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If you have sold or transferred all your shares in **Pioneer Global Group Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00224)

**MAJOR TRANSACTION
FORMATION OF A JOINT VENTURE**

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Agreement”	the shareholders’ agreement amongst Pioneer-SPV, Morgan Stanley-SPV and Pamfleet-SPV entered into on 13 May 2004 relating to the affairs of the MSR Co.;
“associates”	has the meaning as defined in the Listing Rules;
“closely allied group of shareholders”	<ol style="list-style-type: none">(1) Forward Investments Inc., wholly owned by The YCK Trust of which Madam Y. C. Koo, the mother of Rossana Wang Gaw, is a beneficiary, owns 174,277,635 shares (23.27%) of the Company;(2) Asset Plus Investments Ltd., wholly owned by Winfred Ho and Elsa Wang Ho, the brother-in-law and sister of Rossana Wang Gaw, owns 68,076,076 shares (9.09%) of the Company;(3) Intercontinental Enterprises Corporation, wholly owned by The KYC 1991 Trust, of which Rossana Wang Gaw is a beneficiary, owns 123,148,701 shares (16.44%) of the Company;(4) Vitality Holdings Limited, wholly owned by Rossana Wang Gaw, owns 15,309,732 shares (2.04%) of the Company;(5) Rising Crescent Enterprises Limited, wholly owned by The RGK Trust, of which Kenneth Gaw (the son of Rossana Wang Gaw) is a beneficiary, owns 26,457,774 shares (3.53%) of the Company;(6) Fortune South China Limited, wholly owned by Kenneth Gaw, owns 8,122,000 shares (1.08%) of the Company;(7) Kenneth Gaw owns 1,734,750 shares (0.23%) of the Company;
“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange;

DEFINITIONS

“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Kowloon City Plaza”	the land and property known as Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong and erected on New Kowloon Inland Lot No.6056;
“Latest Practicable Date”	10 June 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Morgan Stanley”	Morgan Stanley, a global financial services firm with its shares listed on the New York Stock Exchange;
“Morgan Stanley-SPV”	MSR Grand Slam Project Holdings Ltd., a company incorporated in the Cayman Islands, which is an independent third party not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates;
“MSR Co.”	MSR Grand Slam Project Ltd., a company incorporated with limited liability on 6 May 2004 in the Cayman Islands;
“Paliburg Plaza”	the land and property known as Paliburg Plaza, 68 Yee Wo Street, Causeway Bay, Hong Kong and erected on Section K of Inland Lot No.1408;
“Pamfleet-SPV”	Pamfleet Investments Limited, a company incorporated in the British Virgin Islands, which is an independent third party not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates;
“Pioneer-SPV”	Wealth Instrument Inc., a company incorporated in the British Virgin Islands with limited liability which is a wholly owned subsidiary of the Company;

DEFINITIONS

“Properties”	Paliburg Plaza and Kowloon City Plaza;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of shares;
“shares(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholders”	has the meaning as defined in the Listing Rules.



Pioneer
PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00224)

Executive Directors:

Rossana Wang Gaw (*Chairman*)
Goodwin Gaw (*Vice Chairman*)
Kenneth Gaw (*Managing Director*)
Jane Kwai Ying Tsui

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent non-executive Directors:

Dr. Charles Wai Bun Cheung, J.P.
The Hon. Bernard Charnwut Chan
Arnold Tin Chee Ip

*Principal place of business
and head office:*

Suites 01-03, 30/F, Office Tower
Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

15 June 2004

To Shareholders

Dear Sir/Madam

**MAJOR TRANSACTION
FORMATION OF A JOINT VENTURE**

INTRODUCTION

By an announcement dated 25 May 2004, the Company announced that, on 13 May 2004, Pioneer-SPV, a wholly owned subsidiary of the Company, entered into an agreement with Morgan Stanley-SPV and Pamflet-SPV to participate in a joint venture by becoming shareholders of MSR Co. by subscribing new shares.

As the consideration for the formation of joint venture represents more than 25% of the market capitalization of the Group for the last five trading days prior to the date of the Agreement, the Agreement constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules.

The Listing Rules also provide that a major transaction must be made conditional on approval by the Shareholders and that such approval may be obtained either by convening a

LETTER FROM THE BOARD

general meeting or by a written shareholders' approval obtained from a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at such general meeting.

A written shareholders' approval has been obtained from a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at general meeting to approve the transaction and such shareholders and their respective associates have no interest in the Agreement and the transaction. To the best of the Directors' information, knowledge and belief, having made all reasonable enquiries, no shareholder shall be required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction. A shareholders' meeting will therefore not be convened for the purpose of obtaining shareholders' approval.

The purpose of this circular is to provide shareholders with details of the Agreement, general information on the nature of transaction in relation to the Agreement and certain information of the Group in compliance with the requirements of Chapter 14 of the Listing Rules.

THE AGREEMENT DATED 13 MAY 2004

Parties

- a. Pioneer-SPV, a wholly owned subsidiary of the Company.
- b. Morgan Stanley-SPV, a company incorporated in the Cayman Islands. It is wholly owned by Morgan Stanley Real Estate Funds which are Morgan Stanley sponsored equity funds.
- c. Pamfleet-SPV, a company incorporated in the British Virgin Islands, is an investment holding company.

On 13 May 2004, Pioneer-SPV, Morgan Stanley-SPV and Pamfleet-SPV entered into an agreement to own interests of 5%, 90% and 5% respectively of MSR Co. by way of subscription of new shares.

Morgan Stanley-SPV and Pamfleet-SPV and their respective ultimate beneficial owners are independent third parties not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates.

The Agreement was conditional upon the completion of the transaction by MSR Co. to acquire Paliburg Plaza and Kowloon City Plaza on or before 31 May 2004.

Completion

On 13 May 2004, the Parties became shareholders of MSR Co. by subscription of new shares. The shareholding of MSR Co. held by Pioneer-SPV is 5% upon completion.

LETTER FROM THE BOARD

Joint Venture and its business

MSR Co. is a company incorporated by Morgan Stanley Real Estate Funds with limited liability on 6 May 2004 in the Cayman Islands. On 14 May 2004, MSR Co. completed a transaction to purchase Paliburg Plaza and Kowloon City Plaza in Hong Kong. The vendor of the Properties is independent and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates.

The objective of MSR Co. is to act as a holding company for the Properties, which are intended to be held as long-term investments. Professional asset and property management companies, which are independent and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates, have been engaged on 14 May 2004 by MSR Co. to supervise and operate the rental business of the Properties.

Paliburg Plaza is a 24-floor, 217,625 square feet office tower with a retail podium located at 68 Yee Wo Street, Causeway Bay, Hong Kong. It is adjacent to the Regal Hotel. Occupancy rate is over 90%.

Kowloon City Plaza is a 640,000 square feet shopping center, located at 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong. It comprises three basement floors, six upper floors and two floors of car-parking. Occupancy rate is over 75%.

Paliburg Plaza and Kowloon City Plaza have been valued to be HK\$950 million and HK\$1,300 million respectively as of 7 June 2004. Details of valuation are provided in Appendix I of this circular.

MSR Co. has neither intention nor commitment of future purchases of properties.

Board representation

The board of MSR Co. will consist of 5 directors. Pioneer-SPV is entitled to appoint one director to the board of MSR Co.. Pamfleet-SPV and Morgan Stanley-SPV are entitled to appoint one and three directors respectively.

Consideration and commitment by Pioneer-SPV

Pursuant to the terms of the Agreement, the capital of MSR Co. is principally funded by shareholder loans in accordance with their respective shareholding. The considerations paid in cash by the Group comprised share capital of nominal values of US\$10 and shareholder loan of HK\$39 million at book value on 13 May 2004. Pro-rata capital contribution and shareholder loans were also made by Morgan Stanley-SPV and Pamfleet-SPV respectively. All shareholder loans are unsecured bearing no interest and shall be repaid on or before May 2011. The Group also committed an additional HK\$6 million shareholder loan (unsecured bearing no interest and shall be repaid on or before May 2011) to MSR Co. on a needed basis.

LETTER FROM THE BOARD

Pioneer-SPV's shares in MSR Co. are not permitted to be transferred within the first 24 months from the date of the Agreement. Thereafter, transfer is allowed subject to certain right of first refusal, tag along and drag along provisions. The Agreement provides that if Morgan Stanley-SPV disposes of its shares in MSR Co. to an independent third party, Pioneer-SPV has the right to dispose of its shares in MSR Co. on the same terms of the disposal. At the same time, Morgan Stanley-SPV also has the right to require Pioneer-SPV to dispose of its shares in MSR Co. on the same terms of the disposal.

REASON FOR INVESTMENT IN MSR CO.

The principal business activities of the Group consist of property investment and management, investment in securities and information services provision. Paliburg Plaza is a prime office building located in the heart of Causeway Bay on Yee Wo Street, adjacent to the Regal Hotel. Kowloon City Plaza has the potential to become an exciting retail, food & beverages and entertainment destination in the region of Kowloon City. The Directors consider that the investment, the terms of which had been negotiated on an arm's length basis, is fair and reasonable and is in the best interest of the Company and the Shareholders as a whole. The Group's investment in MSR Co. shall be accounted for as a long term investment security in the books.

MAJOR TRANSACTION AND APPROVAL BY SHAREHOLDERS

The Agreement constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and must be made conditional on shareholders' approval. Pursuant to Rule 14.44(2), a written shareholders' approval has been obtained from a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at general meeting to approve the transaction such shareholders and their respective associates have no interest in the Agreement and the transaction. The Company confirms that the closely allied group of shareholders or their ultimate beneficial owners and their respective associates are aware that they must not deal in the Company's securities before information relating to this transaction is made available to the public. No shareholder or his respective associates have any interest in the transaction. No shareholder shall be required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction. A shareholders' meeting will therefore not be convened for the purpose of obtaining shareholders' approval.

Pursuant to Rule 14.67(4), a circular issued in relation to an acquisition constituting a major transaction must contain an accountant's report on the company being acquired provided that, where any company in question will not become a subsidiary of the Company, the Stock Exchange may be prepared to relax this requirement. Since MSR Co. is not a subsidiary of the Group and its investment in MSR Co. shall be accounted for as a long term investment security, no additional information will be provided by an accountant's report. The Group therefore requested the Stock Exchange to relax the requirement of an accountant's report.

LETTER FROM THE BOARD

GENERAL INFORMATION

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Morgan Stanley-SPV and Pamfleet-SPV and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company and do not hold any shares in the Company.

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully
For and on behalf of
Pioneer Global Group Limited
Kenneth Gaw
Managing Director



萊坊國際物業顧問

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7th June, 2004

The Directors
Pioneer Global Group Limited
30/F, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests as per the attached valuation certificate which are going to be acquired by the Company, we confirm that we have carried out inspections, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the open market values of these property interests as at today's date.

Our valuations represent our opinion of the open market values. We define open market value as "the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the owners sell the properties on the open market in their existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to increase or decrease the value of such property interests.

In valuing the property interests, we have adopted the investment approach which capitalises the current rent receivable from the existing tenancy and the potential reversionary market rent of the property interest taking into account the latest market rental comparable in the open market.

We have relied to a very considerable extent information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, lettings, rental income and revenue, joint venture agreements, site and floor areas etc.

We have caused searches to be made at the Land Registry and in some instances we have been provided with extracts from title documents relating to those properties. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments that do not appear on the copies handed to us. All documents and leases have been used for reference only. All dimensions, measurements and areas included in the valuation certificate are only approximation.

We have inspected the exterior and, where possible, the interior of all properties. However, we have not carried out any structural survey nor have we inspected woodwork or other parts of the structures that are covered, unexposed or inaccessible. We are therefore unable to confirm whether the properties are or are not free of rot, infestation or any other defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of any onerous nature which could affect their values.

We enclose herewith our summary of valuation and valuation certificate.

Yours faithfully,
For and on behalf of
KNIGHT FRANK
Catherine Cheung
MHKIS MRICS RPS(GP)
Assistant Director

SUMMARY OF VALUATION

Property	Capital value in existing state as at 7th June, 2004
1. Paliburg Plaza No. 68 Yee Wo Street Causeway Bay Hong Kong	HK\$950,000,000
2. Kowloon City Plaza No. 128 Carpenter Road Kowloon City Kowloon	HK\$1,300,000,000
	<hr/>
Total:	<u>HK\$2,250,000,000</u>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 7th June, 2004
1. Paliburg Plaza No. 68 Yee Wo Street Causeway Bay Hong Kong Section K of Inland Lot No. 1408.	<p>The property comprises a 16-storey grade A office building (including 2 mechanical floors) and a 7-level shopping and car parking podium (plus 1 level of basement) erected on a site having a total registered site area of about 18,591 sq.ft., with frontages to Yee Wo Street, Pennington Street and Irving Street.</p> <p>The shopping and car parking podium of the property (also known as Phase I) was completed in about 1984 and has a gross area of approximately 77,657 sq.ft. retail/restaurant floor spaces on the ground to third levels whilst the remaining levels accommodate approximately 107 car parking spaces.</p> <p>The office portion of the property (also known as Phase II) was completed in about 1989 and comprises a gross area of about 139,968 sq.ft..</p> <p>The property is held under a Government lease for a term of 999 years from 25th December, 1884.</p> <p>The Government rent for the property is HK\$4.34 per annum.</p>	<p>The property is let to various tenants with 63,323 sq.ft. remain vacant and yields a total monthly rental of about HK\$2,700,000, exclusive of rates, management fee, air-conditioning charges, licence fees and income from car parking spaces. Monthly licence fees for antennae receivable was about HK\$46,300.</p> <p>Car parking spaces were let on hourly and monthly basis yielding a total revenue of HK\$2,200,000 for the period from June 2003 to May 2004.</p>	HK\$950,000,000

Notes:

- (1) The registered owner of the property is Treasure Spot Investments Limited.
- (2) The property is subject to a Modification Letter dated 27th May, 1986 and a Deed of Restrictive Covenant dated 13th May, 1992.
- (3) The property is subject to a Debenture and Share Charge dated 29th September, 2000 in favour of Commercial Plaza Securitisation Limited.
- (4) The property is subject to a Deed of Charge and Assignment dated 29th September, 2000 in favour of DB Trustees (Hong Kong) Limited.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 7th June, 2004
2. Kowloon City Plaza No. 128 Carpenter Road Kowloon City Kowloon	The property comprises a 7-storey (plus 3 levels of basement) shopping/entertainment complex completed in 1993 on a site with site area of about 63,734 sq.ft..	The property is let to various tenants at various terms with 121,420 sq.ft. remain vacant and yields a total monthly rent of HK\$4,480,000, exclusive of rates, management fees, air-conditioning charges,	HK\$1,300,000,000
New Kowloon Inland Lot No. 6056.	The property accommodates retail/shopping spaces of various sizes from portion of 2nd basement to portion of 5th floor, two mini-cinemas, 500 car parking spaces and 36 loading/unloading spaces on the roof portion of 5th floor, portion of 2nd basement and the whole of 3rd basement. The property has a total lettable floor area of about 283,796 sq.ft..	turnover rent, licence fees and income from exhibition but inclusive of carparking spaces. Monthly licence fees for antennae receivable amount to HK\$170,000. Exhibition, Movable Sales Booth, Lightbox & Signage income receivable is about HK\$71,000.	
	The property is held under the Conditions of Sale No. 12078 for a term expiring on 30th June, 2047.		
	The annual Government rent is HK\$1,000 up to 30th June, 1997 and thereafter at an amount equal to 3 percent. of the then rateable value of the lot.		

Notes:

- (1) The registered owner of the property is Good Focus Holdings Limited.
- (2) The property is subject to an Occupation Permit dated 27th May, 1993 and a Letter of Compliance dated 25th August, 1993.
- (3) The property is subject to a Debenture and Share Charge dated 29th September, 2000 in favour of Commercial Plaza Securitisation Limited.
- (4) The property is subject to a Deed of Charge and Assignment dated 29th September, 2000 in favour of DB Trustees (Hong Kong) Limited.

1. INDEBTEDNESS

At the close of business on 30 April 2004, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding borrowings from banks of approximately HK\$51.7 million consisting of short term secured loans. The Group also had contingent liabilities of approximately HK\$0.4 million comprising guarantee for payment of drawn banking facilities to an associate of the Group amounting to approximately HK\$0.2 million and guarantee given to a banker in lieu of utility deposits amounting to approximately HK\$0.2 million.

Save as aforesaid and apart from intra-group liabilities, actual and contingent, none of the companies of the Group had outstanding at the close of business on 30 April 2004 indebtedness in respect of any mortgages, charges or debentures, loan capital, long-term loans, bank overdrafts, other loans, debt securities or other similar indebtedness, or hire purchase commitments, finance lease commitments, guarantees or other material contingent liabilities.

Foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 30 April 2004.

2. WORKING CAPITAL

The Directors are of the opinion that taking into account the Group's available facilities from financial institutions and internal resources, the Group has sufficient working capital for its immediate requirements.

3. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2003, being the date up to which the latest published audited consolidated financial statements of the Group were made.

4. EXTRACT OF THE FINANCIAL STATEMENTS

The following audited consolidated financial statements of the Group are extracted from the annual reports of the Group for the years ended 31 March 2003 and 2002.

CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31 March

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Turnover	2	<u>42,264</u>	<u>49,256</u>	<u>63,913</u>
Properties operating expenses		(5,462)	(3,970)	(8,428)
Purchases for resale		(1,966)	(4,200)	(1,823)
Staff costs		(18,151)	(25,063)	(25,595)
Depreciation & amortisation		(1,021)	(1,113)	(1,121)
Other operating expenses		<u>(6,191)</u>	<u>(6,875)</u>	<u>(6,976)</u>
		<u>(32,791)</u>	<u>(41,221)</u>	<u>(43,943)</u>
Operating profit	2	9,473	8,035	19,970
Share of profits and (losses) of associates				
Listed		7,891	7,032	–
Unlisted		<u>(12,144)</u>	<u>(26,444)</u>	<u>(13,557)</u>
		5,220	(11,377)	6,413
Finance costs	3a	(2,692)	(586)	(9,220)
Net profit/(loss) on disposal of assets less impairment provisions	3c	<u>1,860</u>	<u>(41,293)</u>	<u>2,883</u>
		4,388	(53,256)	76
Taxation	4	<u>(2,254)</u>	<u>(2,126)</u>	<u>(1,210)</u>
		2,134	(55,382)	(1,134)
Minority interests		<u>897</u>	<u>1,844</u>	<u>1,329</u>
Profit/(loss) attributable to shareholders		<u><u>3,031</u></u>	<u><u>(53,538)</u></u>	<u><u>195</u></u>
Earnings/(loss) per share (<i>HK cents</i>)	6	<u><u>0.40</u></u>	<u><u>(7.11)</u></u>	<u><u>0.03</u></u>

CONSOLIDATED BALANCE SHEET

At 31 March

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Non-current assets				
Fixed assets	8	242,197	252,802	221,636
Listed associate	9	47,119	41,613	–
Unlisted associates	10	153,783	114,970	121,788
Investment securities	11	108,456	108,456	147,211
Other investments	11	5,061	4,242	23,967
Receivables		–	–	6,630
		<u>556,616</u>	<u>522,083</u>	<u>521,232</u>
Current assets				
Debtors, advances & prepayments	13	6,810	7,529	7,278
Other investments	11	20,396	16,456	–
Cash and bank balances		53,919	62,088	75,520
		<u>81,125</u>	<u>86,073</u>	<u>82,798</u>
Current liabilities				
Creditors & accruals	14	15,207	12,378	12,370
Secured bank loans & overdrafts	15	64,400	33,623	1,123
Taxation		1,144	992	817
		<u>(80,751)</u>	<u>(46,993)</u>	<u>(14,310)</u>
Net current assets		<u>374</u>	<u>39,080</u>	<u>68,488</u>
Total assets less current liabilities		556,990	561,163	589,720
Non-current liabilities				
Secured bank loan	15	(21,600)	(22,800)	–
Minority interests		<u>(1,241)</u>	<u>(2,517)</u>	<u>(5,358)</u>
Net assets		<u>534,149</u>	<u>535,846</u>	<u>584,362</u>
Capital & reserves				
Share capital	16	74,898	74,948	75,267
Reserves	17	459,251	460,898	509,095
Shareholders' funds		<u>534,149</u>	<u>535,846</u>	<u>584,362</u>

BALANCE SHEET

At 31 March

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Non-current assets				
Subsidiary companies	12	488,031	487,661	499,276
Receivables		—	—	6,630
		<u>488,031</u>	<u>487,661</u>	<u>505,906</u>
Current assets				
Debtors, advances & prepayments		617	327	1,111
Other investments		15,834	11,447	—
Cash and bank balances		<u>51,035</u>	<u>58,474</u>	<u>61,236</u>
		<u>67,486</u>	<u>70,248</u>	<u>62,347</u>
Current liabilities				
Creditors & accruals		630	645	665
Secured bank loan		31,200	31,200	—
Taxation		<u>17</u>	<u>—</u>	<u>—</u>
		<u>(31,847)</u>	<u>(31,845)</u>	<u>(665)</u>
Net current assets		<u>35,639</u>	<u>38,403</u>	<u>61,682</u>
Net assets		<u>523,670</u>	<u>526,064</u>	<u>567,588</u>
Capital & reserves				
Share capital	16	74,898	74,948	75,267
Reserves	17	<u>448,772</u>	<u>451,116</u>	<u>492,321</u>
Shareholders' funds		<u>523,670</u>	<u>526,064</u>	<u>567,588</u>

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31 March*

	2003	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities			
Profit/(loss) before taxation	4,388	(53,256)	76
Exchange adjustment	(29)	316	(173)
Share of net losses of associates	4,253	19,412	13,557
Net (profit)/loss on disposal of assets			
less impairment provisions	(1,860)	41,293	(2,883)
Claims paid in respect of investments	–	–	(793)
Unclaimed dividend declared by subsidiary reversed	–	–	(239)
Depreciation and amortisation	1,021	1,113	1,121
Provision for long service payments	700	140	618
Interest income	(3,704)	(1,878)	(5,382)
Interest expenses	2,692	586	9,220
Investment income			
– listed	(1,571)	(3,384)	(5,313)
– unlisted	(429)	(429)	(313)
Decrease in debtors, advances and prepayments	1,235	316	14,234
Increase in creditors and accruals	905	239	13,656
	<u>7,601</u>	<u>4,468</u>	<u>37,386</u>
Cash generated from operations			
	<u>7,601</u>	<u>4,468</u>	<u>37,386</u>
Hong Kong profits tax (paid)/refunded	(316)	435	(839)
Overseas profits tax paid	(288)	(955)	(12,288)
	<u>(614)</u>	<u>(520)</u>	<u>(13,127)</u>
Net cash inflow from operating activities	<u>6,987</u>	<u>3,948</u>	<u>24,259</u>

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Net cash inflow from operating activities		<u>6,997</u>	<u>3,948</u>	<u>24,259</u>
Cash flows from investing activities				
Interest received		3,458	1,868	5,382
Dividends received from:				
Investment securities		949	3,151	5,129
Other investments		1,051	662	497
Listed associate		2,459	–	–
Purchase of fixed assets		(161)	(43,725)	(916)
Proceeds on disposal of fixed assets		3	301	43
Investment in unlisted associates		(18,768)	(20,415)	(64,300)
Capital repayment from an unlisted associate		945	210	1,131
Net advances to unlisted associates		(33,528)	(1,080)	(7,668)
Proceeds on disposal of other investments		12,595	50,925	6,140
Purchase of other investments		(17,613)	(63,300)	(14,125)
Recovery of receivables previously provided for		<u>5,850</u>	<u>390</u>	<u>–</u>
Net cash used in investing activities		<u>(42,760)</u>	<u>(71,013)</u>	<u>(68,687)</u>
Cash flows from financing activities				
Open Offer		–	–	163,079
Open Offer expenses		–	–	(812)
Interest paid		(2,692)	(586)	(9,220)
Shares repurchased		(157)	(976)	–
Distributions to minority shareholders		(379)	(144)	(120)
Long term bank loans (repaid)/raised	<i>21(b)</i>	(1,200)	22,800	–
Other bank loan raised		–	1,200	(21,298)
Net cash (used in)/generated from financing activities		<u>(4,428)</u>	<u>22,294</u>	<u>131,629</u>
Net decrease in cash and cash equivalents		(40,191)	(44,771)	87,201
Cash and cash equivalents at the beginning of the year		29,665	74,397	(12,567)
Reclassification to creditors and accruals	<i>21(d)</i>	1,219	–	–
Effect of foreign exchange rate changes		<u>26</u>	<u>39</u>	<u>(237)</u>
Cash and cash equivalents at the end of the year		<u>(9,281)</u>	<u>29,665</u>	<u>74,397</u>
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	75,520
Bank overdraft and loans repayable up to three months	<i>21(a)</i>	<u>(63,200)</u>	<u>(32,423)</u>	<u>(1,123)</u>
Cash and cash equivalents at the end of the year		<u>(9,281)</u>	<u>29,665</u>	<u>74,397</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Total equity at 1 April		<u>535,846</u>	<u>584,362</u>
Exchange adjustment of:			
– associates	<i>17</i>	1,946	(59)
– subsidiaries	<i>17</i>	153	691
Deficit on revaluation of investment properties		<u>(9,700)</u>	<u>(11,292)</u>
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		<u>(157)</u>	<u>(976)</u>
Total equity at 31 March		<u><u>534,149</u></u>	<u><u>535,846</u></u>

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.

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.

SSAP 34 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.

(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

(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.

(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.

(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.

(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.

Business Segments

	Property		Investments		Information Technology		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	<u>27,200</u>	<u>26,541</u>	<u>5,704</u>	<u>5,690</u>	<u>9,360</u>	<u>17,025</u>	<u>42,264</u>	<u>49,256</u>
Segment result	8,981	7,995*	5,496	5,455*	(3,866)	(4,088)*	10,611	9,362*
Unallocated corporate expenses							<u>(1,138)</u>	<u>(1,327)*</u>
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)							<u>3,031</u>	<u>(53,538)</u>
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							<u>(102,351)</u>	<u>(69,793)</u>
Other information								
Capital expenditure	116	43,450	17	90	28	185	161	43,725
Depreciation	<u>621</u>	<u>749</u>	<u>123</u>	<u>163</u>	<u>277</u>	<u>201</u>	<u>1,021</u>	<u>1,113</u>

* 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.

3) PROFIT/(LOSS) BEFORE TAXATION

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
(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
	<u>3,704</u>	<u>1,878</u>
(c) Net profit/(loss) on disposal of assets less impairment provisions		
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
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)
	<u>1,860</u>	<u>(41,293)</u>

4) TAXATION

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

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.

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

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
	<u>7</u>	<u>7</u>

(2) Share Options to Executive Directors

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

(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	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,236	1,441
Contributions to mandatory provident fund	<u>12</u>	<u>12</u>
	<u>1,248</u>	<u>1,453</u>

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.

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
	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>
At 31 March 2003	239,073	11,919	250,992
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
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)
	<hr/>	<hr/>	<hr/>
At 31 March 2003	–	8,795	8,795
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 31 March 2003	239,073	3,124	242,197
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2002	248,684	4,118	252,802
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Investment properties comprise the following:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
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
	<hr/>	<hr/>
	229,533	239,144
	<hr/> <hr/>	<hr/> <hr/>
At cost:		
Long term leasehold properties in Mainland China	7,950	7,950
Freehold property in Myanmar	1,590	1,590
	<hr/>	<hr/>
	9,540	9,540
	<hr/> <hr/>	<hr/> <hr/>
	239,073	248,684
	<hr/> <hr/>	<hr/> <hr/>

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.

9) LISTED ASSOCIATE

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

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.

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	<u>225,858</u>	<u>199,346</u>
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)
	<u>1,963,035</u>	<u>1,842,761</u>
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	<u>1,963,035</u>	<u>1,842,761</u>

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	<u>283,259</u>	<u>255,256</u>
	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	<u>498</u>	<u>497</u>
Group's share of profit	<u>7,891</u>	<u>7,032</u>

10) UNLISTED ASSOCIATES

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
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	<u>(60,051)</u>	<u>(44,007)</u>
Share of net assets	65,756	61,389
Amount due from associates	<u>88,027</u>	<u>53,581</u>
	<u>153,783</u>	<u>114,970</u>

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

Name of company	Main activity	Country of incorporation	Percentage of ordinary shares held	Effective Group percentage
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

(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.

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

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

11) INVESTMENTS

(a) Investment Securities

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

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

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

12) SUBSIDIARIES

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

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

(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
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%.

13) DEBTORS, ADVANCES & PREPAYMENTS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Trade and rental debtors	1,432	2,428
Advances & prepayments	5,378	5,101
	<u>6,810</u>	<u>7,529</u>

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 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
0-30 days	693	1,610
31-60 days	360	452
61-90 days	318	14
> 90 days	61	352
	<u>1,432</u>	<u>2,428</u>

14) CREDITORS & ACCRUALS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Trade creditors	674	985
Provision for long service payments	2,121	1,421
Accruals & other creditors	12,412	9,972
	<u>15,207</u>	<u>12,378</u>

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

15) SECURED BANK LOANS AND OVERDRAFTS

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Current		
Secured bank overdraft	–	1,222
Secured bank loans – within one year	64,400	32,401
	<u>64,400</u>	<u>33,623</u>
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
	<u>21,600</u>	<u>22,800</u>

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
	<u>2,000,000,000</u>	<u>200,000</u>
Issued and Fully Paid		
At 31 March 2002	749,484,917	74,948
Shares repurchased	(500,000)	(50)
	<u>748,984,917</u>	<u>74,898</u>

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.

17) RESERVES

At 31 March 2003

Group

	Share Premium <i>HK\$'000</i>	Capital Reserve & Contributed Surplus <i>HK\$'000</i>	Exchange Reserve <i>HK\$'000</i>	Investment Properties Revaluation Reserve <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Retained Earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>304,729</u>	<u>64,120</u>	<u>11</u>	<u>147,320</u>	<u>-</u>	<u>(56,929)</u>	<u>459,251</u>
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)
	<u>304,729</u>	<u>64,120</u>	<u>11</u>	<u>147,320</u>	<u>-</u>	<u>(56,929)</u>	<u>459,251</u>

At 31 March 2002

Group

	Share Premium <i>HK\$'000</i>	Capital Reserve & Contributed Surplus <i>HK\$'000</i>	Exchange Reserve <i>HK\$'000</i>	Investment Properties Revaluation Reserve <i>HK\$'000</i>	Goodwill <i>HK\$'000</i>	Retained Earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>304,836</u>	<u>64,120</u>	<u>(2,088)</u>	<u>157,020</u>	<u>(3,030)</u>	<u>(59,960)</u>	<u>460,898</u>
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)
	<u>304,836</u>	<u>64,120</u>	<u>(2,088)</u>	<u>157,020</u>	<u>(3,030)</u>	<u>(59,960)</u>	<u>460,898</u>

At 31 March 2003

Company

	Share Premium <i>HK\$'000</i>	Contributed Surplus <i>HK\$'000</i>	Retained Earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	
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		<u>304,729</u>	<u>403,929</u>	<u>(259,886)</u>	<u>448,772</u>

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 <i>HK\$'000</i>	Contributed Surplus <i>HK\$'000</i>	Retained Earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
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	<u>304,836</u>	<u>403,929</u>	<u>(257,649)</u>	<u>451,116</u>

18) CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Company	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<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	–	–
	<u>–</u>	<u>963</u>	<u>–</u>	<u>–</u>

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

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 HK\$'000	2002 HK\$'000
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
	<u>64,400</u>	<u>33,623</u>
As shown in the consolidated balance sheet	<u>64,400</u>	<u>33,623</u>

(b) Analysis of Changes in Financing during the Year

As at 31 March 2003

	Share Capital and Share Premium HK\$'000	Bank Loan included in Non-current Liabilities (note 15) HK\$'000	Bank Loan repayable beyond three months and included in Current Liabilities (note 21(a)) HK\$'000	Minority Interests HK\$'000
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)	–
	<u>379,627</u>	<u>21,600</u>	<u>1,200</u>	<u>1,241</u>
At 31 March 2003	<u>379,627</u>	<u>21,600</u>	<u>1,200</u>	<u>1,241</u>

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	–
	<u>379,784</u>	<u>22,800</u>	<u>1,200</u>	<u>2,517</u>
At 31 March 2002	<u>379,784</u>	<u>22,800</u>	<u>1,200</u>	<u>2,517</u>

(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.

(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.

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			Exercise price*	Date of grant	Exercise period
At 1 April 2002	Adjustment*	At 31 March 2003			
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.

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.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made full reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

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

Long position in shares of the Company

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

¹ Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,309,732 shares.

² Mr. Kenneth Gaw owns the entire issued share capital of Fortune South China Limited, which was beneficially interested in 8,122,000 shares.

³ 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.

⁴ Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 26,457,774 shares.

Long position in underlying shares of the Company

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

Long position in shares of associated companies

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

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

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

3. SUBSTANTIAL SHAREHOLDERS

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

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

Save as disclosed below, the Directors are not aware of any other persons (other than a Director of the Company) who, as at the Latest Practicable Date, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of company	Name of shareholder	%
Forerunner Investments Limited	Farnham Group Limited	30
Pioneer iConcepts Limited	Ng Poon Wing Man Agnes	40

4. SERVICES CONTRACT

None of the Directors have any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS/ARRANGEMENTS

None of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 March 2003, the date up to which the latest published audited consolidated financial statements of the Group were made.

None of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

6. LITIGATION

No litigation or claim of material importance is known to the Directors to be pending or threatened against the Group.

7. MATERIAL CONTRACTS

There have been no material contracts (not being contracts entered into in the ordinary course of business of any member of the Group) within the two years preceding the date of this circular.

8. GENERAL

- (i) The Qualified Accountant of the Company is Mr. Lee Kam Hung Alan, a fellow member of Hong Kong Society of Accountant.
- (ii) The Secretary of the Company is Ms. Tsui Kwai Ying Jane, an associate of The Institute of Bankers of London.
- (iii) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (iv) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (v) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal office of the Company at Suites 01-03, 30/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong up to and including 30 June 2004.

- (i) the Memorandum of Association and Bye-Laws of the Company;
- (ii) the audited consolidated financial statements of the Group for the financial years ended 31 March 2002 and 31 March 2003;
- (iii) a circular of the Company dated 26 August 2003 in relation to the acquisition of 100% of PGG Siam Property Fund by an associated company of the Group;
- (iv) a circular of the Company dated 28 November 2003 in relation to a major transaction;
- (v) the Agreement as referred to in this circular.