,658	–	16,658
Exchange on translation of							
– subsidiaries	–	–	691	–	–	–	691
– associate	–	–	(59)	–	–	–	(59)
Revaluation on investment properties	–	–	–	(11,292)	–	–	(11,292)
Loss for the year	–	–	–	–	–	(53,538)	(53,538)
At 31 March 2002	304,836	64,120	(2,088)	157,020	(3,030)	(59,960)	460,898
Dealt with by:							
Company and subsidiaries	304,836	64,120	(2,029)	157,020	(3,030)	(19,095)	501,822
Listed associate	–	–	–	–	–	3,142	3,142
Unlisted associates	–	–	(59)	–	–	(44,007)	(44,066)
	304,836	64,120	(2,088)	157,020	(3,030)	(59,960)	460,898



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

17) RESERVES (continued)

At 31 March 2003

Company

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



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

The reserves of the Company available for distribution to shareholders as at the balance sheet date, calculated in accordance with the Bermuda Companies Act, amount to HK\$144,043,000 (2002: HK\$146,280,000).

At 31 March 2002

Company

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31 March 2001	305,493	403,929	(217,101)	492,321
Shares repurchased	(657)	–	–	(657)
Loss for the year	–	–	(40,548)	(40,548)
At 31 March 2002	304,836	403,929	(257,649)	451,116

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

18) CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Company	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Guarantees				
– for banking facilities granted to subsidiaries	–	–	121,060	132,224
– to bankers in lieu of utility deposits	260	370	–	–
– for payment of banking facilities to an associate	651	1,191	–	–
Commitments				
– to purchase foreign currency (USD10,000,000)	78,488	–	78,488	–
– to sell Hong Kong Dollars	78,488	–	78,488	–
– for further investment in other investments	819	1,638	–	–
– for credit facilities made to an associate	1,573	1,673	1,573	1,673
– for total future minimum lease payments				
– not later than one year	963	3,192	–	–
– later than one year and not later than five years	–	963	–	–



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

19) OPERATING LEASE RECEIVABLE

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

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Not later than one year	20,904	16,926
Later than one year but not later than five years	16,920	16,108
	37,824	33,034

20) PLEDGE OF ASSETS

At the balance sheet date, properties, investments and bank balances of the Group with an aggregate book value of approximately HK\$300 million (2002: HK\$326 million) were pledged to secure banking and other loan facilities to the extent of HK\$215 million (2002: HK\$226 million) of which HK\$86 million (2002: HK\$56 million) was utilised at that date.



21) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of bank loans and overdraft

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Bank loans and overdraft up to three months, included in cash and cash equivalents	63,200	32,423
Three months and beyond	1,200	1,200
As shown in the consolidated balance sheet	64,400	33,623

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(b) Analysis of changes in financing during the year

As at 31 March 2003

	Share Capital and Share Premium <i>HK\$'000</i>	Bank Loan included in Non-current Liabilities <i>(note 15)</i> <i>HK\$'000</i>	Bank Loan repayable beyond three months and included in Current Liabilities <i>(note 21(a))</i> <i>HK\$'000</i>	Minority Interests <i>HK\$'000</i>
At 31 March 2002	379,784	22,800	1,200	2,517
Share of losses	–	–	–	(897)
Distribution to minority shareholders	–	–	–	(379)
Shares repurchased	(157)	–	–	–
Transfer from non-current to current liabilities	–	(1,200)	1,200	–
Bank loan repaid	–	–	(1,200)	–
At 31 March 2003	379,627	21,600	1,200	1,241
As at 31 March 2002				
At 31 March 2001	380,760	–	–	5,358
Unclaimed liabilities written back	–	–	–	(1,134)
Share of losses	–	–	–	(1,844)
Shares repurchased	(976)	–	–	–
Relating to subsidiaries acquired	–	–	–	281
Distribution to minority shareholders	–	–	–	(144)
Bank loan raised	–	22,800	1,200	–
At 31 March 2002	379,784	22,800	1,200	2,517



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

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

(c) Material non-cash transaction

In August 2001, an unrelated shareholder (“Acquirer”) in an unlisted associate, Strand Hotels International Limited (“SHIL”), entered into a contract to purchase all shares of SHIL from other shareholders, including the Group. The Acquirer failed to complete the purchase and as a result, the deposit, which was in a form of loan receivable was forfeited to the other shareholders. The loan receivable transferred to the Group amounted to HK\$2,161,000.

(d) Reclassification to Creditors and Accruals

The reclassification to creditors and accruals of HK\$1,219,000 represents a bank loan and overdraft facility of a former non-wholly owned subsidiary, which was acquired in January 2000. This loan and overdraft facility was guaranteed by and secured over assets owned by a former owner of the company. Since the company commenced its winding-up, the Group has not received any claim from the bank.



22) SHARE OPTION SCHEME

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

Summary of the Scheme

(a) Purpose of the Scheme

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

(b) Participants of the Scheme

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

22) SHARE OPTION SCHEME *(continued)*

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

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

(d) **Maximum entitlement to any one participant**

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

(e) **Period and payment on acceptance of options**

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

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

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

(g) **The basis of determining the exercise price**

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

(h) **Life of the Scheme**

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



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

22) SHARE OPTION SCHEME (continued)

As at 31 March 2003, the Company had outstanding options to subscribe for an aggregate of 48,893,641 (2002: 48,926,280) shares in the Company. Summary of the outstanding options is as follows:

Number of options		At 31 March 2003	Exercise price*	Date of grant	Exercise period
At 1 April 2002	Adjustment*				
To executive directors					
21,626,564	(14,427)	21,612,137	HK\$1.941	24 October 1996	24 October 1996 to 23 October 2006
25,473,817	(16,994)	25,456,823	HK\$1.582	6 March 1997	6 March 1997 to 5 March 2007
		47,068,960			
To employees					
1,659,607	(1,108)	1,658,499	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2006
166,292	(110)	166,182	HK\$0.653	30 August 2001	30 August 2001 to 29 August 2004
		1,824,681			
Total		48,893,641			

* Adjustments were made during the year in accordance with the Share Option Scheme to both the exercise prices and the number of options consequent on shares repurchased during the year. No options were exercised and no options lapsed during the year. The names of the executive directors and their individual entitlements to share options are set out in the Directors' Report.



NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2003

23) SUBSEQUENT EVENT

In July 2003, Grand Prospect Enterprise Limited, incorporated in Hong Kong was converted from an associated company into a subsidiary of the Group with 51% directly owned by the Group and 49% owned by the Gaw Family, a related party. On 11 July 2003, Grand Prospect Enterprise Limited entered into contract arrangements to acquire 100% of the Orchid Fund Four (the "Fund") at the total consideration of Baht 870 million (approximately HK\$163 million). The Fund is a Thai property fund which currently owns a 382-room hotel, Garden Beach Resort (the "Hotel"), in Pattaya, Thailand. The consideration was determined after arm's length negotiations with reference to an independent valuation of the Hotel. The Group's share of investment is 51% representing an amount of Baht 443.7 million (approximately HK\$83 million). As the acquisition constitutes a notifiable transaction of the Company under the Listing Rules, a public announcement was made on 15 July 2003.

24) APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 15 to 57 have been approved by the Board of Directors on 15 July 2003.



SCHEDULE OF THE GROUP'S PROPERTIES

For the year ended 31 March 2003

The following is a list of properties held for investment as at 31 March 2003:

Location/Lot No.	Type of Property	Lease Term	Group's Effective Interest
1. Pioneer Building, 213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 294	Industrial	Medium-term	100%
2. 12th Floor and the roof and car parking spaces Nos. 24 and 25, Edwick Industrial Centre, 4-30 Lei Muk Road, Kwai Chung, New Territories 98/1210 shares of and in the remaining portion of Kwai Chung Town Lot No. 302	Industrial	Medium-term	100%
3. 13th Floor, Tower A and portion of the 12th Floor occupied by the Staircase of Tower A, Mandarin Plaza, No 14 Science Museum Road, Kowloon 846/30000 shares of and in Kowloon Inland Lot No. 10599	Office	Long-term	100%
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	Office	Long-term	100%
5. Flat A2 on 8th Floor and 1 car parking space No. 147 Block A, Evergreen Villa, 43 Stubbs Road, Hong Kong 11/2530 shares of and in Inland Lot No. 7891	Residential	Long-term	100%
6. Flat D2 on 17th Floor and 1 car parking space No. 233 Block D, Evergreen Villa, 43 Stubbs Road, Hong Kong 11/2530 shares of and in Inland Lot No. 7891	Residential	Long-term	100%
7. Tower Park Condominium Units 5D, 12A, 12B & 22D, 52/35 Sukhumvit Soi 3, Bangkok 10500, Thailand	Residential	Freehold	100%
8. Building No. (B39/90) at Baho-Si Residential Area, Baho-Si quarter Lanmadaw Township, Yangon, Myanmar	Residential	Freehold	100%
9. Apartments A and B on 19th Floor, Wah Tai Mansion, No. 388 ZhaoJiaBang Road, Shanghai, People's Republic of China	Residential	Long-term	100%



FIVE YEARS FINANCIAL SUMMARY

For the years ended 31 March

	1999 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
RESULTS					
Turnover	156,420	184,559	63,913	49,256	42,264
Profit/(loss) attributable to shareholders	(341,592)	(90,672)	195	(53,538)	3,031
Dividends	–	501,782	–	–	–
Earnings/(loss) per share (HK cents)	(70.95)	(18.07)	0.03	(7.11)	0.40
BALANCE SHEET					
Total assets	2,102,420	582,843	604,030	608,156	637,741
Total liabilities	(844,474)	(154,505)	(14,310)	(69,793)	(102,351)
Minority interests	(108,611)	(8,283)	(5,358)	(2,517)	(1,241)
	1,149,335	420,055	584,362	535,846	534,149
Capital and reserves					
Share capital	50,178	50,178	75,267	74,948	74,898
Reserves	1,099,157	369,877	509,095	460,898	459,251
Shareholders' funds	1,149,335	420,055	584,362	535,846	534,149



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Pioneer Global Group Limited (the “Company”) will be held at the new principal place of business of the Company in Hong Kong at Suite 01-03, 30th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Monday, 8 September 2003 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2003.
2. To re-elect Directors and to fix their remuneration.
3. To re-appoint Auditors and to authorise the Directors to fix their remuneration.
4. To consider as special business and, if thought fit, adopt with or without amendment, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

A. **“THAT** the Directors be and are hereby granted an unconditional general mandate to repurchase issued shares in the capital of the Company in accordance with all applicable laws and subject to the following conditions:

- (a) such mandate should not extend beyond the Relevant Period (defined in sub-paragraph (c) below);
- (b) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the Directors of the Company pursuant to this Resolution should not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”



NOTICE OF ANNUAL GENERAL MEETING

B. “**THAT** the Directors be and are hereby granted an unconditional general mandate to issue and allot additional shares in the capital of the Company and to make or grant offers, agreements and options in respect thereof, subject to the following condition:

- (a) such mandate should not extend beyond the Relevant Period (defined in sub-paragraph (c) below) save that the Directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors, otherwise than pursuant to a Rights Issue (as defined in sub-paragraph (c) below) or pursuant to the grant or exercise of options issued under any share option scheme adopted by the Company or pursuant to any scrip dividend scheme or with the consent of the Company in general meeting, should not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of next Annual General Meeting of the Company;
- (ii) the expiration of the period within the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”



NOTICE OF ANNUAL GENERAL MEETING

- C. “**THAT** the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution 4B set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution 4A set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the Resolution.”

By Order of the Board
Jane Kwai Ying Tsui
Secretary

Hong Kong, 15 July 2003

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him; a proxy need not also be a member of the Company.
2. The instrument appointing a proxy or attorney or other authority (if any) under which it is signed, or a notarially executed copy of such power or authority shall be deposited at Suite 01-03, 30th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting.
3. There will be no closure of the Transfer Books and Register of Members.

