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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:  
ACQUISITION OF PROPERTY**

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context otherwise requires.*

“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“DTZ”	DTZ Debenham Tie Leung Limited, an independent professional property valuer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	16 September 2009, 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
“Property”	The entire real property (named Club Lusitano) located at 16 Ice House Street, Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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LETTER FROM THE BOARD

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**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

*Independent Non-executive Directors:*

Dr. Charles Wai Bun Cheung, JP  
Stephen Tan  
Arnold Tin Chee Ip

*Registered Office:*

Canon's Court, 22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal Place of Business and  
Head Office in Hong Kong:*

20th Floor  
1 Lyndhurst Tower  
No. 1 Lyndhurst Terrace  
Central, Hong Kong

21 September 2009

*To Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION:  
ACQUISITION OF PROPERTY**

**INTRODUCTION**

On 15 July 2009, the Company entered into the Agreement with the Owner and pursuant to which the Lessee agreed to acquire an 80-year leasehold interest of the property located at 16 Ice House Street, Hong Kong for a total consideration of HK\$410.0 million payable in cash.

The purpose of this circular is to provide the Shareholders with further information in relation to the acquisition. Details of the acquisition are as follows:

**AGREEMENT**

**Date of agreement:**

15 July 2009

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## LETTER FROM THE BOARD

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**Owner:**

Club Lusitano, a Hong Kong incorporated company limited by guarantee and with principal activities of holding the Property and promoting its objects including inter alia to establish and support, or aid in the establishment and support of associations, institutions, clubs, funds and trusts calculated to benefit the Portuguese Community in Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Owner and its ultimate beneficial owners is a third party independent of the Company and any connected person of the Company and is not a connected person of the Company.

**Lessee:**

Dynamic Business Limited, a wholly owned subsidiary of the Company

**Leasehold Interest:**

80-year leasehold interest of the Property

**Special Provisions:**

- (1) The Property shall be returned to the Owner on an "as is" basis upon expiry of 80-year lease term. During the 80-year lease term, the Lessee shall have (a) the absolute right to sell the residue of the 80-year lease subject to the Owner having a right of first offer on the price to be determined by the Lessee; and (b) the right of first offer to purchase the residue of the term of 999 years from 11 May 1849 under the government lease of the Property if the Owner shall dispose it to an independent third party.
- (2) Upon Completion, the Lessee shall lease 23rd and 24th Floors of the Property to the Owner for a 3-year term with successive options to renew the lease for additional terms of three years at market rate. In addition, the Owner shall be granted a rent-free lease from the Company for 25th to 27th Floors of the Property for a 3-year term with successive options to renew the lease for additional terms of three years, also on a rent-free basis for each successive renewal 3-year term up to a total term of 80 years less the last 3 days thereof.

**Consideration:**

The total consideration for the Leasehold Interest is HK\$410.0 million which was determined with reference to the market value of the Property after arm's-length negotiations between the parties. The market value taking into account of an 80-year lease and the above Special Provisions was estimated to be HK\$410.0 million by DTZ, an independent valuer.

**Payment Terms:**

HK\$41.0 million was paid to the Owner on signing of the Agreement. HK\$266.5 million shall be paid upon the Completion. The balance of HK\$102.5 million shall be paid by installments over a 5-year period at market interest rate. Such deferred payments and interest payment obligations are guaranteed by the Company.

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## LETTER FROM THE BOARD

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### Completion:

Completion of the transaction shall take place 15 business days from the date of obtaining the approval of Shareholders to the transaction.

### INFORMATION ON THE PROPERTY

The Property is a commercial real estate built in 2001. It has 27 storeys with gross floor area of approximately 80,100 sq. ft.. As of 30 June 2009, the occupancy rate (excluding area occupied by the Owner) was about 95% of which about 46% of leased area tenancy will expire in 2010, 20% in 2011 and 18% in 2012. The revenue and net profit before and after taxation attributable to the Property for the years ended 31 March 2008 and 31 March 2009 were as follows:

	For the year ended	
	31 March 2009	31 March 2008
Revenue	HK\$22.7 million	HK\$19.6 million
Net profit before and after taxation	HK\$15.1 million	HK\$13.4 million

### REASONS AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are property & hotel investments and asset management. The purpose of the acquisition is for long term rental income and capital appreciation. Taking into consideration of the valuation of the Property, the Directors believe that the acquisition is a valuable investment with good potential return for the Group and the terms of the Agreement (including the Special Provisions) are fair and reasonable and in the best interest of the Company and Shareholders as a whole.

### FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, 75% of the Consideration shall be paid to the Owner, which will be funded by cash of HK\$102.5 million and a new mortgage bank loan of HK\$205.0 million. Following the acquisition, the total asset of the Group increases by HK\$312.9 million whereas the net asset value of Group remains unchanged as the increase in leasehold property will be offset by the decrease in cash balances and increase in liabilities of the Group (details are provided in Appendix III). The Property is expected to contribute additional rental revenue and earnings to the Group.

### MAJOR TRANSACTION AND APPROVAL BY SHAREHOLDERS

Under the Listing Rules, the acquisition constitutes a major transaction which is subject to the approval of Shareholders. The Company obtained a written shareholders' approval from a closely allied group of shareholders who together hold more than 50% in nominal value of the securities approving the acquisition in lieu of a general meeting pursuant to Rule 14.44:

- (1) Forward Investments Inc., wholly owned by the YCK Trust, a discretionary trust, of which Madam Y.C. Koo, the mother of Rossana Wang Gaw (an executive director of the Company) is the sole beneficiary, owns 181,388,105 shares (23.58%) of the Company.

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## LETTER FROM THE BOARD

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- (2) Asset-Plus Investments Ltd., wholly and beneficially owned by Winfred Ho and Elsa Wang Ho who are a married couple and respectively the brother-in-law and sister of Rossana Wang Gaw (an executive director of the Company), owns 68,076,076 shares (8.85%) of the Company.
- (3) Intercontinental Enterprises Corporation, wholly owned by the KYC 1991 Trust, a discretionary trust, of which Rossana Wang Gaw (an executive director of the Company) is the sole beneficiary, owns 123,148,701 shares (16.01%) of the Company.
- (4) Vitality Holdings Limited, wholly owned by Rossana Wang Gaw (an executive director of the Company), owns 15,934,364 shares (2.07%) of the Company.
- (5) Rising Crescent Enterprises Limited, wholly owned by the RGK Trust, a discretionary trust, of which Kenneth Gaw, an executive director of the Company (the son of Rossana Wang Gaw, an executive director of the Company) is the sole beneficiary, owns 27,537,243 shares (3.58%) of the Company.
- (6) Top Elite Company Limited, wholly owned by Kenneth Gaw (an executive director of the Company), owns 8,453,375 shares (1.10%) of the Company.
- (7) Kenneth Gaw (an executive director of the Company) owns 1,805,527 shares (0.23%) of the Company.

The closely allied group has been shareholders for over 5 years and has been voting in the same way in all resolutions since they became Shareholders, including previous 2 major transactions: Acquisition of Property at City Garden Podium and Formation of Joint Venture dated 18 February 2005 and 25 May 2004 respectively. They are together considered as “acting in concert” under the Takeovers Code and have no material interest in this major transaction which is different from other Shareholders.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, none of the Shareholders and its associates is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction. The written approval from the closely allied group of shareholders is in lieu of holding a physical shareholders’ meeting and no general meeting for the approval of the acquisition will be held.

### GENERAL

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*

## 1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The following table summarizes the results, assets and liabilities of the Group for the last three financial years, as extracted from the published audited financial statements of the Group for the three years ended 31 March 2007, 2008 and 2009.

**Consolidated Income Statement**

*For the three years ended 31 March 2009, 2008 and 2007*

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>	<b>2007</b> <i>HK\$'000</i>
Turnover			
Company and subsidiaries	119,038	61,886	96,112
Share of associates	46,149	48,312	36,210
	<u>165,187</u>	<u>110,198</u>	<u>132,322</u>
Turnover of Company and subsidiaries	<u>119,038</u>	<u>61,886</u>	<u>96,112</u>
Properties operating expenses	(7,228)	(9,639)	(11,498)
Staff costs	(11,616)	(10,230)	(9,486)
Depreciation & amortisation	(2,870)	(3,047)	(3,365)
Other expenses	(4,836)	(2,849)	(3,645)
	<u>(26,550)</u>	<u>(25,765)</u>	<u>(27,994)</u>
Operating profit	92,488	36,121	68,118
Share of profits of associates	8,568	47,060	92,464
Change in fair value of investment properties	(24,800)	53,726	28,350
Other gains and losses	(642)	32,537	15,205
Finance costs	(2,939)	(6,470)	(8,406)
Profit before taxation	72,675	162,974	195,731
Taxation			
Current	(1,499)	(3,379)	(1,143)
Deferred	13,446	(9,785)	(4,424)
Profit for the year	<u>84,622</u>	<u>149,810</u>	<u>190,164</u>
Attributable to:			
Minority interests	(71)	664	703
Profit attributable to shareholders	<u>84,693</u>	<u>149,146</u>	<u>189,461</u>
	<u>84,622</u>	<u>149,810</u>	<u>190,164</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share ( <i>HK cents</i> )	<u>11.01</u>	<u>19.39</u>	<u>24.63</u>



**Consolidated Balance Sheet**

At 31 March 2009, 2008 and 2007

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>	<b>2007</b> <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets			
Investment properties	453,800	555,600	489,600
Associates	592,524	791,952	481,815
Available for sale investments	150,164	245,332	358,853
Property, plant and equipment	18,386	20,762	22,509
Leasehold land	10,648	10,885	11,121
Other assets	1,447	1,447	1,447
	<u>1,226,969</u>	<u>1,625,978</u>	<u>1,365,345</u>
Current assets			
Debtors, advances & prepayments	24,612	13,127	8,312
Financial assets at fair value	32,262	6,288	5,392
Cash & bank balances	161,902	22,367	15,568
	<u>218,776</u>	<u>41,782</u>	<u>29,272</u>
<b>Total assets</b>	<u><u>1,445,745</u></u>	<u><u>1,667,760</u></u>	<u><u>1,394,617</u></u>
<b>EQUITY</b>			
Share capital	76,935	76,935	76,935
Reserves	1,187,648	1,305,938	1,087,513
	<u>1,264,583</u>	<u>1,382,873</u>	<u>1,164,448</u>
Shareholders' funds	1,264,583	1,382,873	1,164,448
Minority interests	13,775	15,986	15,332
	<u>1,278,358</u>	<u>1,398,859</u>	<u>1,179,780</u>
<b>Total equity</b>	<u><u>1,278,358</u></u>	<u><u>1,398,859</u></u>	<u><u>1,179,780</u></u>
<b>LIABILITIES</b>			
Non-current liabilities			
Secured bank loans	78,100	93,050	39,100
Deferred taxation	48,841	62,287	52,502
	<u>126,941</u>	<u>155,337</u>	<u>91,602</u>
Current liabilities			
Creditors & accruals	14,333	20,513	13,257
Secured bank loans	22,100	89,513	109,356
Tax liabilities	4,013	3,538	622
	<u>40,446</u>	<u>113,564</u>	<u>123,235</u>
<b>Total liabilities</b>	<u><u>167,387</u></u>	<u><u>268,901</u></u>	<u><u>214,837</u></u>
<b>Total equity and liabilities</b>	<u><u>1,445,745</u></u>	<u><u>1,667,760</u></u>	<u><u>1,394,617</u></u>

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2009

The audited consolidated financial statements of the Group for the year ended 31 March 2009 together with the accompanying notes are extracted from the annual report of the Company for the year ended 31 March 2009. They are set out as follows:

### Consolidated Income Statement

For the year ended 31 March 2009

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Turnover			
Company and subsidiaries		119,038	61,886
Share of associates		46,149	48,312
		<u>165,187</u>	<u>110,198</u>
Turnover of Company and subsidiaries	3	<u>119,038</u>	<u>61,886</u>
Properties operating expenses		(7,228)	(9,639)
Staff costs		(11,616)	(10,230)
Depreciation and amortisation		(2,870)	(3,047)
Other expenses		(4,836)	(2,849)
		<u>(26,550)</u>	<u>(25,765)</u>
Operating profit		92,488	36,121
Share of profits of associates		8,568	47,060
Change in fair value of investment properties	11	(24,800)	53,726
Other gains and losses	4	(642)	32,537
Finance costs		(2,939)	(6,470)
Profit before taxation	5	72,675	162,974
Taxation			
Current	6	(1,499)	(3,379)
Deferred	6	13,446	(9,785)
Profit for the year		<u>84,622</u>	<u>149,810</u>
Attributable to:			
Minority interests		(71)	664
Profit attributable to shareholders		<u>84,693</u>	<u>149,146</u>
		<u>84,622</u>	<u>149,810</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share ( <i>HK Cents</i> )	9	<u>11.01</u>	<u>19.39</u>

**Consolidated Balance Sheet**

At 31 March 2009

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets			
Investment properties	<i>11</i>	453,800	555,600
Associates	<i>12</i>	592,524	791,952
Available for sale investments	<i>13</i>	150,164	245,332
Property, plant & equipment	<i>11</i>	18,386	20,762
Leasehold land	<i>11</i>	10,648	10,885
Other assets		1,447	1,447
		<u>1,226,969</u>	<u>1,625,978</u>
Current assets			
Debtors, advances & prepayments	<i>14</i>	24,612	13,127
Financial assets at fair value	<i>15</i>	32,262	6,288
Cash & bank balances	<i>17</i>	161,902	22,367
		<u>218,776</u>	<u>41,782</u>
<b>Total assets</b>		<u><u>1,445,745</u></u>	<u><u>1,667,760</u></u>
<b>EQUITY</b>			
Share capital	<i>18</i>	76,935	76,935
Reserves	<i>19</i>	1,187,648	1,305,938
Shareholders' funds		1,264,583	1,382,873
Minority interests		13,775	15,986
<b>Total equity</b>		<u>1,278,358</u>	<u>1,398,859</u>
<b>LIABILITIES</b>			
Non-current liabilities			
Secured bank loans	<i>20</i>	78,100	93,050
Deferred taxation	<i>21</i>	48,841	62,287
		<u>126,941</u>	<u>155,337</u>
Current liabilities			
Creditors & accruals	<i>22</i>	14,333	20,513
Secured bank loans	<i>20</i>	22,100	89,513
Tax liabilities		4,013	3,538
		<u>40,446</u>	<u>113,564</u>
<b>Total liabilities</b>		<u>167,387</u>	<u>268,901</u>
<b>Total equity and liabilities</b>		<u><u>1,445,745</u></u>	<u><u>1,667,760</u></u>

**Balance Sheet***At 31 March 2009*

	<i>Notes</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>ASSETS</b>			
Non-current assets			
Subsidiary companies	<i>16</i>	770,022	944,855
Associates	<i>12</i>	40,794	40,783
Available for sale investments	<i>13</i>	<u>30,481</u>	<u>5,468</u>
		841,297	991,106
Current assets			
Debtors, advances & prepayments		1,686	1,140
Financial assets at fair value	<i>15</i>	20,164	234
Cash & bank balances	<i>17</i>	<u>135,143</u>	<u>18,871</u>
		<u>156,993</u>	<u>20,245</u>
<b>Total Assets</b>		<u><u>998,290</u></u>	<u><u>1,011,351</u></u>
<b>EQUITY</b>			
Share capital	<i>18</i>	76,935	76,935
Reserves	<i>19</i>	<u>921,261</u>	<u>924,422</u>
<b>Total equity</b>		<u>998,196</u>	<u>1,001,357</u>
<b>LIABILITIES</b>			
Current liabilities			
Creditors & accruals		387	424
Secured bank loans	<i>20</i>	–	9,863
Tax refundable		<u>(293)</u>	<u>(293)</u>
<b>Total liabilities</b>		<u>94</u>	<u>9,994</u>
<b>Total equity and liabilities</b>		<u><u>998,290</u></u>	<u><u>1,011,351</u></u>

**Consolidated Statement of Cash Flow***For the year ended 31 March 2009*

	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Profit before taxation	72,675	162,974
Share of net profit of associates	(8,568)	(47,060)
Other gains and losses	642	(32,537)
Decrease/(increase) in fair value of investment properties	24,800	(53,726)
Depreciation & amortisation	2,870	3,047
Interest income	(3,856)	(975)
Interest expenses	2,939	6,470
Dividend income		
– listed	(5,541)	(8,928)
– unlisted	(38,828)	(7,636)
Decrease/(increase) in debtors, advances & prepayments	561	(4,815)
Increase/(decrease) in creditors & accruals	2,438	(439)
	<hr/>	<hr/>
Cash generated from operations	50,132	16,375
Hong Kong profits tax paid	(983)	(782)
Hong Kong profits tax refunded	29	349
Overseas profits tax paid	(70)	(30)
	<hr/>	<hr/>
Net cash from operating activities	49,108	15,912
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	3,324	975
Dividend received	26,253	16,564
Investment properties:		
– Purchase of investment properties	–	(12,274)
– Deposit received on disposal of investment properties	–	7,860
– Proceeds on disposal of investment properties	69,806	–
Associates:		
– Advance to associates	(3,131)	(24,719)
– Distribution from associates	171,520	46,536
– New investment in associates	–	(180,000)
Available for sale investments:		
– Purchase of available for sale investments	(32,759)	(15,026)
– Deposit paid on purchase of available for sale investments	(12,649)	–
– Distribution from available for sales investments	754	78,045
– Proceeds on disposal of available for sale investments	2,583	64,327

## APPENDIX I

## FINANCIAL INFORMATION OF THE GROUP

	<i>Note</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Property, plant & equipment:			
Purchase of property, plant & equipment		(257)	(1,400)
Proceeds on disposal of property, plant & equipment		–	290
Purchase of other assets		(3,013)	(429)
Financial assets at fair value:			
Purchase of financial assets		(44,565)	(805)
Proceeds on disposal of financial assets		<u>15,673</u>	<u>1,684</u>
Net cash generated from/(used in) investing activities		<u>193,539</u>	<u>(18,372)</u>
Cash flows from financing activities			
Interest paid		(3,069)	(6,635)
Distributions to minority shareholders		(735)	(703)
Advance from minority shareholders		800	–
Dividend paid to shareholders		(17,695)	(17,695)
Bank loans raised		–	34,107
Bank loans repaid		<u>(82,363)</u>	<u>–</u>
Net cash (used in)/generated from financing activities		<u>(103,062)</u>	<u>9,074</u>
Net increase in cash and cash equivalents		139,585	6,614
Cash and cash equivalents at the beginning of the year		22,367	15,568
Effect of foreign exchange rates changes		<u>(50)</u>	<u>185</u>
Cash and cash equivalents at the end of the year		<u>161,902</u>	<u>22,367</u>
Analysis of the balances of cash and cash equivalents			
Bank balances, cash & deposits placed with banks up to three months' maturity	<i>17</i>	<u>161,902</u>	<u>22,367</u>

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & contributed surplus HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2007	76,935	307,687	41,242	16,165	227,658	494,761	1,164,448	15,332	1,179,780
Fair value change of available for sale investments									
– subsidiaries	–	–	–	–	(18,023)	–	(18,023)	–	(18,023)
– minority interests	–	–	–	–	–	–	–	693	693
– associates	–	–	–	–	105,284	–	105,284	–	105,284
Exchange on translation of									
– subsidiaries	–	–	–	103	–	–	103	–	103
– associates	–	–	–	(390)	–	–	(390)	–	(390)
Net income/(loss) recognised directly in equity	–	–	–	(287)	87,261	–	86,974	693	87,667
Profit attributable to equity holders	–	–	–	–	–	149,146	149,146	664	149,810
Total recognised income/(loss) for the year	–	–	–	(287)	87,261	149,146	236,120	1,357	237,477
Distribution to minority interests	–	–	–	–	–	–	–	(703)	(703)
2007 final dividend paid	–	–	–	–	–	(11,540)	(11,540)	–	(11,540)
2008 interim dividend paid	–	–	–	–	–	(6,155)	(6,155)	–	(6,155)
At 31 March 2008	<u>76,935</u>	<u>307,687</u>	<u>41,242</u>	<u>15,878</u>	<u>314,919</u>	<u>626,212</u>	<u>1,382,873</u>	<u>15,986</u>	<u>1,398,859</u>
At 1 April 2008	76,935	307,687	41,242	15,878	314,919	626,212	1,382,873	15,986	1,398,859
Fair value change of available for sale investments									
– subsidiaries	–	–	–	–	(145,631)	–	(145,631)	–	(145,631)
– minority interests	–	–	–	–	–	–	–	(2,205)	(2,205)
– associates	–	–	–	–	(30,402)	–	(30,402)	–	(30,402)
Exchange on translation of									
– subsidiaries	–	–	–	(50)	–	–	(50)	–	(50)
– associates	–	–	–	(9,205)	–	–	(9,205)	–	(9,205)
Net loss recognised directly in equity	–	–	–	(9,255)	(176,033)	–	(185,288)	(2,205)	(187,493)
Profit/(loss) attributable to equity holders	–	–	–	–	–	84,693	84,693	(71)	84,622
Total recognised income/ (loss) for the year	–	–	–	(9,255)	(176,033)	84,693	(100,595)	(2,276)	(102,871)
Distribution to minority interests	–	–	–	–	–	–	–	(735)	(735)
Contribution from minority interests	–	–	–	–	–	–	–	800	800
2008 final dividend paid	–	–	–	–	–	(11,540)	(11,540)	–	(11,540)
2009 interim dividend paid	–	–	–	–	–	(6,155)	(6,155)	–	(6,155)
At 31 March 2009	<u>76,935</u>	<u>307,687</u>	<u>41,242</u>	<u>6,623</u>	<u>138,886</u>	<u>693,210</u>	<u>1,264,583</u>	<u>13,775</u>	<u>1,278,358</u>

**Notes to the Financial Statements***For the year ended 31 March 2009***1. SIGNIFICANT ACCOUNTING POLICIES****(a) General information**

Pioneer Global Group Limited is a limited liability company, incorporated in Bermuda with its shares listed on the Stock Exchange. The principal activities of the Company, through its subsidiaries and associates, are described in notes 12 and 27.

**(b) Statement of compliance**

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

In the current year, the Group has applied the revised HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as “new HKFRSs”) that are effective for the accounting period beginning on 1 April 2008 and relevant to the operations of the Group.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
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However, the adoption of these new HKFRSs does not have any significant effect on the accounting policies or results and financial position of the Group.

The Group has not early applied the following new and revised standards and interpretations that have been issued, but are not yet effective, and are relevant to the operations of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>(1)</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>(1)</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>(2)</sup>
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>(1)</sup>
HKAS 39 Amendment	Eligible Hedged items <sup>(2)</sup>
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>(1)</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>(1)</sup>
HKFRS 3 (Revised)	Business Combinations <sup>(2)</sup>
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments <sup>(1)</sup>
HKFRS 8	Operating Segments <sup>(1)</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>(1)</sup>
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>(3)</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>(2)</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>(4)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>(2)</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>(3)</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>(4)</sup> Effective for transfer of assets from customers received on or after 1 July 2009

The directors of the Company anticipate that the application of these HKFRSs, HKASs and interpretations will have no material impact on the results and the financial position of the Group.



**(c) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 March 2009 comprise the Company and its subsidiaries (the “Group”) and the Group’s interest in associates.

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

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

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

**(d) Subsidiaries**

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital or controls more than half of the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. All material intra-group transactions, balances and realized surplus and deficits on transactions between group companies have been eliminated. Minority interests represent the proportion of the results and net assets of subsidiaries not attributable to the Group.

In the Company’s balance sheet, an investment in a subsidiary is stated at cost less any impairment losses, unless the investment is classified as held for sale.

**(e) Associates**

Associates are companies where the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group’s share of the associate’s net assets, unless it is classified as held for sale. The consolidated income statement includes the Group’s share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investments in associates recognised for the year.

In the Company’s balance sheet, its investments in associates are stated at cost less impairment losses, unless it is classified as held for sale.

**(f) Goodwill**

Goodwill represents the excess of the cost of a business combination or an investment of associates over the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities. Goodwill is stated at cost less accumulated impairment losses.

Any excess of the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the income statement.

**(g) Investment properties**

Investment properties are land and/or buildings, which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value is recognised in the income statement.

**(h) Property, plant and equipment**

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

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

**(i) Investments in securities**

Investments in securities, other than investments in subsidiaries and associates, are classified into two categories: financial assets at fair value and available for sale investments. Financial assets at fair value are stated at fair value with changes recognised in the income statement. Available for sale investments are carried at fair value with any changes recognised in equity.

**(j) Impairment of assets**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets other than financial assets excluding investment in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Except for available for sale investments, a reversal of an impairment loss is recognised as income in the income statement.

**(k) Leases***(i) Operating leases*

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

*(ii) Leasehold land lease*

Leasehold land represents up-front payments to acquire long-term interests in leasee-occupied properties. The land leases are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement or, when there is impairment, it is expensed in the income statement.

**(l) Foreign currencies**

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

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

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

**(m) Revenue recognition**

*(i) Rental income*

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

*(ii) Rendering of services*

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

*(iii) 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 receive payment is established.

*(iv) Interest income*

Interest income is recognised on a time proportion basis.

**(n) Employee benefits**

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

**(o) Taxation**

Income tax expense represents the sum of the tax currently payable and the deferred tax. The tax currently payable is based on the taxable profit using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

**(p) Cash and cash equivalents**

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

**(q) Borrowing costs**

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

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

## 2. SEGMENT INFORMATION

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

### Business segment

	Property and hotels		Investments and others		Consolidated	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	70,779	44,347	48,259	17,539	119,038	61,886
<b>Segment result</b>						
Unallocated corporate expenses					(127)	(306)
Operating profit					92,488	36,121
Share of profits of associates	8,568	47,060	–	–	8,568	47,060
Change in fair value of investment properties	(24,800)	53,726	–	–	(24,800)	53,726
Other gains and losses	3,633	(1,643)	(4,275)	34,180	(642)	32,537
Finance costs					(2,939)	(6,470)
Taxation					11,947	(13,164)
Minority interests					71	(664)
Profit attributable to shareholders					84,693	149,146
<b>Segment assets and liabilities</b>						
	Property and hotels		Investments and others		Consolidated	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	533,765	659,296	319,456	216,512	853,221	875,808
Investment in associates	592,524	791,952	–	–	592,524	791,952
Consolidated total assets					1,445,745	1,667,760
Segment liabilities	(164,001)	(259,447)	(1,958)	(1,994)	(165,959)	(261,441)
Unallocated corporate liabilities					(1,428)	(7,460)
Consolidated total liabilities					(167,387)	(268,901)
<b>Other information</b>						
Capital expenditure	15,662	209,934	77,582	–	93,244	209,934
Depreciation and amortisation	2,870	3,047	–	–	2,870	3,047

**Geographical segment**

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

	Turnover by geographical market		Segment assets	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Hong Kong	83,635	52,380	759,854	747,793
Overseas	35,403	9,506	93,367	128,015
	<u>119,038</u>	<u>61,886</u>	<u>853,221</u>	<u>875,808</u>

**3. TURNOVER**

	2009 HK\$'000	2008 HK\$'000
Rental income	29,011	27,851
Property expenses recovery	2,683	3,020
Asset management fee	10,351	5,281
Advisory fee income	–	8,190
Carried interest income	28,734	–
Dividend income	44,369	16,564
Interest income	3,856	975
Others	34	5
	<u>119,038</u>	<u>61,886</u>

**4. OTHER GAINS AND LOSSES**

	2009 HK\$'000	2008 HK\$'000
Net (loss)/gain on disposal of investments	(886)	33,917
Gain/(loss) on disposal of investment properties and other fixed assets	159	(46)
(Decrease)/increase in fair value of financial assets	(3,389)	1,142
Provision for impairment losses on available for sale investments	–	(2,047)
Provision for impairment losses on other assets	–	(429)
Other gains and losses	3,474	–
	<u>(642)</u>	<u>32,537</u>

## 5. PROFIT BEFORE TAXATION

	2009 HK\$'000	2008 HK\$'000
<b>Profit before taxation has been arrived at after charging:</b>		
Interest on bank loans wholly repayable within five years	2,939	6,470
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	11,464	10,070
Pension scheme contributions	152	160
Auditors remuneration	330	342
Depreciation and amortisation	2,870	3,047
Provision for long service payments to employees	51	184
Exchange loss	340	96
<b>and after crediting:</b>		
Rental income from investment properties	29,011	27,851
Less: direct outgoings	(3,516)	(5,978)
Listed investment income	5,541	8,928
Unlisted investment income	38,828	7,636
Interest income	3,856	975

## 6. TAXATION

## (a) Taxation

	2009			2008		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Hong Kong						
– Provision for the year	1,429	(13,446)	(12,017)	2,084	9,885	11,969
– Under/(over)-provision in prior years	–	–	–	1,271	(100)	1,171
Overseas						
– Provision for the year	44	–	44	24	–	24
– Under-provision in prior years	26	–	26	–	–	–
	<u>1,499</u>	<u>(13,446)</u>	<u>(11,947)</u>	<u>3,379</u>	<u>9,785</u>	<u>13,164</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated Hong Kong source assessable profits for the year. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

**(b) Reconciliation between accounting profits and the tax (credit)/charge**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Profit before taxation	72,675	162,974
Less: Share of profits of associates	<u>(8,568)</u>	<u>(47,060)</u>
Profit before taxation attributable to the Company and its subsidiaries	<u>64,107</u>	<u>115,914</u>
Tax calculated at applicable tax rate of 16.5% (2008: 17.5%)	10,578	20,285
Expenses not deductible for taxation purposes	737	1,458
Income not subject to taxation	(22,194)	(8,666)
Current year tax losses not recognised	310	991
Utilisation of previously unrecognised tax loss	(1,576)	(1,830)
Deferred tax liability/(asset) not recognised during the year	198	(245)
Under-provision in prior years	<u>–</u>	<u>1,171</u>
Taxation (credit)/charge	<u><u>(11,947)</u></u>	<u><u>13,164</u></u>

**7. PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

The profit for the year attributable to equity holders of the Company for the year ended 31 March 2009 in the financial statements of the Company was HK\$21,147,000 (2008: HK\$20,309,000).

**8. DIVIDENDS**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Interim dividend of HK0.80 cent (2008: HK0.80 cent) per ordinary share	6,155	6,155
Proposed final cash dividend of HK1.50 cents (2008: HK1.50 cents) per ordinary share	<u>11,540</u>	<u>11,540</u>
	<u><u>17,695</u></u>	<u><u>17,695</u></u>
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2009 (2008)	6,155	6,155
Final for the year ended 31 March 2008 (2007)	<u>11,540</u>	<u>11,540</u>
	<u><u>17,695</u></u>	<u><u>17,695</u></u>

The 2009 final cash dividend of HK1.50 cents (2008: HK1.50 cents) per ordinary share has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$84,693,000 (2008: HK\$149,146,000) and on 769,359,104 shares (2008: 769,359,104 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2009 and 31 March 2008 as the Company had no dilutive potential ordinary shares during both years.

## 10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

## (a) Directors' emoluments

	Directors' fee <i>HK\$'000</i>	Salaries, allowances and benefits <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	2009 Total <i>HK\$'000</i>
Executive directors					
Rossana Wang Gaw	50	1,800	120	12	1,982
Goodwin Gaw	50	420	–	–	470
Kenneth Gaw	50	2,520	1,200	12	3,782
Jane Kwai Ying Tsui	50	180	30	9	269
Independent non-executive directors					
Charles Wai Bun					
Cheung	80	–	–	–	80
Stephen Tan	80	–	–	–	80
Arnold Tin Chee Ip	80	–	–	–	80
Total	<u>440</u>	<u>4,920</u>	<u>1,350</u>	<u>33</u>	<u>6,743</u>
	Directors' fee <i>HK\$'000</i>	Salaries, allowances and benefits <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	2008 Total <i>HK\$'000</i>
Executive directors					
Rossana Wang Gaw	50	1,800	120	12	1,982
Goodwin Gaw	50	420	–	–	470
Kenneth Gaw	50	2,520	255	12	2,837
Jane Kwai Ying Tsui	50	153	24	8	235
Independent non-executive directors					
Charles Wai Bun					
Cheung	80	–	–	–	80
Stephen Tan	80	–	–	–	80
Arnold Tin Chee Ip	80	–	–	–	80
Total	<u>440</u>	<u>4,893</u>	<u>399</u>	<u>32</u>	<u>5,764</u>



**(b) Other senior management's emoluments**

During the year, the five highest paid individuals included three directors (2008: three directors), details of whose emoluments are included above. The details of the remuneration of the remaining two (2008: two) highest paid individual are set out below:

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,524	1,493
Bonuses	756	247
Pension scheme contributions	24	24
	<u>2,304</u>	<u>1,764</u>

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

	<b>2009</b>	<b>2008</b>
HK\$		
Nil – 1,000,000	1	1
1,000,001 – 2,000,000	1	1

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

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
At 31 March 2008 (31 March 2007)	555,600	489,600
Additions	–	12,274
Disposals	(77,000)	–
Revaluation	(24,800)	53,726
	<u>453,800</u>	<u>555,600</u>

Investment properties comprised the following:

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
At valuation:		
Leasehold properties in Hong Kong – long term	149,200	241,300
Leasehold properties in Hong Kong – medium term	297,100	305,600
Long term leasehold properties in Mainland China	7,500	8,700
	<u>453,800</u>	<u>555,600</u>

Investment properties have been valued at 31 March 2009 by AA Property Services Limited, independent professional valuers, on an open market value basis.

**(b) Leasehold land**

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

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
In Hong Kong, held on leases:		
Over 50 years	10,648	10,885

**(c) Property, plant & equipment**

	<b>Building</b> <i>HK\$'000</i>	<b>Other assets</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost</b>			
At 31 March 2007	11,832	19,736	31,568
Additions	–	1,400	1,400
Disposals	–	(955)	(955)
At 31 March 2008	11,832	20,181	32,013
Additions	–	257	257
<b>At 31 March 2009</b>	<b>11,832</b>	<b>20,438</b>	<b>32,270</b>
<b>Accumulated depreciation</b>			
At 31 March 2007	946	8,113	9,059
Charge for the year	474	2,337	2,811
Disposals	–	(619)	(619)
At 31 March 2008	1,420	9,831	11,251
Charge for the year	473	2,160	2,633
<b>At 31 March 2009</b>	<b>1,893</b>	<b>11,991</b>	<b>13,884</b>
<b>Net book value</b>			
<b>At 31 March 2009</b>	<b>9,939</b>	<b>8,447</b>	<b>18,386</b>
At 31 March 2008	10,412	10,350	20,762

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

## 12. ASSOCIATES

	2009 HK\$'000	2008 HK\$'000
<b>The Group</b>		
At cost	195,588	195,588
Goodwill written off	(3,029)	(3,029)
Impairment loss	(18,588)	(18,588)
Exchange reserves	2,931	12,136
Attributable to post acquisition profit	130,133	221,129
Attributable to investment revaluation reserve	169,984	200,386
	<u>477,019</u>	<u>607,622</u>
Share of net assets	477,019	607,622
Amount due from associates	124,319	188,966
Amount due to associates	(8,814)	(4,636)
	<u>592,524</u>	<u>791,952</u>
<b>The Company</b>		
At cost	2,093	2,093
Amount due from associates	38,701	38,690
	<u>40,794</u>	<u>40,783</u>

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

## (a) Major associates

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued share capital
			investment	associates	
Causeway Bay 68 Ltd	British Virgin Islands	68 Yee Wo Street, Hong Kong	30.0%	30.0%	HK\$180,000,000
Keencity Properties Ltd	British Virgin Islands	Aisawan Resorts, Pattaya, Thailand	49.5%	49.5%	US\$9,939,020
Pioneer Hospitality Siam (GBR) Ltd	Thailand	Hotel operating businesses	49.5%	49.5%	Baht 20,000,000
Pioneer iNetwork Ltd	Hong Kong	10% of listed shares of Dusit Thani Public Company Ltd and 5% of shares of Gateway China Fund I	50.0%	50.0%	HK\$2

Name	Country of incorporation	Investment by associates	Group's effective interest in		Issued share capital
			investment	associates	
Right Cheer Ltd	Hong Kong	Guangzhou Jie Fang Building, China	50.0%	50.0%	HK\$2
Strand Hotels International Ltd	British Virgin Islands	Three hotels in Myanmar	14.0%	28.0%	US\$11,101,191
Tidefull Investment Ltd	Liberia	Shanghai K. Wah Centre, China	7.7%	50.0%	2 full paid without par value
Valuedrive Investments Ltd	British Virgin Islands	AIA Tower, Macau	25.0%	50.0%	HK\$10

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

	2009 HK\$'000	2008 HK\$'000
Total assets	2,846,182	3,447,504
Total liabilities	(1,489,597)	(1,928,239)
Net assets	1,356,585	1,519,265
Revenue	119,271	106,011
(Loss)/profit for the year	(108,350)	156,862

### 13. AVAILABLE FOR SALE INVESTMENTS

	2009 HK\$'000	2008 HK\$'000
<b>The Group</b>		
Listed investments		
In Hong Kong	66,982	127,224
Outside Hong Kong	33,787	16,998
Unlisted investments		
In Hong Kong	1,864	21,029
Outside Hong Kong	47,531	80,081
	<u>150,164</u>	<u>245,332</u>
<b>The Company</b>		
Listed investments		
In Hong Kong	5,290	2,792
Outside Hong Kong	25,191	2,676
	<u>30,481</u>	<u>5,468</u>

The available for sale investments are shown at fair value. The fair value of the listed investments is based on market value. Unlisted investments are valued by reference to the underlying investments.

**14. DEBTORS, ADVANCES & PREPAYMENTS**

Debtors, advances & prepayments comprised the followings:

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Deposit on acquisition of available for sale investments	12,649	–
Deposit on acquisition of properties	5,481	7,431
Other deposits and prepayments	5,030	4,919
Trade and rental debtors	1,452	777
	<u>24,612</u>	<u>13,127</u>

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

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
0 – 30 days	498	755
31 – 60 days	455	–
61 – 90 days	455	–
> 90 days	44	22
	<u>1,452</u>	<u>777</u>

The Group only allows an average credit period of 30 days to its trade customers. The Group considered the above trade and rental debtors are fully recoverable.

**15. FINANCIAL ASSETS AT FAIR VALUE****The Group**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Listed shares, at market value		
In Hong Kong	29,317	371
Outside Hong Kong	2,945	5,917
	<u>32,262</u>	<u>6,288</u>

**The Company**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Listed shares, at market value		
In Hong Kong	20,164	234

## 16. SUBSIDIARY COMPANIES

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Unlisted shares, at cost	424,433	424,433
Amount due by subsidiaries	391,255	566,088
Provision for impairment	(45,666)	(45,666)
	<u>770,022</u>	<u>944,855</u>

The amounts due by subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying value of these amounts due by subsidiaries approximates their fair values. A list of major subsidiaries is set out in note 27.

## 17. CASH &amp; BANK BALANCES

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>The Group</b>		
Cash at bank and in hand	51,976	2,686
Short-term bank deposits	109,926	19,681
	<u>161,902</u>	<u>22,367</u>
<b>The Company</b>		
Cash at bank and in hand	26,817	191
Short-term bank deposits	108,326	18,680
	<u>135,143</u>	<u>18,871</u>

The effective interest rate on short-term bank deposits was 1.61% (2008: 2.43%). The carrying amounts of these assets approximate their fair values.

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

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
<b>The Group</b>		
Hong Kong dollar	53,890	3,190
United States dollar	108,012	19,105
Others	–	72
	<u>161,902</u>	<u>22,367</u>
<b>The Company</b>		
Hong Kong dollar	36,292	191
United States dollar	98,851	18,680
	<u>135,143</u>	<u>18,871</u>

## 18. SHARE CAPITAL

	No. of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 31 March 2009 and 31 March 2008	2,000,000,000	200,000
Issued and fully paid		
At 31 March 2009 and 31 March 2008	769,359,104	76,935

## 19. RESERVES

**The Group**

	2009 HK\$'000	2008 HK\$'000
Share premium	307,687	307,687
Capital reserve and contributed surplus	41,242	41,242
Exchange reserve	6,623	15,878
Investment revaluation reserve	138,886	314,919
Retained earnings	693,210	626,212
	<u>1,187,648</u>	<u>1,305,938</u>

**The Company**

	Share premium HK\$'000	Contributed surplus HK\$'000	Retained earnings HK\$'000	Investment revaluation reserve HK\$'000	Total HK\$'000
At 31 March 2007	307,687	381,051	231,915	5,658	926,311
Profit for the year	–	–	20,309	–	20,309
Final dividend paid for the year ended 31 March 2007	–	–	(11,540)	–	(11,540)
Interim dividend paid for the year ended 31 March 2008	–	–	(6,155)	–	(6,155)
Reversal upon disposal of available for sale investments	–	–	–	(7,905)	(7,905)
Revaluation of available for sale investments	–	–	–	3,402	3,402
At 31 March 2008	<u>307,687</u>	<u>381,051</u>	<u>234,529</u>	<u>1,155</u>	<u>924,422</u>

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2008	307,687	381,051	234,529	1,155	924,422
Profit for the year	–	–	21,147	–	21,147
Final dividend paid for the year ended 31 March 2008	–	–	(11,540)	–	(11,540)
Interim dividend paid for the year ended 31 March 2009	–	–	(6,155)	–	(6,155)
Reversal to impairment loss	–	–	–	374	374
Revaluation of available for sale investments	–	–	–	(6,987)	(6,987)
	<u>307,687</u>	<u>381,051</u>	<u>237,981</u>	<u>(5,458)</u>	<u>921,261</u>
At 31 March 2009	<u>307,687</u>	<u>381,051</u>	<u>237,981</u>	<u>(5,458)</u>	<u>921,261</u>

The reserves of the Company available for distribution to shareholders as at the balance sheet date, calculated in accordance with the Bermuda Companies Act, amounted to HK\$619,032,000 (2008: HK\$615,580,000).

## 20. SECURED BANK LOANS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>The Group</b>		
Current		
Repayable on demand	<u>22,100</u>	<u>89,513</u>
Non-current		
Repayable more than one year but not exceeding two years	17,000	76,050
Repayable more than two years but not exceeding five years	<u>61,100</u>	<u>17,000</u>
	<u>78,100</u>	<u>93,050</u>
<b>The Company</b>		
Current		
Repayable on demand	<u>–</u>	<u>9,863</u>

All bank loans are denominated in Hong Kong Dollars (2008: all bank loans were denominated in Hong Kong Dollars). The effective interest rate at the balance sheet date was 1.40% (2008: 2.93%). The carrying amount of bank loans approximates their fair values based on prevailing market interest rate.



**21. DEFERRED TAXATION**

The components of deferred tax liabilities recognised in the consolidated balance sheet and movements thereon during the current and prior years are as follows:

	<b>Revaluation of investment properties</b> <i>HK\$'000</i>	<b>Accelerated tax depreciation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 31 March 2007	49,230	3,272	52,502
Charge to income statement	9,058	727	9,785
	<u>58,288</u>	<u>3,999</u>	<u>62,287</u>
At 31 March 2008	58,288	3,999	62,287
Charge to income statement	(3,894)	(196)	(4,090)
Reversal upon disposal of investment properties	(5,334)	(814)	(6,148)
Change in profits tax rate	(3,026)	(182)	(3,208)
	<u>46,034</u>	<u>2,807</u>	<u>48,841</u>
<b>At 31 March 2009</b>	<u>46,034</u>	<u>2,807</u>	<u>48,841</u>

The Group has tax losses of HK\$33,309,000 (2008: HK\$41,371,000) to offset against future taxable profits for which no deferred tax assets have been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

**22. CREDITORS & ACCRUALS**

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Creditors and accruals comprised the followings:		
Rental deposit received	8,559	7,265
Deposit received on disposal of investment properties	–	7,860
Provision for long service payments	1,945	1,894
Accruals	2,486	2,512
Trade payables	1,343	982
	<u>14,333</u>	<u>20,513</u>

At 31 March, the aging analysis of the trade payables was as follows:

	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
0 – 30 days	678	683
31 – 60 days	183	–
61 – 90 days	183	–
> 90 days	299	299
	<u>1,343</u>	<u>982</u>

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

**23. GUARANTEES & COMMITMENTS**

	The Group		The Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Guarantees				
– given to bank in respect of banking facilities utilized by subsidiaries	–	–	100,200	182,563
– on utility deposits	160	160	–	–
Commitments				
– for total future minimum lease payments				
– not later than one year	1,842	1,440	–	–
– later than one year and not later than five years	3,128	720	–	–
– for purchase of investment properties				
– not later than one year	–	–	–	–
– later than one year and not later than five years	12,548	12,548	–	–
– for purchase of available for sale investments				
– not later than one year	–	3,606	–	–

**24. 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 were as follows:

	2009 HK\$'000	2008 HK\$'000
Not later than one year	29,821	28,463
Later than one year but not later than five years	23,799	20,757
	<u>53,620</u>	<u>49,220</u>

**25. PLEDGE OF ASSETS**

At the balance sheet date, properties with total carrying values of approximately HK\$440 million (2008: properties of HK\$460 million, available for sale investments of HK\$121 million and bank balances of HK\$19 million) were pledged to secure banking and other loan facilities to the extent of HK\$297 million (2008: HK\$306 million) of which HK\$100 million (2008: HK\$183 million) was utilized at that date.

**26. RELATED PARTY TRANSACTIONS**

The Group rented office space at market rate from an entity controlled by two directors of the Company. Gross rental expenses in the financial year ended 31 March 2009 amounted to HK\$979,200. For the financial year ended 31 March 2008, the Group rented office space to an entity controlled by two Directors of the Company. Gross rental income amounted to HK\$587,000.

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

## 27. LIST OF MAJOR SUBSIDIARIES

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
All Success Holdings Limited	Real Estate	Hong Kong	1	HK\$1	100
Asian Champion Limited	Investment	Liberia	2	US\$1,000	100
Brilliant Valley Investment Limited	Investment	Liberia	1	Nil	100
Dragon Phoenix Land Investment Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Forerunner Investments Limited	Investment	Hong Kong	3,000,000	HK\$1	65
Fortune Far East Limited	Investment	Liberia	1	US\$1,000	100
Future Star Company Limited	Investment	British Virgin Islands	1	US\$1	100
Gamolon Investments Limited	Real Estate	Hong Kong	1,000	HK\$10	100
Glory East Limited	Real Estate	Liberia	1	Nil	100
Golden Mile Limited	Real Estate	Liberia	1	Nil	100
Long Growth Investments Limited	Real Estate	British Virgin Islands	1	US\$1	100
Master Yield Limited	Investment	British Virgin Islands	1	Nil	100
Nice Fortune Limited	Real Estate	Hong Kong	1	HK\$1	100
Pearl River Investment Limited	Investment	Liberia	1	Nil	100
PGG Development Company Limited	Investment	Hong Kong	70,000	HK\$10	100
PGG Asset Management Limited	Asset management	British Virgin Islands	1	US\$1	100
PGG Morrison Holding Limited	Real Estate	Hong Kong	2	HK\$1	100
Pine International Limited	Investment	British Virgin Islands	1	HK\$1	100
Pioneer Estates Limited	Real Estate	Hong Kong	100	HK\$10	100
Pioneer Industries (Holdings) Limited	Investment	Hong Kong	150,794,424	HK\$0.50	100

Name of company	Main activity	Country of incorporation	No. of issued shares	Par value	Percentage of equity held
Supreme Success Limited	Real Estate	Hong Kong	1	HK\$1	100
Treasure Unit Limited	Investment	British Virgin Islands	1	US\$1	100
Wealth Instrument Inc.	Investment	British Virgin Islands	1	US\$1	100

The principal place of operations of the major subsidiaries is mainly in Hong Kong.

## 28. FINANCIAL RISKS MANAGEMENT

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

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

### (a) Interest rate risk

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

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

	Change in basis points	The Group		The Company		
		Change in profit before taxation <i>HK\$'000</i>	Change in equity <i>HK\$'000</i>	Change in basis points	Change in profit before taxation <i>HK\$'000</i>	Change in equity <i>HK\$'000</i>
<b>2009</b>						
Bank borrowings	100	1,002	1,002	100	–	–
Short-term bank deposits	100	1,099	1,099	100	1,083	1,083
<b>2008</b>						
Bank borrowings	100	1,826	1,826	100	99	99
Short-term bank deposits	100	197	197	100	187	187

**(b) Foreign currency risk**

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

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

	Change in exchange rate %	Change in profit before taxation HK\$'000	Change in equity HK\$'000
<b>As 31 March 2009</b>			
Thai Baht	5%	94	722
Singapore Dollar	5%	73	807
Malaysian Ringgit	5%	105	1,944
<b>As 31 March 2008</b>			
Thai Baht	5%	296	1,117
Malaysian Ringgit	5%	–	2,259

**(c) Credit risk**

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

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

**(d) Liquidity risk**

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

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

**The Group at 31 March 2009**

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	3 to 5 years HK\$'000	Total HK\$'000
Interest bearing bank borrowings	22,100	17,000	61,100	100,200
Rental deposit received	1,625	6,934	–	8,559
Accruals and trade payables	3,829	–	–	3,829
	<u>27,554</u>	<u>23,934</u>	<u>61,100</u>	<u>112,588</u>

**The Group at 31 March 2008**

	<b>Within 1 year or on demand HK\$'000</b>	<b>1 to 2 years HK\$'000</b>	<b>3 to 5 years HK\$'000</b>	<b>Total HK\$'000</b>
Interest bearing bank borrowings	89,513	76,050	17,000	182,563
Rental deposit received	2,583	4,189	493	7,265
Accruals and trade payables	3,494	–	–	3,494
	<u>95,590</u>	<u>80,239</u>	<u>17,493</u>	<u>193,322</u>

**The Company at 31 March 2009**

	<b>Within 1 year or on demand HK\$'000</b>	<b>1 to 2 years HK\$'000</b>	<b>3 to 5 years HK\$'000</b>	<b>Total HK\$'000</b>
Accruals and trade payables	387	–	–	387
	<u>387</u>	<u>–</u>	<u>–</u>	<u>387</u>

**The Company at 31 March 2008**

	<b>Within 1 year or on demand HK\$'000</b>	<b>1 to 2 years HK\$'000</b>	<b>3 to 5 years HK\$'000</b>	<b>Total HK\$'000</b>
Interest bearing bank borrowings	9,863	–	–	9,863
Accruals and trade payables	424	–	–	424
	<u>10,287</u>	<u>–</u>	<u>–</u>	<u>10,287</u>

**(e) Equity price risk**

Equity price risk is the risk that the fair value of equity securities decreases as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual investments classified as available for sale investments (note 13) and financial assets at fair value (note 15) as at 31 March 2009. The Group's listed investments are valued at quoted market prices at the balance sheet date.

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

	Carrying amount of investments <i>HK\$'000</i>	Change in profit before taxation <i>HK\$'000</i>	Change in equity <i>HK\$'000</i>
<b>At 31 March 2009</b>			
Listed investments:			
Available for sale	100,769	–	5,038
Financial assets at fair value	32,262	1,613	1,613
<b>At 31 March 2008</b>			
Listed investments:			
Available for sale	144,222	–	7,211
Financial assets at fair value	6,288	314	314

**(f) Capital management**

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 March 2009 and 31 March 2008.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest bearing bank borrowings	100,200	182,563
Less: Cash and cash equivalents	(161,902)	(22,367)
Net debt	(61,702)	160,196
Total assets	1,445,745	1,667,760
Gearing ratio	N/A	9.6%

The gearing ratio for 2009 is not applicable because the Group is currently in a net cash position as its cash and cash equivalents exceed its interest bearing bank borrowings.

**29. EVENT AFTER BALANCE SHEET DATE**

In April 2009, the Group entered into a provisional sale and purchase agreement to dispose of the office units on 18th Floor, Great Eagle Centre, Wanchai, Hong Kong for a total consideration of HK\$48,900,000. Details of the disposal were provided in an announcement published on 27 April 2009.

**30. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements set out on pages 23 to 62 have been approved and authorised for issue by the Board of Directors on 2 July 2009.

**3. WORKING CAPITAL**

After taking into account the expected completion of the Acquisition in September 2009 and present internal financial resources available to the Group, including cash and bank balance as well as the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

**4. INDEBTEDNESS****Borrowings**

At the close of business on 31 August 2009, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	<i>HK\$'000</i>
Secured bank loans	
Within 1 year	17,000
Between 2 – 5 years	61,100
	<u>78,100</u>
	<u><u>78,100</u></u>

The Group's bank loans were secured by the first legal charges over the Group's investment properties and corporate guarantees provided by the Company.

**Contingent liabilities**

At the close of business on 31 August 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no material contingent liabilities.



**Disclaimers**

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not, at the close of business on 31 August 2009, have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

**Subsequent change of indebtedness**

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 August 2009.

**5. FINANCIAL AND TRADING PROSPECTS**

The principal activities of the Group are property & hotel investments and asset management. With the current uncertainties around the world, we have been seeing attractive investments in our core markets. The Property to be acquired was 95% occupied with annual revenue over HK\$22.0 million. The Directors believe that the Group will benefit from the net rental income and the long-term growth in value of the Property. As at 31 March 2009, the Group's net current assets were HK\$178.3 million with cash balance of HK\$161.9 million and the Group's total debt to shareholders' fund ratio was 7.8%. After the Acquisition, the Group financial position will still be robust and ready to look for new acquisitions.

**6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

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**APPENDIX II FINANCIAL INFORMATION OF THE PROPERTY**

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In accordance with Rule 14.67(6)(b)(i) of the Listing Rules, the Company is required to include in this circular a profit and loss statement for the 3 preceding financial years on the identifiable net income stream in relation to such assets which must be reviewed by the reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records.

The profit and loss statements of the property located at 16 Ice House Street, Central, Hong Kong for the 3 preceding financial years ended 31 March 2007, 2008 and 2009 have been prepared by the Directors based on the information provided by the Vendor. They are set out below:

	<b>Year ended 31 March 2009 <i>HK\$'000</i></b>	<b>Year ended 31 March 2008 <i>HK\$'000</i></b>	<b>Year ended 31 March 2007 <i>HK\$'000</i></b>
Rental income	18,892	16,250	12,054
Other income	<u>3,782</u>	<u>3,352</u>	<u>3,186</u>
	22,674	19,602	15,240
Property operating expenses	<u>(7,575)</u>	<u>(6,171)</u>	<u>(7,049)</u>
Profit before bank interest and taxation	<u><u>15,099</u></u>	<u><u>13,431</u></u>	<u><u>8,191</u></u>

Wong Brothers & Co., Certified Public Accountants, the reporting accountants of the Company, have reviewed the profit and loss statements for the years ended 31 March 2007, 2008 and 2009 to ensure that such information has been properly compiled and derived from the underlying books and records. And the Directors confirm that the accounting policies used by the Vendor are materially consistent with the Group's accounting policies.

## 1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma consolidated net assets statement of the Group is prepared based on the audited consolidated balance sheet extracted from the latest published annual report as at 31 March 2009, after making adjustments on early adoption of amended HKAS 17 and pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable, as if the Acquisition had been completed on 31 March 2009.

The unaudited pro forma consolidated net assets statement of the Group has been prepared to provide the unaudited pro forma financial information of the Group as if the Acquisition had been completed on 31 March 2009. As it is prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 March 2009 or at any future date.

		At 31 March 2009 HK\$'000	Amendments to comply with HKAS 17 (Note 4) HK\$'000	Pro forma adjustments HK\$'000	Total after adjustments HK\$'000
	Notes				
<b>Non-current assets</b>					
Investment properties		453,800			453,800
Associates		592,524			592,524
Available for sale investments		150,164			150,164
Leasehold properties	1 & 4	–	20,587	432,575	453,162
Property, plant and equipment	4	18,386	(9,939)		8,447
Leasehold land	4	10,648	(10,648)		–
Other assets		1,447			1,447
		<u>1,226,969</u>			<u>1,659,544</u>
<b>Current assets</b>					
Debtors, advances & prepayments		24,612			24,612
Financial assets at fair value		32,262			32,262
Cash & bank balances	2	161,902		(119,687)	42,215
		<u>218,776</u>			<u>99,089</u>
<b>Current liabilities</b>					
Creditors & accruals	3	14,333		5,388	19,721
Secured bank loans	1	22,100		8,000	30,100
Tax liabilities		4,013			4,013
		<u>40,446</u>			<u>53,834</u>
<b>Net current assets</b>		<u>178,330</u>			<u>45,255</u>
<b>Total assets less current liabilities</b>		<u>1,405,299</u>			<u>1,704,799</u>
<b>Non-current liabilities</b>					
Deferred payment	1	–		102,500	102,500
Secured bank loans	1	78,100		197,000	275,100
Deferred taxation		48,841			48,841
		<u>126,941</u>			<u>426,441</u>
<b>Net assets</b>		<u>1,278,358</u>			<u>1,278,358</u>

*Notes:*

1. The total costs of the Acquisition are as follows:

	<i>HK\$'000</i>
Consideration of the Acquisition	
– by cash settlement	102,500
– by deferred payment	102,500
– by acquisition of bank loan (repayable within 1 year)	8,000
– by acquisition of bank loan (repayable within 2-5 years)	197,000
	410,000
Related costs directly attributed to the costs of the Property	
– Stamp duty	15,375
– Agency fee	4,100
– Professional fees	3,100
	22,575
Total	432,575
2. Cash outlay	
– acquisition ( <i>note 1</i> )	102,500
– related costs of acquisition ( <i>note 1</i> )	22,575
– transfer of rental deposits ( <i>note 3</i> )	(5,388)
	119,687
3. Rental deposits transferred by Lessor	5,388
4. The Group has early adopted the amended Hong Kong Accounting Standard 17 – Leases, which is effective for the annual period beginning on or after 1 January 2010. The Directors consider that such early adoption is necessary as the land and building elements of the Property cannot be separated under the lease. As such, the leasehold land of HK\$10,648,000 and the building which is classified as property, plant and equipment of HK\$9,939,000 in the annual report of 31 March 2009 have been reclassified as leasehold properties of HK\$20,587,000. As a result, the revised accounting treatment would be consistent with the new acquisition of the leasehold interest.	

**2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL  
INFORMATION TO THE BOARD OF DIRECTORS**

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Wong Brothers & Co., Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group as set out in this Appendix.*

民信會計師事務所  
**WONG BROTHERS & CO.**  
Certified Public Accountants  
19th Floor, Mass Mutual Tower  
38 Gloucester Road  
Wanchai  
Hong Kong

21 September 2009

The Board of Directors  
Pioneer Global Group Limited  
20th Floor Lyndhurst Tower  
No. 1 Lyndhurst Terrace  
Central  
Hong Kong

Dear Sirs,

**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA  
FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF  
PIONEER GLOBAL GROUP LIMITED**

We report on the unaudited pro forma financial information of Pioneer Global Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors for illustrative purposes only, to provide information about how the proposed acquisition of property located at 16 Ice House Street, Hong Kong, might have affected the financial information presented, for inclusion as Appendix III to the Investment Circular of Pioneer Global Group Limited dated 21 September 2009. The basis of preparation of the unaudited pro forma financial information is set out on Appendix III to the Circular.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND  
REPORTING ACCOUNTANTS**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**BASIS OF OPINION**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2009 or any future date.

**OPINION**

In our opinion:

- a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

**Wong Brothers & Co.**  
*Certified Public Accountants*  
Hong Kong

*The following is the text of the letter and valuation certificate received from DTZ Debenham Tie Leung Limited, an independent property valuer, prepared for the purpose of incorporation in this circular in connection with their valuation of the property to be acquired by the Group.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

21 September 2009

The Directors  
Pioneer Global Group Limited  
20th Floor, 1 Lyndhurst Tower  
No. 1 Lyndhurst Terrace  
Central  
Hong Kong

Dear Sirs,

**Re: Club Lusitano, No. 16 Ice House Street, Central, Hong Kong (“the Property”)**

#### **INSTRUCTIONS, PURPOSE & DATE OF VALUATION**

We refer to your instructions for us to carry out a market valuation of the Property the interest in which is to be acquired by a subsidiary of Pioneer Global Group Limited (the “Company”) for investment purpose. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the Property as at 15 July 2009 (the “date of valuation”).

#### **DEFINITION OF MARKET VALUE**

Our valuation of the Property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

#### **VALUATION BASIS AND ASSUMPTION**

Unless otherwise stated, our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

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

#### **METHOD OF VALUATION**

We have valued the Property by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the Property and making reference to comparable sale transactions as available in the market.

In valuing the Property, we have complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties of the Hong Kong Institute of Surveyors.

#### **SOURCE OF INFORMATION**

We have relied to a very considerable extent on the information given by the Company. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date, identification of property, particulars of occupancy, tenancy details, floor areas and all other relevant matters.

Dimension, measurements and areas included in the valuation certificate are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

#### **TITLE INVESTIGATION**

We have not been provided with copies of the title documents relating to the Property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.



**SITE INSPECTION**

We have inspected the exterior, where possible, the interior of the Property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

We enclose herewith our valuation certificate.

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K. B. Wong**  
*Registered Professional Surveyor*  
*M.R.I.C.S., M.H.K.I.S.*  
*Director*

*Note:* Mr. K. B. Wong is a Registered Professional Surveyor who has 25 years' experience in valuation of properties in Hong Kong.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 July 2009
Club Lusitano, No. 16 Ice House Street, Central, Hong Kong	The Property is a 30-storey (including basement, lower ground and upper ground floors) commercial building completed in 2001. Basement and lower ground floors accommodate a total of 16 carparking spaces. Upper ground, 1st and 2nd floors of the Property are designated for retail purposes. 4th to 20th floors of the Property accommodate office spaces whilst 23rd to 27th floors are designed for function rooms and club facilities. Mechanical floors are located on 3rd and 22nd floors and a refuge floor is designed on 21st floor. Construction is of reinforced concrete construction with tiled external elevations.	As at the date of valuation, other than 18th floor which is vacant and 23rd to 27th floors which are occupied by Club Lusitano, the Property is subject to various tenancies with the latest tenancy due to expire on 30 June 2012. The aggregate rental receivable in respect of the retail, office and carparking portions of the Property is about HK\$1,690,000 per month. In addition, there is an aggregate licence fee income of HK\$20,500 per month from the signage and base stations installed in the Property.	HK\$410,000,000 (see note 4)
The Remaining Portion of Inland Lot No. 339	As shown in the copies of building plans obtained from the Buildings Department, the gross floor area of the Property is 80,140 sq.ft. (7,445.207 sq.m.).  The Property is held under a Government Lease for a term of 999 years from 11 May 1849. The current Government Rent payable for the Property is HK\$82 per annum.		

*Notes:*

- (1) The registered owner of the Property is The Club Lusitano.
- (2) The Property is subject to a Legal Charge for all moneys vide Memorial No. 05022102030129 dated 25 January 2005 in favour of The Bank of East Asia, Limited.
- (3) The property is zoned for "Commercial" uses under Central District Outline Zoning Plan No. S/H4/12.
- (4) The Property is agreed to be acquired by the Company on the following conditions:
  - (a) The Property shall be returned to Club Lusitano upon expiry of an 80-year lease term.
  - (b) Upon completion of the acquisition, 23rd and 24th floors of the Property will be leased to Club Lusitano for a 3-year term with successive options to renew for additional terms of three years at market rate. In addition, 25th to 27th floors of the Property will be leased to Club Lusitano on a rent-free basis for a 3-year term with successive options to renew for additional terms of 3 years, also on a rent-free basis, up to a total term of 80 years less the last 3 days.

In undertaking our valuation, we have taken into account these conditions and have considered their effect on value.

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

### Long position in shares of the Company

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

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

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

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

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

**Long position in shares of associated corporations**

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

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

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

**3. SUBSTANTIAL SHAREHOLDERS**

As of the Latest Practicable Date, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

<sup>1</sup> Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares, which duplicated to those disclosed in “Long position in shares of the Company”.

Save as disclosed above, the Directors were not aware of any other persons (other than a director or chief executive of the Company) who, as of the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As of the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

#### **5. MATERIAL CONTRACTS**

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years preceding the Latest Practicable Date.

#### **6. LITIGATION**

As of the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member the Group.

#### **7. COMPETING INTERESTS**

As of the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competed or was likely to compete with the business of the Group.

#### **8. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS**

None of the Directors had any interest, either direct or indirect, in any assets which had been since 31 March 2009 (being the date to which the latest published audited accounts were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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

#### **9. EXPERTS AND CONSENTS**

The following are the qualifications of the experts who had given opinion contained in this circular:

<b>Name</b>	<b>Qualification</b>
Wong Brothers & Co. DTZ	Certified public accountants Professional property valuer

As of the Latest Practicable Date, none of Wong Brothers & Co. and DTZ had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which had been since 31 March 2009 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Wong Brothers & Co. and DTZ have given and have not withdrawn their written consent to the issue of this circular with their respective reports, letters and references to their names in the form and context in which they are included.

## **10. GENERAL**

- (i) The Qualified Accountant of the Company is Mr. Lee Kam Hung Alan, a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (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 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (v) In the event of inconsistency, the English text shall prevail over the Chinese text.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 20th Floor, 1 Lyndhurst Tower, No. 1 Lyndhurst Terrace, Central, Hong Kong up to and including 13 October 2009:

- (a) this circular;
- (b) the Bye-Laws of the Company;
- (c) the consolidated audited financial statements of the Group for the years ended 31 March 2008 and 31 March 2009;
- (d) the letter from Wong Brothers & Co. in respect of the pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;
- (e) the letter and valuation certificate prepared by DTZ, the text of which is set out in Appendix IV to this circular; and
- (f) the letters of consents referred to under the section headed "Experts and Consents" in this appendix.