THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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.

Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

VERY SUBSTANTIAL ACQUISITION

A notice convening the Special General Meeting of Pioneer Global Group Limited to be held on Monday, 18 October 2010 at 3:00 p.m. at 20th Floor, Lyndhurst Tower, No.1 Lyndhurst Terrace, Central, Hong Kong is set out on pages VII-1 to VII-2 of this circular. Whether or not you are able to attend the Special General Meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at 20th Floor, Lyndhurst Tower, No.1 Lyndhurst Terrace, Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Special General Meeting. Completion and return of the proxy form will not preclude you from attending and voting at the Special General Meeting or any adjournment thereof should you so wish.

30 September 2010

CONTENTS

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

"Business Day"	a day, other than Saturday, on which commercial banks in Hong Kong are open for business
"Claims"	certain current legal proceedings relating to the Property against the registered owner of the Property (being a subsidiary of the Target Company) claiming: (i) a breach of deed of covenant relating to the use of certain area of the basement of the Property for rental purpose; (ii) a right to rent certain car parking spaces and premises at the basement of the Property on demand pursuant to the deed of covenant; (iii) a breach of deed of covenant and occupation permit relating to violation of the lease terms by certain tenants of the Property using the premises for purposes other than office use
"Company"	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"Completion"	the completion of the Transaction
"Condition"	the approval by the Shareholders of the Transaction to the extent required under the Listing Rules
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration payable for the sale and purchase of all the Sale Shares
"Deposits"	the Initial Deposit and the Further Deposit
"Directors"	the directors of the Company
"Enlarged Group"	the Group as enlarged by the Transaction immediately upon Completion

"Further Deposit"	a total sum of HK$50.0 million paid as further deposit in respect of the Transaction
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"Initial Deposit"	a total sum of HK$25.0 million paid as initial deposit in respect of the Transaction
"Latest Practicable Date"	28 September 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Offer"	the conditional offer in relation to the Sale Shares made by Win Plus to the Seller
"Offer Letter"	the offer letter dated 23 August 2010 made by Win Plus and accepted by the Seller relating to the sale and purchase of all the Sale Shares
"Property"	the commercial property with a leasable floor area of 227,100 sq.ft. located at No. 68 Yee Wo Street, Causeway Bay, Hong Kong
"ROFR Deposits"	the ROFR Initial Deposit and the ROFR Further Deposit
"ROFR Further Deposit"	a sum of HK$20.0 million, representing 40% of the Further Deposit
"ROFR Initial Deposit"	a sum of HK$10.0 million, representing 40% portion of the Initial Deposit
"ROFR Offer"	the offer in relation to the ROFR Shares made by the Seller to Value Creation on the same terms and conditions of the Offer

"ROFR Shares"	40% portion of the Sale Shares, representing 20% of the issued share capital of the Target Company
"ROFR Transaction"	the sale and purchase of the ROFR Shares between the Seller and Value Creation
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the Special General Meeting of the Company to be convened and held on Monday, 18 October 2010 at 3:00 p.m. at 20th Floor, Lyndhurst Tower, No.1 Lyndhurst Terrace, Central, Hong Kong for the Shareholders to consider and, if thought fit, approve the Offer Letter and the Transaction contemplated thereunder
"Sale Shares"	the sale shares representing 50% of the issued share capital of the Target Company under the Offer
"Seller"	AG Core Plus II Causeway Bay 68, L.L.C. and AG Core Plus II (AU) Causeway Bay 68, L.L.C., each a Delaware incorporated limited liability company, each of which being an existing shareholder of the Target Company
"Shareholder(s)"	holders of shares of the Company
"Shareholders' Deed"	the Shareholders' Deed in relation to the Target Company dated 23 November 2007 entered into by and among AG Core Plus II Corp., AG Core Plus II (AU) Holdings Corp., Win Plus, Value Creation and the Target Company (as supplemented by subsequent agreements)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Causeway Bay 68 Limited, a limited liability company incorporated in the British Virgin Islands
"Target Group"	the Target Company and its subsidiaries
"Transaction"	the sale and purchase of all the Sale Shares (or, if Value Creation completes the ROFR Transaction, 60% portion of the Sale Shares representing 30% of the issued share capital of the Target Company) between the Seller and Win Plus

"US"	the United States of America
"Value Creation"	Value Creation Group Limited, a limited liability company incorporated in the British Virgin Islands, being an existing shareholder of the Target Company
"Win Plus"	Win Plus Development Limited, a limited liability company incorporated in the British Virgin Islands, being an existing shareholder of the Target Company

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,
Lyndhurst Tower,
No.1 Lyndhurst Terrace,
Central, Hong Kong

30 September 2010

To Shareholders

Dear Sir/Madam

VERY SUBSTANTIAL ACQUISITION

INTRODUCTION

Reference to made to the Company's announcement dated 30 August 2010 and supplementary announcement dated 22 September 2010 in relation to the Transaction.

On 23 August 2010, Win Plus, a wholly-owned subsidiary of the Company, made the Offer to the Seller to purchase the Sale Shares, which represent 50% of the issued share capital of the Target Company, and on the same day, the Seller accepted the Offer.

Win Plus currently holds 30% of the issued share capital of the Target Company. Apart from the Seller and Win Plus, the remaining shareholder with a 20% shareholding in the Target Company is Value Creation. Pursuant to the terms of the Shareholders' Deed, on 26 August 2010, the Seller made the ROFR Offer to Value Creation in relation to the ROFR Shares, which represent 40% portion of the Sale Shares and 20% of the issued share capital of the Target Company. On 22 September 2010, Value Creation formally accepted the ROFR Offer.

Following Value Creation's acceptance of the ROFR Offer, Win Plus will purchase 60% portion of the Sale Shares, representing 30% of the issued share capital of the Target Company. In the event Value Creation fails to complete the ROFR Transaction for any reason other than default by or on the part of Win Plus or the Seller, Win Plus shall have the obligation to complete the purchase of all the Sale Shares.

Upon Completion, the Target Company will become a 60% held subsidiary of the Company if Value Creation completes the ROFR Transaction, or an 80% held subsidiary of the Company if Value Creation fails to complete the ROFR Transaction. In either case, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group from the date of Completion.

THE TRANSACTION

Date of the Offer Letter: 23 August 2010

Seller:

The Seller, the principal activity of each of the entities constituting the Seller is investment holding.

Purchaser:

Win Plus, a wholly-owned subsidiary of the Company.

The Offer and the ROFR Offer:

By the Offer Letter, Win Plus offered to purchase and the Seller agreed to sell the Sale Shares, representing 50% of the issued and outstanding shares in the capital of the Target Company.

The Target Company is a joint venture company, the issued share capital of which is currently held by the Seller (50%), Win Plus (30%) and Value Creation (20%), which had been formed for the purpose of acquiring the entire interest in the holding companies of the Property (details of the formation of the joint venture were set out in the Company's announcement dated 26 November 2007).

Pursuant to the terms of the Shareholders' Deed, on 26 August 2010, the Seller made the ROFR Offer to Value Creation in relation to the ROFR Shares, which represent 40% portion of the Sale Shares and 20% of the issued share capital of the Target Company. On 22 September 2010, Value Creation formally accepted to the ROFR Offer.

Following Value Creation's acceptance of the ROFR Offer, Win Plus will purchase only the remaining 60% of the Sale Shares, representing 30% of the issued share capital of the Target Company.

The Target Company is currently treated as an associated company in the Group's financial statements. Upon Completion, the Target Company will become a 60% held subsidiary of the Company if Value Creation completes the ROFR Transaction, or an 80% held subsidiary of the Company if Value Creation fails to complete the ROFR Transaction. In either case, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Group from the date of Completion.

Consideration:

The Consideration shall represent 50% of the value of all the issued shares of the Target Company calculated based on an agreed unencumbered value of the Property (including all fixtures, fittings, plant and machinery normally associated with the Property) at HK$1,922.0 million which shall be subject to adjustments to reflect the combined liabilities and the cash and other assets of the Target Group as at Completion. No adjustment shall be made in relation to the value of the Property or any loans or indebtedness between the Target Company and its subsidiaries or any deferred tax liabilities.

The Consideration shall be reduced by HK$10.0 million if by Completion the Claims remain outstanding and unresolved. The Claims, which are in relation to the use of certain premises in the Property and certain rental right of the claimant, are not expected to have any material financial impact on the Transaction. The fact that the Claims may be outstanding shall not affect the Completion.

Based on the consolidated statement of financial position in the unaudited management accounts of the Target Company as at 31 March 2010, the Consideration for all the Sale Shares is estimated to be approximately HK$428.5 million, and if Value Creation completes the ROFR Transaction, the portion of the Consideration payable by Win Plus is estimated to be approximately HK$257.1 million. The final amount of the Consideration is subject to certain adjustments at Completion.

Payment Terms:

Pursuant to the Offer Letter, a sum of HK$25.0 million was paid to the Seller as Initial Deposit and a further sum of HK$50.0 million has been paid to the Seller as Further Deposit on 22 September 2010. The balance of the Consideration is payable at Completion in cash.

Following Value Creation's acceptance of the ROFR Offer, Win Plus and Value Creation shall be severally liable to pay respectively 60% and 40% of the Consideration (including their respective pro rata portions of the Deposits). Hence, Value Creation has paid HK$10.0 million as the ROFR Initial Deposit and a further sum of HK$20.0 million as the ROFR Further Deposit, in each case to Win Plus (as reimbursement of 40% of the Initial Deposit and the Further Deposit paid by Win Plus to the Seller).

Completion:

The Completion is conditional upon fulfillment of the Condition. Completion shall take place within 10 days from the date on which the Condition is fulfilled.

Despite Value Creation's acceptance of the ROFR Offer, in the event that Value Creation fails to complete the ROFR Transaction for any reason other than default by or on the part of Win Plus or the Seller, the full amount of the ROFR Deposits shall be absolutely forfeited and Win Plus shall have the obligation to complete the purchase of all of the Sale Shares, representing 50% of the issued share capital of the Target Company, by payment of the full amount of the balance of the Consideration as if Value Creation had not accepted the ROFR Offer.

Forfeiture of Deposits:

If the Condition is not fulfilled by 22 December 2010, the Transaction shall not proceed and the Offer Letter shall terminate. In such an event, an amount of HK$40.0 million out of the deposits shall be absolutely and fully forfeited to the Seller. The Seller shall be entitled to forfeit up to the entire remaining balance of the deposits of HK$35.0 million if so awarded by the Court or by agreement between the parties.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The audited financial information of the Target Company for the period from the date of incorporation 23 October 2007 to 31 December 2009 were as follows:

	For the year ended 31 December 2009	**For the period from 23 October 2007 (date of incorporation) to 31 December 2008**
Revenue	HK$70.7 million	HK$70.0 million
Net profit/(loss) before taxation	HK$420.2 million	HK$(221.0) million
Net profit/(loss) after taxation	HK$350.1 million	HK$(191.0) million
Total assets	HK$1,843.3 million	HK$1,412.7 million
Total liabilities	HK$1,084.2 million	HK$1,003.7 million
Net assets	HK$759.1 million	HK$409.0 million

REASONS FOR AND BENEFITS OF THE TRANSACTION

The principal activities of the Group are property and hotel investments and asset management. The Group acquired, through Win Plus, a 30% interest in the Target Company, a wholly-owned subsidiary of which owns the Property, in 2007 and has since managed the Property. The Property, consisting of a 24-storey commercial building with a 16-storey office block atop and 8-storey retail and carpark podium, has a leaseable floor area of approximately 227,100 sq.ft.. As of end-July 2010, the occupancy rate was 87%. The Consideration is based on an agreed valuation of the Property of HK$1,922.0 million, which represents a purchase price of approximately HK$8,460 per sq. ft. with a rental yield of 3.65% per annum.

Upon Completion, the Company will in effect, through a 60% shareholding in the Target Company if Value Creation completes the ROFR Transaction or an 80% shareholding in the Target Company if Value Creation fails to complete the ROFR Transaction otherwise than due to Win Plus' or the Seller's default, become the majority owner of the Property and will control the operation of the Property. The Directors believe that the Transaction, which will consolidate the Group's interest in the Property, is in line with the Company's business strategy and is a valuable investment with good potential return for the Group. The Directors intend to use the Group's internal resources and/or bank borrowings to finance the payment of the consideration under the Transaction.

FINANCIAL EFFECTS OF THE TRANSACTION

Upon Completion, the Target Company will become a 60% held subsidiary of the Company if Value Creation completes the ROFR Transaction, or an 80% held subsidiary of the Company if Value Creation fails to complete the ROFR Transaction. In either case, the assets, liabilities and financial results of the Target Group will be consolidated into the accounts of the Group from the date of Completion. The possible financial effects of the Transaction are illustrated by way of unaudited pro forma combined financial information of the Enlarged Group after the Completion as included in Appendix III to this circular.

Effect on assets and liabilities:

Based on the audited consolidated financial statements of the Group for the year ended 31 March 2010, the total assets and total liabilities of the Group as at 31 March 2010 were approximately HK$2,107.7 million and HK$467.4 million, respectively.

Assuming the Transaction had been completed on 31 March 2010 on the basis of the Group acquiring all of the Sale Shares and as a result the Target Company becoming an 80% held subsidiary of the Company, the unaudited pro forma total assets and total liabilities of the Enlarged Group would be increased to approximately HK$3,470.5 million and HK$1,672.5 million, respectively, representing an increase of approximately 64.7% in the case of total assets and 257.8% in the case of total liabilities from those set out in the audited consolidated financial statements of the Group for the year ended 31 March 2010.

Assuming the Transaction had been completed on 31 March 2010 on the basis of the Group acquiring 60% of the Sale Shares and as a result the Target Company becoming an 60% held subsidiary of the Company, the unaudited pro forma total assets and total liabilities of the Enlarged Group would be increased to approximately HK$3,611.9 million and HK$1,672.5 million, respectively, representing an increase of approximately 71.4% in the case of total assets and 257.8% in the case of total liabilities from those set out in the audited consolidated financial statements of the Group for the year ended 31 March 2010.

Effect on operating profit:

The earnings of real estate investment companies like the Group and the Target Company are very sensitive to the annual increase or decrease of the fair value of the properties invested which is dictated by the external real estate market conditions. It is therefore more appropriate to assess the financial effect on the operating profit after the Completion. Based on the audited consolidated financial statements of the Group for the year ended 31 March 2010, the audited consolidated operating profit of the Group was approximately HK$37.7 million.

Assuming the Transaction had been completed on 1 April 2009 on the basis of the Group acquiring all of the Sale Shares and as a result the Target Company becoming an 80% held subsidiary of the Company, the unaudited pro forma operating profit of the Enlarged Group would be increased to approximately HK$76.9 million, representing an increase of approximately 104.0% from the amount set out in the audited consolidated financial statements of the Group for the year ended 31 March 2010.

Assuming the Transaction had been completed on 1 April 2009 on the basis of the Group acquiring 60% of the Sale Shares and as a result the Target Company becoming an 60% held subsidiary of the Company, the unaudited pro forma operating profit of the Enlarged Group would be increased to approximately HK$76.9 million, representing an increase of approximately 104.0% from the amount set out in the audited consolidated financial statements of the Group for the year ended 31 March 2010.

Effect on Indebtedness:

As at 31 March 2010, the Group’s gearing ratio, or total borrowings as a percentage of gross assets, was approximately 13.2% and the Group’s gross liabilities as a percentage of gross assets was approximately 22.2%.

Assuming the Transaction had been completed on 31 March 2010 on the basis of the Group acquiring all of the Sale Shares and as a result the Target Company becoming an 80% held subsidiary of the Company, the Enlarged Group’s gearing ratio, or total borrowings as a percentage of gross assets would be approximately 38.5% and the Enlarged Group’s gross liabilities as a percentage of gross assets would be approximately 48.2%.

Assuming the Transaction had been completed on 31 March 2010 on the basis of the Group acquiring 60% of the Sale Shares and as a result the Target Company becoming an 60% held subsidiary of the Company, the Enlarged Group's gearing ratio, or total borrowings as a percentage of gross assets would be approximately 37.0% and the Enlarged Group's gross liabilities as a percentage of gross assets would be approximately 46.3%.

Effect on Working Capital:

As at 31 March 2010, the Group had cash of approximately HK$86.9 million, listed financial assets and available for sale investments of approximately HK$242.4 million, and available undrawn bank loan facilities of approximately HK$196.0 million. With the Consideration estimated to be approximately HK$428.5 million assuming the Group will purchase all the Sale Shares, the Enlarged Group's working capital will not be affected by the Transaction.

Effect on Contingent Liabilities:

The Claims, which are in relation to the use of certain premises in the Property and certain right of the claimant, are not expected to have any material financial impact on both the Group and the Enlarged Group.

LISTING RULES IMPLICATIONS

The Transaction constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is subject to the approval by the Shareholders under Rule 14.49 of the Listing Rules.

The entities constituting the Seller are owned by private equity funds based in the US, the principal activity of each of which is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the entities constituting the Seller and their respective 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.

Value Creation is also an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Value Creation and its ultimate beneficial owner are third parties independent of the Company and any connected person of the Company and are not connected persons of the Company.

To the best of the Directors' knowledge, information and belief, no Shareholders have any material interest in the Transaction, and hence no Shareholders are required to abstain from voting at the SGM on the resolutions to approve the Offer Letter and the Transaction contemplated thereunder.

SGM

Notice of SGM is set out on pages VII-1 to VII-2 of this circular. A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the principal place of business of the Company at 20th Floor, Lyndhurst Tower, No.1 Lyndhurst Terrace, Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the proxy form will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Offer Letter, including the Consideration, and the contemplated Transaction for the acquisition of up to 50% of the issued share capital of the Target Company are on normal commercial terms and are fair and reasonable and in the best interest, and for the benefit of, the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the resolutions to be proposed at the SGM.

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 financial information of the Group for the past three years have been published in the annual reports per below:

(i) the financial information of the Group for the year ended 31 March 2010 is disclosed in the annual report of the Company for the year ended 31 March 2010 published on 30 July 2010, from pages 23 to 66;

(ii) the financial information of the Group for the year ended 31 March 2009 is disclosed in the annual report of the Company for the year ended 31 March 2009 published on 31 July 2009, from pages 23 to 62; and

(iii) the financial information of the Group for the year ended 31 March 2008 is disclosed in the annual report of the Company for the year ended 31 March 2008 published on 31 July 2008, from pages 23 to 60.

All of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.irasia.com/listco/hk/pioneer/).

2. WORKING CAPITAL

After taking into account the expected completion of the Transaction in October 2010 and present internal financial resources available to the Enlarged Group including cash and bank balance as well as the available banking facilities, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

3. INDEBTEDNESS

Borrowings

At the close of business on 31 August 2010, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following outstanding borrowings:

	Repayable within 1 year *HK$'000*	Repayable between 2 to 5 years *HK$'000*	Total *HK$'000*
The Group			
Secured bank loans *(Note 1)*	25,000	252,100	277,100
Secured bank loan *(Note 2)*	19,761	–	19,761
	44,761	252,100	296,861
The Target Group			
Secured bank loan *(Note 3)*	10,000	1,045,000	1,055,000

Notes:

(1) The amounts are secured by the first legal charges over the Group's investment properties and corporate guarantees provided by the Company.

(2) The amount is secured by certain available for sale investments held by the Group.

(3) The amount is secured by the first legal charges over the Target Group's investment property.

Contingent liabilities

At the close of business on 31 August 2010, being the latest practicable date for the purpose of this indebtedness statement, the Group had no material contingent liabilities. The Directors are of the opinion that the Claims would not have material financial impact on both the Group and the Enlarged Group.

Disclaimers

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not, at the close of business on 31 August 2010, 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 Enlarged Group since 31 August 2010.

4. 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 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

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

民信會計師事務所
Wong Brothers & Co.
Certified Public Accountants
1902, MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

30 September 2010

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

Dear Sirs

We set out below our report on the financial information ("Financial Information") of Causeway Bay 68 Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") including the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 23 October 2007 (date of incorporation) to 31 December 2008 and the year ended 31 December 2009 and the three months ended 31 March 2010 (the "Relevant Periods") and the consolidated statement of financial position as at 31 December 2008 and 2009 and 31 March 2010 and notes thereto, together with the unaudited financial information of the Target Company including the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three months ended 31 March 2009 and the consolidated statement of financial position as at 31 March 2009 (the "Underlying Financial Statements"), prepared for inclusion in the circular dated 30 September 2010 (the "Circular") issued by Pioneer Global Group Limited (the "Company"), a company with limited liability incorporated in Bermuda with its shares listed on the main board of the Stock Exchange of Hong Kong Limited in connection with the proposed very substantial acquisition relating to the acquisition of 50% or 30% equity interest in the Target Company by a wholly-owned subsidiary of the Company at a consideration of HK$428.5 million or HK$257.1 million respectively to be satisfied by cash. The percentage of equity interest of the Target Company to be acquired by the Company is dependent upon whether an existing shareholder of the Target Company will complete the acquisition of 20% equity interest of the Target Company.

The Target Company was incorporated with limited liability in the British Virgin Islands on 23 October 2007 with principal activity of investment holding.

At the date of this report, the Target Company has the following subsidiaries:

Name of company	Place and date of incorporation	Particulars of issued share capital	Effective holding	Principal activities
Soaring Star Investments Limited	British Virgin Islands 22 August 1997	1 share of US$1.00	100% Directly	Investment holding
Treasure Spot Investments Limited ("Treasure Spot")	British Virgin Islands 6 June 2000	1 share of US$1.00	100% Indirectly	Property leasing
Treasure Spot TRS Limited	British Virgin Islands 15 November 2007	1 share of US$1.00	100% Indirectly	Providing chiller plant electricity and LED TV screen

The financial year end date of the Target Company is 31 December and its statutory audited financial statements for the period from 23 October 2007 (date of incorporation) to 31 December 2008 and for the year ended 31 December 2009 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and audited by PricewaterhouseCoopers, Certified Public Accountants registered in Hong Kong.

The financial year end date of Treasure Spot is 31 December and its statutory audited financial statements for each of the years ended 31 December 2008 and 2009 were prepared in accordance with HKFRSs issued by the HKICPA and audited by PricewaterhouseCoopers, Certified Public Accountants registered in Hong Kong.

No audited financial statements have been prepared for Soaring Star Investments Limited and Treasure Spot TRS Limited since their respective dates of incorporation as there is no such statutory requirement in the British Virgin Islands.

For the purpose of this report, the directors of the Company have prepared the Financial Information for the Relevant Periods in accordance with HKFRSs issued by the HKICPA.

DIRECTORS' RESPONSIBILITY

The directors of the Target Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements for the Relevant Periods in accordance with HKFRSs. The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information for the Relevant Periods and the contents of the Circular in which this report is included. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Underlying Financial Statements and Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the Financial Information for the three months ended 31 March 2009, the directors of the Target Company are responsible for the preparation and the presentation of the Financial Information in accordance with the accounting policies set out in note 2 below which are in conformity with HKFRSs.

REPORTING ACCOUNTANTS' RESPONSIBILITY

For the Financial Information for each of the period ended 31 December 2008 and the year ended 31 December 2009 and the three months ended 31 March 2010, our responsibility is to express an opinion on the Financial Information based on our examination and to report our opinion to you. We examined the Financial Information and carried out such additional procedures as necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the Financial Information for the three months ended 31 March 2009, it is our responsibility to form an independent conclusion, based on our review, on the Financial Information and to report our conclusion to you. We conducted our review on the Financial Information for the three months ended 31 March 2009 in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. Our review consisted of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Financial Information for the three months ended 31 March 2009.

OPINION AND REVIEW CONCLUSION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the financial positions of the Target Group as at 31 December 2008 and 2009 and 31 March 2010 and of the results and cash flows of the Target Group for the year and periods then ended.

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Financial Information for the three months ended 31 March 2009 is not prepared, in all material respects, in accordance with the accounting policies set out in note 2 below which are in conformity with HKFRSs.

Yours faithfully

Wong Brothers & Co.
Certified Public Accountants
Hong Kong

A. FINANCIAL INFORMATION OF THE TARGET COMPANY

Consolidated Statement of Financial Position

	Note	As at 31 December 2008 HK$'000	As at 31 December 2009 HK$'000	As at 31 March 2009 (unaudited) HK$'000	As at 31 March 2010 HK$'000
ASSETS					
Non-current assets					
Investment property	5	1,375,000	1,770,000	1,600,000	1,920,000
Current assets					
Pledged bank deposits	6	22,465	63,049	32,486	16,245
Cash and cash equivalents	7	3,126	3,114	3,125	3,738
Other assets	8	12,128	7,108	15,253	8,933
		37,719	73,271	50,864	28,916
Total assets		1,412,719	1,843,271	1,650,864	1,948,916
EQUITY					
Share capital	9	8	8	8	8
Share premium	9	599,992	599,992	599,992	449,992
Retained earnings/(accumulated losses)		(191,026)	159,063	8,226	292,407
Total equity		408,974	759,063	608,226	742,407
LIABILITIES					
Non-current liabilities					
Bank loan	10	955,083	–	955,708	1,046,997
Deferred income tax liabilities	11	25,767	95,886	62,892	120,493
Tenant deposits		11,509	11,513	9,472	17,993
Other liabilities	12	–	2,733	683	3,416
		992,359	110,132	1,028,755	1,188,899
Current liabilities					
Bank loan	10	–	957,583	–	10,000
Tenant deposits		5,142	10,024	7,062	3,576
Other liabilities	12	6,244	6,469	6,821	4,034
		11,386	974,076	13,883	17,610
Total liabilities		1,003,745	1,084,208	1,042,638	1,206,509
Total equity and liabilities		1,412,719	1,843,271	1,650,864	1,948,916

Consolidated Statement of Comprehensive Income

	Note	Period from 23 October 2007 (date of incorporation) to 31 December 2008	Year ended 31 December 2009	For the three months ended 31 March 2009 (unaudited)	For the three months ended 31 March 2010
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	*14*	70,028	70,744	20,298	20,717
Interest income		518	8	1	2
Asset management fee	*21*	(8,200)	(8,200)	(2,050)	(2,050)
Electricity charges		(6,895)	(6,554)	(988)	(1,403)
Repair and maintenance		(2,904)	(2,888)	(712)	(655)
Other direct property operating expenses		(8,242)	(9,428)	(2,132)	(2,578)
Administrative expenses		(2,369)	(2,441)	(524)	(127)
Provision for impairment of rental receivables	*8*	–	(2,101)	–	–
Operating profit		41,936	39,140	13,893	13,906
Net gain/(loss) from fair value adjustment on investment property	*5*	(185,000)	390,124	225,000	149,136
Impairment of goodwill	*17*	(47,010)	–	–	–
Finance costs	*15*	(30,915)	(9,056)	(2,516)	(5,091)
Profit/(loss) before tax		(220,989)	420,208	236,377	157,951
Tax (expense)/credit	*16*	29,963	(70,119)	(37,125)	(24,607)
Total comprehensive income/(loss) for the year/period		(191,026)	350,089	199,252	133,344

Consolidated Statement of Changes in Equity

	Note	**Share capital** *HK$'000*	**Share premium** *HK$'000*	**Retained earnings/ (accumulated losses)** *HK$'000*	**Total** *HK$'000*
Balance at 23 October 2007 (date of incorporation)					
Issue of shares	*9*	8	599,992	–	600,000
Total comprehensive loss for the period		–	–	(191,026)	(191,026)
Balance at 31 December 2008		8	599,992	(191,026)	408,974
Balance at 1 January 2009		8	599,992	(191,026)	408,974
Total comprehensive income for the year		–	–	350,089	350,089
Balance at 31 December 2009		8	599,992	159,063	759,063
Balance at 1 January 2009		8	599,992	(191,026)	408,974
Total comprehensive income for the period (unaudited)		–	–	199,252	199,252
Balance at 31 March 2009 (unaudited)		8	599,992	8,226	608,226
Balance at 1 January 2010		8	599,992	159,063	759,063
Reduction in share premium	*9*	–	(150,000)	–	(150,000)
Total comprehensive income for the period		–	–	133,344	133,344
Balance at 31 March 2010		8	449,992	292,407	742,407

Consolidated Statement of Cash Flows

	Note	Period from 23 October 2007 (date of incorporation) to 31 December 2008 HK$'000	Year ended 31 December 2009 HK$'000	For the three months ended 31 March 2009 (unaudited) HK$'000	For the three months ended 31 March 2010 HK$'000
Cash flows from operating activities					
Net cash generated from operating activities	20	37,520	52,027	11,910	10,359
Cash flows from investing activities					
(Increase)/decrease in pledged bank deposits		(22,465)	(40,583)	(10,021)	46,804
Capital expenditure on investment property		–	(4,876)	–	(864)
Acquisition of a subsidiary, net of cash acquired	18	(1,536,678)	–	–	–
Interest received		518	8	1	2
Net cash (used in)/generated from investing activities		(1,558,625)	(45,451)	(10,020)	45,942
Cash flows from financing activities					
Interest paid		(28,269)	(6,588)	(1,891)	(1,939)
Proceeds from issue of shares		600,000	–	–	–
Reduction in share premium		–	–	–	(150,000)
Proceeds from bank loan		992,500	–	–	1,056,262
Repayment of bank loan		(40,000)	–	–	(960,000)
Net cash (used in)/generated from financing activities		1,524,231	(6,588)	(1,891)	(55,677)
Net (decrease)/increase in cash and cash equivalents		3,126	(12)	(1)	624
Cash and cash equivalents at beginning of the year/period		–	3,126	3,126	3,114
Cash and cash equivalents at end of the year/period		3,126	3,114	3,125	3,738

Notes to the Consolidated Financial Information

1 GENERAL INFORMATION

Causeway Bay 68 Limited (the "Target Company") and its subsidiaries (together, the "Target Group") is an investment property group. The group's principal activity is renting out a single investment property in Hong Kong under operating leases. The Target Group has no employees.

The Target Company is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands.

The Financial Information are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Target Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Information of the Target Company have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS"). The Financial Information have been prepared under the historical cost convention as modified by the revaluation of investment property at fair value.

The preparation of Financial Information in conformity with HKFRS requires the use of accounting estimates. It also requires the directors to exercise their judgment in the process of applying the Target Group's accounting policies. Changes in assumptions may have a significant impact on the Financial Information for the period if the assumptions are changed. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4 below.

Application of new and revised Hong Kong Financial Reporting Standards

In the Relevant Periods, the Target Company has applied a number of new or revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are or have become effective. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly no prior period adjustment has been required.

The Target Company has not early applied the new or revised standards, amendments or interpretations that have been issued by HKICPA but are not yet effective. The directors of the Target Company anticipate that the application of these new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Target Group.

2.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Target Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Group controls another entity.

For acquisition meeting the definition of a business, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Target Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Target Group's share of the identifiable net assets acquired is recorded as goodwill.

Subsidiaries are fully consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Target Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the amount transferred.

2.3 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2.4 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by companies in the Target Group, is classified as investment property.

Investment property comprises buildings held by the owner, land held under operating lease and buildings held under finance lease.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is initially measured at cost, including related transaction costs and borrowing costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Target Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections performed. Valuations are performed by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the Financial Information. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recorded in the consolidated statement of comprehensive income.

2.5 Leases

Properties leased out under operating leases are included in investment property in the consolidated statement of financial position.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Pledged bank deposits

Pledged bank deposits are not included as a component of cash and cash equivalents. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.8 Rental receivables and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of the receivables. Impaired debts are derecognised when they are assessed as uncollectible. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. If in a subsequent period the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less. Cash and cash equivalents do not include pledged bank deposits.

2.10 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Borrowings

Borrowings, including the bank loan, are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.12 Current and deferred income tax

Tax expense comprises current and deferred income tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the jurisdictions where the Target Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying value of the Target Group's investment property will generally be realised by a combination of income (rental stream during the period of use) and capital (the consideration on the sale at the end of use). In jurisdictions where different tax rates exist for income and capital gains, the Target Group considers the planned recovery of the asset and how that affects the tax rate used in the calculation of deferred tax. The length of the period for which a property will be held prior to disposal is based on the Target Group's current plans and recent experience with similar properties. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position, regardless of whether the Target Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through use and recovery through sale.

2.13 Other payables

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Revenue recognition

Revenue includes mainly rental income and management charges from investment property.

Rental income from operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term. When the Target Group provides incentives to its tenants, the costs of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Management charges are recognised on a gross basis in the accounting period in which the services are rendered.

2.15 Borrowing costs

Borrowing costs incurred for acquiring, constructing or producing a qualifying asset are capitalised as part of its costs. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended. Other borrowing costs are expensed as interest expense.

2.16 Interest expense

Interest expenses for borrowings are recognised within finance costs in the consolidated statement of comprehensive income using the effective interest method except for borrowing costs relating to qualifying assets.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial liability. When calculating the effective interest rate, the Target Group estimates cash flows considering all contractual terms of the financial instruments. The calculation includes all fees and points paid to parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.17 Expenses

Expenses include legal, accounting, auditing and other fees. They are recognised as expense in profit or loss in the period in which they are incurred (on an accruals basis).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Target Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the directors which identifies, evaluates and moderates financial risks in relation to the Target Group's operating activities.

3.2 Market risk

(a) Currency risk

The Target Group's transactions, assets and liabilities are denominated in Hong Kong dollars. Accordingly, sensitivity analysis on currency risk is not presented here as the directors consider that the exposures to exchange rate movements are minimal.

(b) Price risk

The Target Group is exposed to property price and property rental risks. The Target Group is not predominantly exposed to price risk with respect to financial instruments as it does not hold any financial instruments measured at fair value.

(c) Interest rate risk

As the Target Group has no significant interest-bearing assets apart from the bank balances and pledged bank deposits, its income and operating cash flows are substantially independent of changes in market interest rates. All bank deposits are short-term deposits with maturity less than three months. Receivables and payables are interest-free and have settlement date within one year.

The Target Group's interest rate risk arises mainly from the bank loan. Borrowings at variable rates expose the Target Group to interest rate risk.

The Target Group's interest rate risk is periodically monitored by management. The Target Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration of refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Target Group calculates the impact on profit and loss of a defined interest rate shift.

At 31 March 2010, if interest rates on bank balances, pledged bank deposits and bank loan had been 25 basis points higher/lower with other variables held constant, post-tax profit would have been approximately HK$2,593,000 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowing.

3.3 Credit risk

The Target Group has no significant concentration of credit risk. Credit risk arises from bank balances and pledged bank deposits with financial institutions as well as credit exposure with respect to rental customers, including outstanding receivables. Cash transactions are generally limited to financial institutions with a reasonable credit rating as considered by the directors. Rental contracts are generally made with tenants with an appropriate credit history. In addition, tenants are generally required to pay an upfront rental security deposit. There is no concentration of credit risk with respect to rental receivables, as the Target Group has a large number of tenants.

The table below shows the credit quality with reference to external credit rating on pledged bank deposits and bank balances placed with financial institutions at the statement of financial position date:

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
AA (Standard and Poor's)	–	–	–	16,245
A- (Standard and Poor's)	25,580	66,154	35,601	3,730
	25,580	66,154	35,601	19,975

The Target Group's maximum exposure to credit risk by class of financial asset is as follows:

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Pledged bank deposits	22,465	63,049	32,486	16,245
Cash and cash equivalents	3,115	3,105	3,115	3,730
Advances and deposits	1,788	2,451	1,690	1,839
Rental receivables, net of provision for impairment	5,476	2,238	7,991	2,230
Other receivables	17	6	15	4
	32,861	70,849	45,297	24,048

Refer to Note 8 below for an analysis of the rental receivables by aging.

3.4 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Target Group aims to maintain flexibility in funding by keeping sufficient cash.

Cash received from rental business is usually placed as pledged bank deposits which can be withdrawn on demand by the Target Group. Cash and bank balances are maintained for administrative purpose for the daily operations of the Target Group. Receivables for rental income are expected to be received within one month upon presentation of the invoice to the tenants. The Target Group makes use of the pledged bank deposits, cash and bank balances and rental receivables for liquidity management purpose.

The table below analyses the Target Group's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Fair value of the balances due approximates their carrying balances, as the impact of discounting is not significant.

	Less than 1 year or on demand	Between 1 and 2 years	More than 2 years
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2008			
Bank loan	8,640	968,330	–
Tenant deposits	5,142	7,202	4,307
Other liabilities	6,244	–	–
	20,026	975,532	4,307
At 31 December 2009			
Bank loan	965,830	–	–
Tenant deposits	10,024	2,978	8,535
Other liabilities	6,469	2,733	–
	982,323	5,711	8,535
At 31 March 2009 (unaudited)			
Bank loan	–	955,708	–
Tenant deposits	7,062	5,165	4,307
Other liabilities	6,821	683	–
	13,883	961,556	4,307
At 31 March 2010			
Bank loan	10,000	–	1,046,997
Tenant deposits	3,576	4,960	13,033
Other liabilities	4,034	3,416	–
	17,610	8,376	1,060,030

As the amount of contractual undiscounted cash flows related to bank loan is based on variable rather than fixed interest rates, the amount disclosed is determined by reference to the conditions existing at the reporting date – that is, the actual spot interest rates effective as of 31 December 2008, 31 March 2009, 31 December 2009 and 31 March 2010 are used for determining the related undiscounted cash flows.

3.5 Capital risk management

The Target Group's objectives on managing capital are to safeguard its ability to continue as a going concern and to maintain healthy gearing ratios in order to support its business and maximize shareholders' value.

In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

The Target Group's strategy is to monitor its gearing ratio, which is calculated as debt divided by total assets. The gearing ratios at the statement of financial position date were as follows:

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total borrowings	955,083	957,583	955,708	1,056,997
Total assets	1,412,719	1,843,271	1,650,864	1,948,916
Gearing ratio	67.6%	51.9%	57.9%	54.2%

3.6 Fair value estimation

The Target Group does not hold any financial instruments measured at fair value.

The carrying values less impairment provision of receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Target Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are outlined below.

4.1 Estimate of fair value of investment property

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Target Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Target Group considers information from a variety of sources including:

(a) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

4.2 Income taxes

The Target Group is subject to income taxes in the jurisdiction it operates and estimates are required in determining the provision for income taxes. There could be transactions and calculations for which the ultimate tax determination is uncertain. The Target Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

5 INVESTMENT PROPERTY

	Period from 23 October 2007 (date of incorporation) to 31 December 2008	**Year ended 31 December 2009**	**For the three months ended 31 March 2009 (unaudited)**	**For the three months ended 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	–	1,375,000	1,375,000	1,770,000
Acquisition of a subsidiary	1,560,000	–	–	–
Additions – subsequent expenditure on investment property	–	4,876	–	864
Net gain/(loss) from fair value adjustment on investment property	(185,000)	390,124	225,000	149,136
At end of the year/period	1,375,000	1,770,000	1,600,000	1,920,000

The Target Group's investment property is a 24-storey commercial building located at 68 Yee Wo Street, Causeway Bay, Hong Kong.

It was revalued at 31 December 2008, 31 March 2009, 31 December 2009 and 31 March 2010 by an independent professionally qualified valuer, Knight Frank Petty Limited, AA Property Services Limited, Knight Frank Petty Limited, and AA Property Services Limited respectively. Valuation is conducted by using a combination of the comparison method and the investment method and is prepared in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors. The revalued amount at 31 December 2008, 31 March 2009, 31 December 2009 and 31 March 2010 was HK$1,375,000,000, HK$1,600,000,000, HK$1,770,000,000 and HK$1,920,000,000 respectively.

In Appendix V of the Circular, the above investment property was revalued at 31 July 2010 with a revalued amount of HK$2,050,000,000.

The statement below shows the reconciliation of the carrying value of the above property as at 31 March 2010 to 31 July 2010 (the effective date of the valuation in Appendix V).

	HK$'000
Carrying value as at 31 March 2010	1,920,000
Additions – subsequent expenditure on investment property	26
Net gain from fair value adjustment on investment property	129,974
Carrying value as at 31 July 2010 per Appendix V	2,050,000

6 PLEDGED BANK DEPOSITS

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Pledged bank deposits	22,465	63,049	32,486	16,245

As of 31 December 2008, 31 March 2009 and 31 December 2009,the pledged bank deposits are restricted to use pursuant to a loan agreement entered into between The Bank of China (Hong Kong) Limited (the "Bank") and the Target Group dated 19 December 2007 (the "Agreement").

As of 31 March 2010, the pledged bank deposits are restricted to use pursuant to a loan agreement entered into between The Hongkong and Shanghai Banking Corporation Limited (the "Bank") and the Target Group dated 26 February 2010 (the "Agreement").

According to the terms set out in the Agreement, it is required to deposit all rental or sales proceeds and any other earnings in respect of the investment property to a designated bank account to secure the principal and interest payments on the loan granted by the Bank. The Target Company is not permitted to withdraw from the designated bank account except for payment of permitted operating expenses or with consent from the Bank.

7 CASH AND CASH EQUIVALENTS

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash on hand	11	9	10	8
Cash at banks	3,115	3,105	3,115	3,730
	3,126	3,114	3,125	3,738

8 OTHER ASSETS

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Rental receivables	5,476	4,339	7,991	4,331
Less: provision for impairment of rental receivables	–	(2,101)	–	(2,101)
Deferred rental receivable	4,799	2,375	5,535	4,839
Advances, prepayments and deposits	1,836	2,489	1,712	1,860
Other receivables	17	6	15	4
	12,128	7,108	15,253	8,933

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

As of 31 December 2008, 31 March 2009, 31 December 2009 and 31 March 2010, rental receivables of HK$5,475,719, HK$7,991,280, HK$2,238,267 and HK$2,230,388 respectively were past due but not impaired. These relate to a number of independent tenants for whom there is no recent history of default. The aging of these receivables is as follows:

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 to 1 month	1,677	1,539	3,315	2,227
1 to 3 months	3,596	6	2,736	3
Over 3 months	203	693	1,940	–
	5,476	2,238	7,991	2,230

Movement on the Target Group's provision for impairment of rental receivables is as follows:

	Period from 23 October 2007 (date of incorporation) to 31 December 2008	**Year ended 31 December 2009**	**For the three months ended 31 March 2009 (unaudited)**	**For the three months ended 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	–	–	–	2,101
Provision for impairment	–	2,101	–	–
At end of the year/period	–	2,101	–	2,101

9 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	**Share capital**	**Share premium**	**Total**
		HK$'000	*HK$'000*	*HK$'000*
At 23 October 2007 (date of incorporation) Issues of shares	1,000	8	599,992	600,000
At 31 December 2008, 31 March 2009 (unaudited) and 31 December 2009	1,000	8	599,992	600,000
At 1 January 2010	1,000	8	599,992	600,000
Reduction in share premium	–	–	(150,000)	(150,000)
At 31 March 2010	1,000	8	449,992	450,000

	As at 31 December 2008	As at 31 December 2009	As at 31 March 2009 (unaudited)	As at 31 March 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised				
50,000 ordinary shares of US$1 each	390	390	390	390
Issued and fully paid				
1,000 ordinary shares of US$1 each	8	8	8	8
Share premium	599,992	599,992	599,992	449,992
	600,000	600,000	600,000	450,000

10 BANK LOAN

The Target Group's bank loan has floating rate of interest and is secured on the investment property.

The maturity of the bank loan is as follows:

	As at 31 December 2008	As at 31 December 2009	As at 31 March 2009 (unaudited)	As at 31 March 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current: maturing within one year	–	957,583	–	10,000
Non-current: maturing between two and five years	955,083	–	955,708	1,046,997
	955,083	957,583	955,708	1,056,997

The effective interest rate at the statement of financial position date was as follows:

	As at 31 December 2008	As at 31 December 2009	As at 31 March 2009 (unaudited)	As at 31 March 2010
Bank loan	0.79%	0.33%	0.8%	1.1%

As of 31 December 2008, 31 March 2009, 31 December 2009 and 31 March 2010, the principal amount of the bank loan amounted to HK$960,000,000, HK$960,000,000, HK$960,000,000 and HK$1,060,000,000 respectively.

11 DEFERRED INCOME TAX

The movement in deferred tax during the year/period, taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred income tax liabilities		Deferred income tax assets	
	Accelerated tax depreciation	Changes in fair value	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 23 October 2007 (date of incorporation)	–	–	–	–
Acquisition of a subsidiary	5,954	80,552	(30,776)	55,730
Charged/(credited) to the consolidated statement of comprehensive income	5,986	(35,220)	(729)	(29,963)
At 31 December 2008	11,940	45,332	(31,505)	25,767
Charged to the consolidated statement of comprehensive income	2,883	64,126	3,110	70,119
At 31 December 2009	14,823	109,458	(28,395)	95,886
Charged to the consolidated statement of comprehensive income	–	24,607	–	24,607
At 31 March 2010	14,823	134,065	(28,395)	120,493
At 1 January 2009	11,940	45,332	(31,505)	25,767
Charged to the consolidated statement of comprehensive income (unaudited)	–	37,125	–	37,125
At 31 March 2009 (unaudited)	11,940	82,457	(31,505)	62,892

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

As at 31 December 2008, 31 March 2009, 31 December 2009 and 31 March 2010, the majority of the deferred income tax assets are to be recovered after more than 12 months and the majority of the deferred income tax liabilities are to be settled after more than 12 months.

12 OTHER LIABILITIES

	As at 31 December 2008	As at 31 December 2009	As at 31 March 2009 (unaudited)	As at 31 March 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Other payables and accruals	–	2,733	683	3,416
Current				
Rental income received in advance	554	1,575	556	783
Other payables and accruals	5,690	4,894	6,265	3,251
	6,244	6,469	6,821	4,034
	6,244	9,202	7,504	7,450

13 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets, including pledged bank deposits, cash and cash equivalents and other assets, as shown on the consolidated statement of financial position, are categorized as loans and receivables.

Financial liabilities, including bank loan, tenant deposits and other liabilities, as shown on the consolidated statement of financial position, are categorized as other financial liabilities at amortized cost.

14 REVENUE

	Period from 23 October 2007 (date of incorporation) to 31 December 2008	Year ended 31 December 2009	For the three months ended 31 March 2009 (unaudited)	For the three months ended 31 March 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Rental income	55,080	52,689	16,460	16,833
Management charges	14,244	17,360	3,682	3,700
Licence fee	704	695	156	184
	70,028	70,744	20,298	20,717

The period of leases whereby the Target Group leases out its investment property under operating leases is either two years or more or renewed on a monthly basis under temporary arrangements.

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	As at 31 December 2008	**As at 31 December 2009**	**As at 31 March 2009 (unaudited)**	**As at 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than 1 year	62,498	47,086	59,138	57,492
Later than 1 year and not later than 5 years	78,079	89,858	81,356	134,263
Later than 5 years	113,125	30,934	96,249	28,387
	253,702	167,878	236,743	220,142

15 FINANCE COSTS

	Period from 23 October 2007 (date of incorporation) to 31 December 2008	**Year ended 31 December 2009**	**For the three months ended 31 March 2009 (unaudited)**	**For the three months ended 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank loan wholly repayable within five years	28,190	6,406	1,891	1,939
Bank loan's cost	2,725	2,650	625	3,152
	30,915	9,056	2,516	5,091

16 TAX EXPENSE/(CREDIT)

The tax rate to provide for Hong Kong profits tax for the Relevant Periods, if any, is 16.5%. For the two years ended 31 December 2008 and 2009 and three months ended 31 March 2009 and 2010, Hong Kong profits tax has not been provided for as there is tax loss brought forward from previous years.

	Period from 23 October 2007 (date of incorporation) to 31 December 2008	**Year ended 31 December 2009**	**For the three months ended 31 March 2009 (unaudited)**	**For the three months ended 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred income tax				
Tax expense/(credit)	(29,963)	70,119	37,125	24,607

The tax on the Target Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of the Target Group as follows:

	Period from 23 October 2007 (date of incorporation) to 31 December 2008	**Year ended 31 December 2009**	**For the three months ended 31 March 2009 (unaudited)**	**For the three months ended 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit/(loss) before tax	(220,989)	420,208	236,377	157,951
Tax calculated at domestic tax rate at 16.5%	(36,463)	69,334	39,002	26,062
Tax effect of expenses not deductible for income tax purposes	7,757	–	–	–
Effect on change in Hong Kong tax rate	(3,185)	–	–	–
Others	1,928	785	(1,877)	(1,455)
Tax expense/(credit)	(29,963)	70,119	37,125	24,607

17 GOODWILL

	Period from 23 October 2007 (date of incorporation) to 31 December 2008	**Year ended 31 December 2009**	**For the three months ended 31 March 2009 (unaudited)**	**For the three months ended 31 March 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	–	–	–	–
Acquisition of a subsidiary	47,010	–	–	–
Impairment	(47,010)	–	–	–
At end of the year/period	–	–	–	–

18 BUSINESS COMBINATIONS

On 19 December 2007, the Target Company acquired 100% of the share capital of Treasure Spot Investments Limited, a property investment company involved in leasing out investment property in Hong Kong. The acquired business contributed revenue of HK$70,027,834 and incurred net loss of HK$144,252,593 for the period ended 31 December 2008.

Details of goodwill are as follows:

	2008
	HK$'000
Purchase consideration	
– cash paid	1,543,116
– direct costs relating to the acquisition	399
Total purchase consideration	1,543,515
Fair value of net assets acquired	(1,496,505)
Goodwill	47,010

The goodwill is attributable to the potential gain in fair value of the investment property and the potential increase in the yield of rental income after the Target Group's acquisition of Treasure Spot Investments Limited.

The assets and liabilities whose fair values equalled their carrying amounts as of 19 December 2007 arising from the acquisition are as follows:

	2008
	HK$'000
Investment property	1,560,000
Cash and cash equivalents	6,837
Other assets	14,531
Deferred income tax liabilities	(55,730)
Tenant deposits	(15,621)
Other payables and accruals	(13,512)
Net assets acquired	1,496,505
Purchase consideration settled in cash	1,543,515
Cash and cash equivalents in subsidiary acquired	(6,837)
Cash outflow on acquisition	1,536,678

19 CONTINGENT LIABILITIES

As at 31 March 2010, a subsidiary (the "Subsidiary") of the Target Group had the following outstanding litigations with the tenant, Cityability Limited ("Cityability"):

(a) Cityability claimed the Subsidiary to be in breach of a clause in the Deed of Covenant and Grant of Right of Way and Easement and Management Agreement dated 13 May 1992 (the "DCMA") and the occupation permit by permitting premises to be let to tenants on various floors for purposes other than office. The directors, based on the advice of the Subsidiary's legal counsel, are of the view that the litigation is subject to the interpretation of the DCMA and the occupation permit. The likelihood of an unfavourable outcome and the amounts to settle such litigation are uncertain.

(b) Cityability claimed that according to a clause in the DCMA, it was entitled to require the Subsidiary to let its car parking spaces and premises at the basement of the investment property. The directors, based on the advice of the Subsidiary's legal counsel, are of the view that the litigation is subject to the interpretation of the DCMA and the likelihood of an unfavourable outcome and the amounts to settle such litigation are uncertain.

(c) Previously, Cityability alleged the Subsidiary to be in breach of the DCMA by altering the pink hatched black areas in the basement. In February 2010, the court ruled the claim to be dismissed. However, Cityability subsequently filed an appeal of notice. The hearing of the appeal has been scheduled in January 2011.

The directors of the Target Group, based on the advice of the Subsidiary's legal counsel, considered that no provision is required in respect of the above outstanding litigations with Cityability.

20 NET CASH GENERATED FROM OPERATING ACTIVITIES

	Period from 23 October 2007 (date of incorporation) to 31 December 2008 *HK$'000*	**Year ended 31 December 2009** *HK$'000*	**For the three months ended 31 March 2009 (unaudited)** *HK$'000*	**For the three months ended 31 March 2010** *HK$'000*
Total comprehensive income/(loss) for the year/period	(191,026)	350,089	199,252	133,344
Adjustments for:				
– net (gain)/loss from fair value adjustment on investment property	185,000	(390,124)	(225,000)	(149,136)
– interest income	(518)	(8)	(1)	(2)
– impairment of goodwill	47,010	–	–	–
– finance costs	30,915	9,056	2,516	5,091
– tax expense/(credit)	(29,963)	70,119	37,125	24,607
Changes in working capital:				
– other assets	2,402	5,019	(3,125)	(1,825)
– other liabilities (including tenant deposits)	(6,300)	7,876	1,143	(1,720)
Net cash generated from operating activities	37,520	52,027	11,910	10,359

21 RELATED-PARTY TRANSACTIONS

The Target Company is held by AG Core Plus II Causeway Bay 68, L.L.C. (incorporated in the State of Delaware in the United States of America) which owns 46.81% of the Target Company's shares, by AG Core Plus II (AU) Causeway Bay 68, L.L.C. (incorporated in the State of Delaware in the United States of America) which owns 3.19% of the Target Company's shares, by Win Plus Development Limited (incorporated in the British Virgin Islands) which owns 30% of the Target Company's shares and by Value Creation Group Limited (incorporated in the British Virgin Islands) which owns the remaining 20% of the Target Company's shares.

Pioneer Industries (Holdings) Limited, the asset manager (the "Asset Manager") is entitled to receive an asset management fee for property and asset management services rendered. With effect from 1 January 2009, a maximum amount of asset management fee of HK$8,200,000 is payable to the Asset Manager. Such asset management fee is divided into two portions with (a) two thirds of the maximum asset management fee payable monthly in arrears and; (b) the remaining one third of the maximum asset management fee accrued and payable in one lump sum without interest conditional on happening of certain events per the Amendment to the Asset Management Agreement dated 13 May 2009 signed between Treasure Spot Investments Limited, Pioneer Industries (Holdings) Limited, AG Core Plus II Causeway Bay 68, L.L.C. and AG Core Plus II (AU) Causeway Bay 68, L.L.C. With effect from 1 January 2010, Pioneer Industries (Holdings) Limited assign all its rights, obligations and liabilities under the asset management agreement to the new asset manager, Supreme Success Limited.

Total asset management fee for the three months ended 31 March 2010 was HK$2,050,000 (for the three months ended 31 March 2009: HK$2,050,000). Total asset management fee for the year ended 31 December 2009 was HK$8,200,000 (period from 23 October 2007 (date of incorporation) to 31 December 2008: HK$8,200,000). The amount of asset management fee outstanding at 31 December 2008, 31 March 2009, 31 December 2009 and 31 March 2010 was HK$683,333, HK$2,050,000, HK$3,188,889 and HK$3,872,222, respectively.

There are no other transactions carried out with related parties and outstanding balances with related parties.

22 DIRECTORS' REMUNERATION

There was no directors' remuneration for the Relevant Periods reported since the incorporation of Causeway Bay 68 Limited.

23 LIST OF SUBSIDIARIES

Name of company	Main activity	Country of Incorporation	No. of issued shares	Par value	Percentage of equity held
Soaring Star Investments Limited	Investment	British Virgin Islands	1	US$1	100
Treasure Spot Investments Limited	Real Estate	British Virgin Islands	1	US$1	100
Treasure Spot TRS Limited	Services	British Virgin Islands	1	US$1	100

B. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Target Company, the Target Group or any other entities within the Target Group have been prepared in respect of any period subsequent to 31 March 2010.

The accompanying unaudited pro forma financial information of Pioneer Global Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and Causeway Bay 68 Limited (the "Target Company") and its subsidiaries (the "Target Group") (together with the Group hereinafter collectively referred to as the "Enlarged Group") has been prepared to illustrate the effect of the proposed acquisition by Win Plus Development Limited ("Win Plus"), a subsidiary of the Company, of an additional equity interest of up to 50% in the Target Company (the "Acquisition") from AG Core Plus II Causeway Bay 68, L.L.C. and AG Core Plus II (AU) Causeway Bay 68, L.L.C. (collectively, the "Seller"), each an independent third party. Before the Acquisition, a 20% equity interest in the Target Company is held by Value Creation Group Limited ("Value Creation") which is also an independent third party. Value Creation accepted an offer from the Seller and agreed to purchase an equity interest of 20% in the Target Company from the Seller (the "VC Acquisition"). If Value Creation completes the VC Acquisition, Win Plus will only purchase the remaining 30% equity interest in the Target Company from the Seller. If Value Creation fails to complete the VC Acquisition for any reason other than default by or on the part of Win Plus or the Seller, the full amount of the ROFR Deposits shall be absolutely forfeited and Win Plus shall have the obligation to complete the purchase of all the 50% equity interest from the Seller.

Before the Acquisition, the Group has a 30% equity interest in the Target Company that has been classified as an interest in an associate. Upon completion of the Acquisition, the Group will have a 60% equity interest in the Target Company if Value Creation completes the VC Acquisition, or an 80% equity interest in the Target Company if Value Creation fails to complete the VC Acquisition. In either case, the assets, liabilities and financial results of the Target Group will be consolidated into the accounts of the Group from the date of completion of the Acquisition.

In Section A, the unaudited pro forma combined statement of financial position of the Enlarged Group is prepared as if the Acquisition had been completed on 31 March 2010 on the basis of the Group acquiring 50% equity interest in the Target Company and as a result the Target Company becoming an 80% held subsidiary of the Company and is based upon (i) the audited consolidated statement of financial position of the Group as at 31 March 2010, which has been extracted from the Company's annual report for the year ended 31 March 2010; and (ii) the audited consolidated statement of financial position of the Target Company, which has been extracted from the accountants' report on the Target Company for the period ended 31 March 2010 as set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable. The unaudited pro forma combined statement of comprehensive income and statement of cash flows of the Enlarged Group for the year ended 31 March 2010 are prepared as if the Acquisition had been completed on 1 April 2009 on the basis of the Group acquiring 50% equity interest in the Target Company and as a result the Target Company becoming an 80% held subsidiary of the Company and are based upon (i) the audited consolidated statement of comprehensive income and statement of cash flows of the Group for the year ended 31 March 2010, which have been extracted from the Company's annual report for the year ended 31 March 2010; and (ii) the audited consolidated statement of comprehensive income and statement of cash flows of the Target Company, which have been extracted from the accountants' report on the Target Company for the year ended 31 December 2009 as set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

In Section B, the unaudited pro forma combined statement of financial position of the Enlarged Group is prepared as if the Acquisition had been completed on 31 March 2010 on the basis of the Group acquiring 30% equity interest in the Target Company and as a result the Target Company becoming a 60% held subsidiary of the Company and is based upon (i) the audited consolidated statement of financial position of the Group as at 31 March 2010, which has been extracted from the Company's annual report for the year ended 31 March 2010; and (ii) the audited consolidated statement of financial position of the Target Company, which has been extracted from the accountants' report on the Target Company for the period ended 31 March 2010 as set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable. The unaudited pro forma combined statement of comprehensive income and statement of cash flows of the Enlarged Group for the year ended 31 March 2010 are prepared as if the Acquisition had been completed on 1 April 2009 on the basis of the Group acquiring 30% equity interest in the Target Company and as a result the Target Company becoming a 60% held subsidiary of the Company and are based upon (i) the audited consolidated statement of comprehensive income and statement of cash flows of the Group for the year ended 31 March 2010, which have been extracted from the Company's annual report for the year ended 31 March 2010; and (ii) the audited consolidated statement of comprehensive income and statement of cash flows of the Target Company, which have been extracted from the accountants' report on the Target Company for the year ended 31 December 2009 as set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transaction; and (ii) factually supportable.

As the unaudited pro forma financial information is prepared for illustration purposes only, it does not purport to give a true picture of the results, cash flows or financial position of the Group following completion of the Acquisition.

SECTION A

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST)

	The Group as at 31 March 2010 HK$'000 (Note 1)	The Target Group as at 31 March 2010 HK$'000 (Note 1)	Combined Total as at 31 March 2010 HK$'000	Pro forma adjustments HK$'000 (Note 2, 3 & 7)	Pro forma adjustments HK$'000 (Note 4 & 9)	Pro forma total for the Enlarged Group HK$'000
ASSETS						
Non-current assets						
Investment properties	508,800	1,920,000	2,428,800			2,428,800
Leasehold properties	427,707	–	427,707			427,707
Associates	710,449	–	710,449	(183,723)		526,726
Available for sale investments	361,279	–	361,279			361,279
Property, plant and equipment	2,322	–	2,322			2,322
Other assets	1,447	–	1,447			1,447
	2,012,004	1,920,000	3,932,004			3,748,281
Current assets						
Debtors, advances & prepayments	5,146	8,933	14,079		(3,872)	10,207
Financial assets at fair value	3,604	–	3,604			3,604
Cash & bank balances	86,930	19,983	106,913	(428,500)	30,000	(291,587)
	95,680	28,916	124,596			(277,776)
Total assets	2,107,684	1,948,916	4,056,600			3,470,505
EQUITY						
Share capital	76,935	8	76,943	(8)		76,935
Share premium	307,687	449,992	757,679	(449,992)		307,687
Reserves	1,239,763	292,407	1,532,170	(292,407)		1,239,763
Net of goodwill and gain on remeasurement of the previously held 30% interest in the Target Group	–	–	–	(20,798)		(20,798)
Gain on forfeiture of ROFR Deposits	–	–	–		30,000	30,000
Shareholders' funds	1,624,385	742,407	2,366,792			1,633,587
Minority interests	15,933	–	15,933	148,482		164,415
Total equity	1,640,318	742,407	2,382,725			1,798,002
LIABILITIES						
Non-current liabilities						
Secured bank loans	271,100	–	271,100			271,100
Secured bank loans (non-recourse)	–	1,046,996	1,046,996			1,046,996
Tenant deposits	–	17,993	17,993			17,993
Deferred payment	102,500	3,417	105,917		(3,417)	102,500
Deferred taxation	61,105	120,493	181,598			181,598
	434,705	1,188,899	1,623,604			1,620,187
Current liabilities						
Creditors & accruals	22,620	7,610	30,230	2,500	(455)	32,275
Secured bank loans	8,173	–	8,173			8,173
Secured bank loans (non-recourse)	–	10,000	10,000			10,000
Tax liabilities	1,868	–	1,868			1,868
	32,661	17,610	50,271			52,316
Total liabilities	467,366	1,206,509	1,673,875			1,672,503
Total equity and liabilities	2,107,684	1,948,916	4,056,600			3,470,505

UNAUDITED PRO FORMA COMBINED INCOME STATEMENT OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010	The Target Group for the year ended 31 Dec 2009	Combined Total	Pro forma adjustments	Pro forma adjustments	Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*		*(Note 3 & 5)*	*(Note 6 & 9)*	
Turnover of Company and subsidiaries	68,515	70,744	139,259		(8,200)	131,059
Properties operating expenses	(10,969)	(29,171)	(40,140)		8,200	(31,940)
Staff costs	(12,065)	–	(12,065)			(12,065)
Depreciation & amortization	(4,470)	–	(4,470)			(4,470)
Other expenses	(3,299)	(2,433)	(5,732)			(5,732)
	(30,803)	(31,604)	(62,407)			(54,207)
Operating profit	37,712	39,140	76,852			76,852
Share of profits of associates	145,859	–	145,859	(102,634)		43,225
Change in fair value of investment properties	71,000	390,124	461,124			461,124
Other gains and losses	15,890	–	15,890			15,890
Net of goodwill and gain on remeasurement of the previously held 30% interest in the Target Group	–	–	–	(20,798)		(20,798)
Gain on forfeiture of ROFR Deposits	–	–	–		30,000	30,000
Finance costs	(4,611)	(9,056)	(13,667)			(13,667)
Profit before taxation	265,850	420,208	686,058			592,626
Taxation						
Current	(1,144)	–	(1,144)			(1,144)
Deferred	(10,888)	(70,119)	(81,007)			(81,007)
Profit for the year	253,818	350,089	603,907			510,475
Minority interests	565	–	565	70,018		70,583
Profit attributable to shareholders	253,253	350,089	603,342			439,892

UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010	The Target Group for the year ended 31 Dec 2009	Combined Total	Pro forma adjustments	Pro forma adjustments	Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*		*(Note 5)*	*(Note 9)*	
Profit for the year	253,818	350,089	603,907	(123,432)	30,000	510,475
Other comprehensive income						
Change in fair value of available for sale investment						
– subsidiaries	84,876	–	84,876			84,876
– associates	35,536	–	35,536			35,536
Exchange difference on translation of						
– subsidiaries	3	–	3			3
– associates	7,514	–	7,514			7,514
Other comprehensive income for the year, net of tax	127,929	–	127,929			127,929
Total comprehensive income for the year	381,747	350,089	731,836			638,404
Total comprehensive income attributable to:						
Shareholders of the Company	379,036	350,089	729,125	(193,450)	30,000	565,675
Minority interests	2,711	–	2,711	70,018		72,729
	381,747	350,089	731,836			638,404

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010	The Target Group for the year ended 31 Dec 2009	Combined Total	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*		*(Note 2)*	*(Note 7 & 9)*	*(Note 8)*	
Cash flows from operating activities							
Profit before taxation	265,850	420,208	686,058			(102,634)	583,424
Share of net profit of associates	(145,859)	–	(145,859)			102,634	(43,225)
Other gains and losses	(15,890)	–	(15,890)				(15,890)
Increase in fair value of investment properties	(71,000)	(390,124)	(461,124)				(461,124)
Depreciation & amortization	4,470	–	4,470				4,470
Interest income	(10,441)	(8)	(10,449)				(10,449)
Interest expenses	4,611	9,056	13,667				13,667
Dividend income							
– listed	(1,689)	–	(1,689)				(1,689)
– unlisted	(3,546)	–	(3,546)				(3,546)
Operating cash flows before working capital changes	26,506	39,132	65,638				65,638
Decrease in debtors, advances & prepayments	833	5,019	5,852				5,852
Increase in creditors & accruals	8,161	7,876	16,037				16,037
Cash generated from operations	35,500	52,027	87,527				87,527
Hong Kong profits tax paid	(3,267)	–	(3,267)				(3,267)
Overseas profits tax paid	(22)	–	(22)				(22)
Net cash from operating activities	32,211	52,027	84,238				84,238
Cash flows from investing activities							
Interest received	10,944	8	10,952				10,952
Dividend received	5,235	–	5,235				5,235
Investment properties:							
Proceeds on disposal of investment properties	57,870	–	57,870				57,870
Capital expenditure on investment property	–	(4,876)	(4,876)				(4,876)
Leasehold property:							
Purchase of leasehold property	(327,987)	–	(327,987)				(327,987)
Associates:							
Advance from associates	1,017	–	1,017				1,017
Distribution from associates	69,967	–	69,967				69,967
Available for sale investments:							
Purchase of available for sale investments	(157,039)	–	(157,039)				(157,039)
Deposit refunded on purchase of available for sale investments	12,649	–	12,649				12,649
Distribution from available for sales investments	758	–	758				758
Proceeds on disposal of available for sale investments	36,893	–	36,893				36,893
Property, plant and equipment:							
Purchase of property, plant & equipment	(999)	–	(999)				(999)
Increase in pledged bank deposits	–	(40,583)	(40,583)				(40,583)
Financial assets at fair value:							
Proceeds on disposal of financial assets	29,360	–	29,360				29,360
Investment project written-off	(656)	–	(656)				(656)
Additional investment (50%) in a subsidiary (the Target Group)	–	–	–	(428,500)	(2,500)		(431,000)
Gain on forfeiture of ROFR Deposits	–	–	–		30,000		30,000
Net cash used in investing activities	(261,988)	(45,451)	(307,439)				(708,439)

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010	The Target Group for the year ended 31 Dec 2009	Combined Total	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*		*(Note 2)*	*(Note 7 & 9)*	*(Note 8)*	
Cash flows from financing activities							
Interest paid	(4,485)	(6,588)	(11,073)				(11,073)
Distributions to minority shareholders	(553)	–	(553)				(553)
Dividend paid to shareholders	(19,234)	–	(19,234)				(19,234)
Bank loans raised	205,173	–	205,173				205,173
Bank loans repaid	(26,100)	–	(26,100)				(26,100)
Net cash generated from/(used in) financing activities	154,801	(6,588)	148,213				148,213
Net decrease in cash and cash equivalents	(74,976)	(12)	(74,988)				(475,988)
Cash and cash equivalents at the beginning of the year	161,902	3,126	165,028				165,028
Effect of foreign exchange rates changes	4	–	4				4
Cash and cash equivalents at the end of the year	86,930	3,114	90,044				(310,956)

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (ASSUMING ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST)

Note 1

The financial information of the Group is extracted from the annual report of the Group for the year ended 31 March 2010.

The financial information of the Target Group is extracted from Appendix II to this circular.

Note 2

Assuming the Group will acquire the 50% equity interest in the Target Company, the consideration is estimated to be HK$428.5 million based on the 31 March 2010 consolidated statement of financial position of the Target Company with the Property value adjusted to HK$1,922.0 million. It is assumed that the consideration to be paid out by internal resources of the Group and/or external bank borrowings.

Note 3

The Target Company is a 30% owned associate of the Group since December 2007. The acquisition of an additional 50% equity interest in the Target Company from the Seller is accounted for as a purchase of the assets and liabilities in accordance with HKFRS 3 (Revised) "Business Combinations".

For the purposes of the preparation of the unaudited pro forma financial information, the fair values of the identifiable net assets of the Target Group are assumed to be the same as their carrying amounts as at 31 March 2010 as set out in the Appendix II of this circular. The previously held 30% equity interest by the Group at acquisition is remeasured at fair value based on the estimated consideration for the purchase of the additional 50% equity interest. The fair value of the minority interest is represented by the 20% share of the net identifiable net assets of the Target Group as at 31 March 2010.

The adjustment to goodwill is estimated as follows:

	HK$'000
Cash consideration for 50% equity interest	428,500
Provision for related acquisition cost	2,500
Fair value of previously held 30% equity interest	257,100
Fair value of 20% minority interest	148,482
	836,582
Less:	
Fair value of the net identifiable assets	742,407
Goodwill	94,175

The adjustment to fair value gain of the 30% equity interest previously held by the Group is estimated as follows:

	HK$'000
Fair value of previously held 30% equity interest	257,100
Less:	
Carrying value of 30% equity interest	183,723
Fair value gain	73,377

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (ASSUMING ACQUISITION OF ADDITIONAL 50% EQUITY INTEREST)

The goodwill arising from the acquisition was recognized in the pro forma financial statements as its potential economic benefit was uncertain to be realized in the future due to the high volatility of the Hong Kong property market. The net effect of goodwill and fair value gain on remeasurement of the previously held 30% equity interest in the Target Group was approximately HK$20,798,000, which was recognized in the pro forma financial statements.

On the completion date, the identifiable assets and liabilities of the Target Group to be acquired and the 30% equity interest previously held by the Group will be stated at fair values in accordance with HKFRS 3 (Revised). Accordingly, the actual goodwill and fair value gain at the completion will be different from the amounts presented above.

Note 4

Elimination of inter-company receivable/payable.

Note 5

The adjustments represent the elimination of the share of associate's profit of the Target Group and the recognition of the minority interest (20% profit) in the Target Group.

Note 6

The adjustment represents the elimination of inter-company charges.

Note 7

Provision of related acquisition cost, including stamp duty, legal & professional fee, etc.

Note 8

The adjustment represents the elimination of profit from associate (the Target Group).

Note 9

With the Group being able to purchase an additional 50% equity interest in the Target Company, Value Creation is assumed to fail the completion of the VC Acquisition. Thus, Value Creation's deposits, HK$30.0 million will be forfeited and recognized as a gain to the Group.

SECTION B

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 30% EQUITY INTEREST)

	The Group as at 31 March 2010 *HK$'000* *(Note 1)*	The Target Group as at 31 March 2010 *HK$'000* *(Note 1)*	Combined Total as at 31 March 2010 *HK$'000*	Pro forma adjustments *HK$'000* *(Note 2, 3 & 7)*	Pro forma adjustments *HK$'000* *(Note 4)*	Pro forma total for the Enlarged Group *HK$'000*
ASSETS						
Non-current assets						
Investment properties	508,800	1,920,000	2,428,800			2,428,800
Leasehold properties	427,707	–	427,707			427,707
Associates	710,449	–	710,449	(183,723)		526,726
Available for sale investments	361,279	–	361,279			361,279
Property, plant and equipment	2,322	–	2,322			2,322
Other assets	1,447	–	1,447			1,447
	2,012,004	1,920,000	3,932,004			3,748,281
Current assets						
Debtors, advances & prepayments	5,146	8,933	14,079		(3,872)	10,207
Financial assets at fair value	3,604	–	3,604			3,604
Cash & bank balances	86,930	19,983	106,913	(257,100)		(150,187)
	95,680	28,916	124,596			(136,376)
Total assets	2,107,684	1,948,916	4,056,600			3,611,905
EQUITY						
Share capital	76,935	8	76,943	(8)		76,935
Share premium	307,687	449,992	757,679	(449,992)		307,687
Reserves	1,239,763	292,407	1,532,170	(292,407)		1,239,763
Net of goodwill and gain on remeasurement of the previously held 30% interest in the Target Group	–	–	–	2,121		2,121
Shareholders' funds	1,624,385	742,407	2,366,792			1,626,506
Minority interests	15,933	–	15,933	296,963		312,896
Total equity	1,640,318	742,407	2,382,725			1,939,402
LIABILITIES						
Non-current liabilities						
Secured bank loans	271,100	–	271,100			271,100
Secured bank loans (non-recourse)	–	1,046,996	1,046,996			1,046,996
Tenant deposits	–	17,993	17,993			17,993
Deferred payment	102,500	3,417	105,917		(3,417)	102,500
Deferred taxation	61,105	120,493	181,598			181,598
	434,705	1,188,899	1,623,604			1,620,187
Current liabilities						
Creditors & accruals	22,620	7,610	30,230	2,500	(455)	32,275
Secured bank loans	8,173	–	8,173			8,173
Secured bank loans (non-recourse)	–	10,000	10,000			10,000
Tax liabilities	1,868	–	1,868			1,868
	32,661	17,610	50,271			52,316
Total liabilities	467,366	1,206,509	1,673,875			1,672,503
Total equity and liabilities	2,107,684	1,948,916	4,056,600			3,611,905

UNAUDITED PRO FORMA COMBINED INCOME STATEMENT OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 30% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010	The Target Group for the year ended 31 Dec 2009	Combined Total	Pro forma adjustments	Pro forma adjustments	Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*		*(Note 3 & 5)*	*(Note 6)*	
Turnover of Company and subsidiaries	68,515	70,744	139,259		(8,200)	131,059
Properties operating expenses	(10,969)	(29,171)	(40,140)		8,200	(31,940)
Staff costs	(12,065)	–	(12,065)			(12,065)
Depreciation & amortization	(4,470)	–	(4,470)			(4,470)
Other expenses	(3,299)	(2,433)	(5,732)			(5,732)
	(30,803)	(31,604)	(62,407)			(54,207)
Operating profit	37,712	39,140	76,852			76,852
Share of profits of associates	145,859	–	145,859	(102,634)		43,225
Change in fair value of investment properties	71,000	390,124	461,124			461,124
Other gains and losses	15,890	–	15,890			15,890
Net of goodwill and gain on remeasurement of the previously held 30% interest in the Target Group	–	–	–	2,121		2,121
Finance costs	(4,611)	(9,056)	(13,667)			(13,667)
Profit before taxation	265,850	420,208	686,058			585,545
Taxation						
Current	(1,144)	–	(1,144)			(1,144)
Deferred	(10,888)	(70,119)	(81,007)			(81,007)
Profit for the year	253,818	350,089	603,907			503,394
Minority interests	565	–	565	140,036		140,601
Profit attributable to shareholders	253,253	350,089	603,342			362,793

UNAUDITED PRO FORMA COMBINED STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 30% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010	The Target Group for the year ended 31 Dec 2009	Combined Total	Pro forma adjustments	Pro forma total for the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 1)*		*(Note 5)*	
Profit for the year	253,818	350,089	603,907	(100,513)	503,394
Other comprehensive income					
Change in fair value of available for sale investment					
– subsidiaries	84,876	–	84,876		84,876
– associates	35,536	–	35,536		35,536
Exchange difference on translation of					
– subsidiaries	3	–	3		3
– associates	7,514	–	7,514		7,514
Other comprehensive income for the year, net of tax	127,929	–	127,929		127,929
Total comprehensive income for the year	381,747	350,089	731,836		631,323
Total comprehensive income attributable to:					
Shareholders of the Company	379,036	350,089	729,125	(240,549)	488,576
Minority interests	2,711	–	2,711	140,036	142,747
	381,747	350,089	731,836		631,323

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 30% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010 HK$'000 (Note 1)	The Target Group for the year ended 31 Dec 2009 HK$'000 (Note 1)	Combined Total HK$'000	Pro forma adjustments HK$'000 (Note 2)	Pro forma adjustments HK$'000 (Note 7)	Pro forma adjustments HK$'000 (Note 8)	Pro forma total for the Enlarged Group HK$'000
Cash flows from operating activities							
Profit before taxation	265,850	420,208	686,058			(102,634)	583,424
Share of net profit of associates	(145,859)	–	(145,859)			102,634	(43,225)
Other gains and losses	(15,890)	–	(15,890)				(15,890)
Increase in fair value of investment properties	(71,000)	(390,124)	(461,124)				(461,124)
Depreciation & amortization	4,470	–	4,470				4,470
Interest income	(10,441)	(8)	(10,449)				(10,449)
Interest expenses	4,611	9,056	13,667				13,667
Dividend income							
– listed	(1,689)	–	(1,689)				(1,689)
– unlisted	(3,546)	–	(3,546)				(3,546)
Operating cash flows before working capital changes	26,506	39,132	65,638				65,638
Decrease in debtors, advances & prepayments	833	5,019	5,852				5,852
Increase in creditors & accruals	8,161	7,876	16,037				16,037
Cash generated from operations	35,500	52,027	87,527				87,527
Hong Kong profits tax paid	(3,267)	–	(3,267)				(3,267)
Overseas profits tax paid	(22)	–	(22)				(22)
Net cash from operating activities	32,211	52,027	84,238				84,238
Cash flows from investing activities							
Interest received	10,944	8	10,952				10,952
Dividend received	5,235	–	5,235				5,235
Investment properties:							
Proceeds on disposal of investment properties	57,870	–	57,870				57,870
Capital expenditure on investment property	–	(4,876)	(4,876)				(4,876)
Leasehold property:							
Purchase of leasehold property	(327,987)	–	(327,987)				(327,987)
Associates:							
Advance from associates	1,017	–	1,017				1,017
Distribution from associates	69,967	–	69,967				69,967
Available for sale investments:							
Purchase of available for sale investments	(157,039)	–	(157,039)				(157,039)
Deposit refunded on purchase of available for sale investments	12,649	–	12,649				12,649
Distribution from available for sales investments	758	–	758				758
Proceeds on disposal of available for sale investments	36,893	–	36,893				36,893
Property, plant and equipment:							
Purchase of property, plant & equipment	(999)	–	(999)				(999)
Increase in pledged bank deposits	–	(40,583)	(40,583)				(40,583)
Financial assets at fair value:							
Proceeds on disposal of financial assets	29,360	–	29,360				29,360
Investment project written-off	(656)	–	(656)				(656)
Additional investment (30%) in a subsidiary (the Target Group)	–	–	–	(257,100)	(2,500)		(259,600)
Net cash used in investing activities	(261,988)	(45,451)	(307,439)				(567,039)

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 MARCH 2010 (ASSUMING ACQUISITION OF ADDITIONAL 30% EQUITY INTEREST)

	The Group for the year ended 31 Mar 2010 *HK$'000* *(Note 1)*	The Target Group for the year ended 31 Dec 2009 *HK$'000* *(Note 1)*	Combined Total *HK$'000*	Pro forma adjustments *HK$'000* *(Note 2)*	Pro forma adjustments *HK$'000* *(Note 7)*	Pro forma adjustments *HK$'000* *(Note 8)*	Pro forma total for the Enlarged Group *HK$'000*
Cash flows from financing activities							
Interest paid	(4,485)	(6,588)	(11,073)				(11,073)
Distributions to minority shareholders	(553)	–	(553)				(553)
Dividend paid to shareholders	(19,234)	–	(19,234)				(19,234)
Bank loans raised	205,173	–	205,173				205,173
Bank loans repaid	(26,100)	–	(26,100)				(26,100)
Net cash generated from/(used in) financing activities	154,801	(6,588)	148,213				148,213
Net decrease in cash and cash equivalents	(74,976)	(12)	(74,988)				(334,588)
Cash and cash equivalents at the beginning of the year	161,902	3,126	165,028				165,028
Effect of foreign exchange rates changes	4	–	4				4
Cash and cash equivalents at the end of the year	86,930	3,114	90,044				(169,556)

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (ASSUMING ACQUISITION OF ADDITIONAL 30% EQUITY INTEREST)

Note 1

The financial information of the Group is extracted from the annual report of the Group for the year ended 31 March 2010.

The financial information of the Target Group is extracted from Appendix II to this circular.

Note 2

Assuming the Group will acquire the 30% equity interest in the Target Company, the consideration is estimated to be HK$257.1 million based on the 31 March 2010 consolidated statement of financial position of the Target Company with the Property value adjusted to HK$1,922.0 million. It is assumed that the consideration to be paid out by internal resources of the Group and/or external bank borrowings.

Note 3

The Target Company is a 30% owned associate of the Group since December 2007. The acquisition of an additional 30% equity interest in the Target Company is accounted for as a purchase of the assets and liabilities in accordance with HKFRS 3 (Revised) "Business Combinations".

For the purposes of the preparation of the unaudited pro forma financial information, the fair values of the identifiable net assets of the Target Group are assumed to be the same as their carrying amounts as at 31 March 2010 as set out in the Appendix II of this circular. The previously held 30% equity interest by the Group at acquisition is remeasured at fair value based on the estimated consideration for the purchase of the additional 30% equity interest. The fair value of the minority interest is represented by the 40% share of the net identifiable net assets of the Target Group as at 31 March 2010.

The adjustment to goodwill is estimated as follows:

	HK$'000
Cash consideration for 30% equity interest	257,100
Provision for related acquisition cost	2,500
Fair value of previously held 30% equity interest	257,100
Fair value of 40% minority interest	296,963
	813,663
Less:	
Fair value of the net identifiable assets	742,407
Goodwill	71,256

The adjustment to fair value gain of the 30% equity interest previously held by the Group is estimated as follows:

	HK$'000
Fair value of previously held 30% equity interest	257,100
Less:	
Carrying value of 30% equity interest	183,723
Fair value gain	73,377

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (ASSUMING ACQUISITION OF ADDITIONAL 30% EQUITY INTEREST)

The goodwill arising from the acquisition was recognized in the pro forma financial statements as its potential economic benefit was uncertain to be realized in the future due to the high volatility of the Hong Kong property market. The net effect of goodwill and fair value gain on remeasurement of the previously held 30% equity interest in the Target Group was approximately HK$2,121,000, which was recognized in the pro forma financial statements.

On the completion date, the identifiable assets and liabilities of the Target Group to be acquired and the 30% equity interest previously held by the Group will be stated at fair values in accordance with HKFRS 3 (Revised). Accordingly, the actual goodwill and fair value gain at the completion will be different from the amounts presented above.

Note 4

Elimination of inter-company receivable/payable.

Note 5

The adjustments represent the elimination of the share of associate's profit of the Target Group and the recognition of the minority interest (40% profit) in the Target Group.

Note 6

The adjustment represents the elimination of inter-company charges.

Note 7

Provision of related acquisition cost, including stamp duty, legal & professional fee, etc.

Note 8

The adjustment represents the elimination of profit from associate (the Target Group).

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 Enlarged Group as set out in this Appendix.

民信會計師事務所
Wong Brothers & Co.
Certified Public Accountants
1902 MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

30 September 2010

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 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 equity interest in Causeway Bay 68 Limited, might have affected the financial information presented, for inclusion as Appendix III to the circular dated 30 September 2010 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on pages III-8 to III-9 and III-15 to III-16 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 unaudited 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 2010 or any future date; or the results and cash flows of the Group for the year ended 31 March 2010 or any future period.

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 GROUP

The following is the management discussion and analysis of the performance of the Group extracted from the annual reports of the Company for each of the three years ended 31 March 2008, 2009 and 2010.

For the year ended 31 March 2008

BUSINESS REVIEW

The Group's total turnover including share of associates was HK$110.2 million for the year ended 31 March 2008 (2007: HK$132.3 million). During the same period, net profit for the Group was HK$149.8 million (2007: HK$190.2 million). While this represented a decline of 16.7% and 21.2% from the previous year's turnover and net profit respectively, it should be noted that there was a HK$51.4 million special dividend from the Group's holdings in Asia Financial Holdings Limited ("Asia Financial") during the 2007 fiscal year. On the other hand, the Group's result in 2008 benefited from higher fair value increases of investment properties, disposal gains of investments, as well as a rise in revenues from advisory and asset management services.

Property Investments

In December 2007, the Group teamed up with two strategic investor groups to form a joint venture which purchased the entire property located on 68 Yee Wo Street, Causeway Bay, Hong Kong for HK$1.56 billion. The property has GFA of 229,200 sq.ft., consisting of a 16-storey office building and a 8-storey retail and carpark podium. The occupancy as at 31 March 2008 was about 99%. The Group invested HK$180.0 million in the joint venture for a 30% interest and also provides the asset management services to the joint venture. As the Group also owns a 5% interest in the seller group (a joint venture formed in 2004 between the Group, Morgan Stanley Real Estate Funds and PamFleet Investments Limited), a cash distribution of HK$55.0 million was received from the net sale proceeds. The seller group subsequently sold its remaining property, KCP in Kowloon City, for HK$1.47 billion in June 2008.

In July 2007, the Group entered into a 50/50 joint venture with a strategic investor to purchase the Jie Fang Building, a GFA 11,500 sq.m. commercial property in Guangzhou, China, for a price of RMB85.0 million. The Group's capital investment was HK$20.7 million. As at 31 March 2008, the property had occupancy of about 90%.

The AIA Tower in Macau is a GFA 437,000 sq.ft. commercial building owned by a joint venture between the Group, Morgan Stanley Real Estate Funds, and Wachovia Development Corporation. Since the completion of the major renovation program and the re-launch of the property under its current name, the property has become one of the leading Class A office towers in Macau both in terms of tenant mix and rental rates. As at the end of the reporting period, about 74% of the building had been leased and the property value had been revalued to HK$1.10 billion (about 57% increase from invested cost). As a result, this investment contributed HK$27.0 million profit to the Group as an associated company.

The Shanghai K. Wah Centre, a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company, contributed HK$30.4 million to the Group during the year. This property is one of the leading Class A office buildings in Shanghai and has continued to enjoy close to full occupancy in a tight leasing market.

Other properties directly owned by the Group performed satisfactorily. The Pioneer Building in Kwun Tong, Kowloon had HK$16.8 million in rental revenues while continuing to enjoy a high occupancy rate of 90.9% as of 31 March 2008; furthermore, the property contributed fair value increase of HK$28.0 million to the Group.

The Group's properties (comprising of total of GFA 63,840 sq.ft.) at Maximall, City Garden, North Point generated rental revenues of HK$4.7 million and fair value increase of HK$7.3 million.

The Group also owned strata units of about GFA 21,000 sq.ft. in Morrison Plaza in Wanchai, Hong Kong. During the year ended 31 March 2008, this property contributed revenues of HK$2.6 million and fair value increase of HK$11.0 million. In September 2007, a sale & purchase agreement was signed to dispose of the Group's holdings in Morrison Plaza for HK$78.6 million. The transaction was subsequently completed on 30 April 2008.

An associated company of the Group invested in Gateway China Fund I (a US$198.9 million real estate fund focused on China, Hong Kong, and Macau). At the end of the reporting period, the fund had fully committed its capital and was under a contract to sell its Shama Luxe Xintiandi service apartment for RMB943.8 million. This sale was subsequently completed in April 2008 and generated a project internal rate of return of about 136% for the fund. Values of other assets in the fund have also seen satisfactory increase.

Investments in Hotel Industry

Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 351.7 million for the year ended 31 December 2007, representing an increase of 16.9% from 2006 (2006: Baht 300.9 million). Gross operating profit for the period was Baht 216.4 million, compared to Baht 164.9 million in 2006 and a significant increase of 31.2%. The resort has clearly benefited from the repositioning program implemented since our acquisition in 2003, and Pattaya as a destination has continued to improve and grow. While the first three months of 2008 has continued to grow strongly from the previous year, we are starting to see pricing pressures and lower occupancy during the low season summer months. This is a result of competition from newly completed products in Pattaya as well as other resort destinations in Thailand and the region. As such, while we are optimistic about Pattaya as a destination and very satisfied with the performance of the resort, the management will continue its efforts to ensure that the resort will be competitive in the market going forward.

The Group's 50% owned associated company holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. For the fiscal year ended 31 December 2007, Dusit Thani had revenues of Baht 3.31 billion (2006:

Baht 3.22 billion) and net profit of Baht 121.9 million (2006: Baht 229.3 million (restated)). The fall in net profit was resulted from the increase in marketing and promotional expenses, the implementation and development of central reservation system, rebranding of the Company and business expansion expenses both in Thailand and overseas. During the past year, Dusit Thani has made great progress in gaining new hotel properties under management, particularly in the Middle East. Much of the additional costs were incurred in support of new properties coming on line. As new properties will be opened over the next couple of years, management income generated by these new properties will more than cover the increase in expenses.

Other Investments

In December 2007, the Group sold 10 million shares of Asia Financial for HK$5.0 per share. The sale generated proceeds of HK$50.0 million and a profit of HK$23.4 million for the Group. Following the sale, the Group continues to hold 32 million shares in the company. The purpose of the sale was to partially realize investment profits and to reallocate resources to the Group's core business of properties and hotels investments.

PROSPECTS

On 28 March 2008, Pioneer Hospitality Siam (GBR) Limited (the Group's 49.5% owned Thai associate – the same company that manages the Aisawan Resort & Spa) formed a joint venture to purchase a 79 acres land at Cape Nga on the east coast of Phuket Island, Thailand for a total cost of Baht 1.06 billion (approximately HK$261.9 million). The land is a peninsula site surrounded on three sides by the ocean and has its own secluded beach. Pioneer Hospitality Siam (GBR) Limited owns 37.5% of the joint venture company and will provide asset management and project management services to the joint venture. The joint venture plans to develop a low-density luxury resort with branded residences on the site. Currently, the management is in discussion with several hotel operators to brand the resort and is working with architects/designers on preliminary designs.

The global credit crisis that began in the U.S. capital markets in the second half of 2007 continued to play havoc, leading the U.S. Federal Reserve to cut interest rate aggressively during the period. Since Hong Kong dollar is pegged to the US currency, the Hong Kong dollar interest rate also dropped to near an all time low while inflation rose to a 10 year high. This combination of low interest rate and high inflation has led to an unusually high negative real interest rate environment. Last time a negative real interest rate environment occurred in Hong Kong in the lead up to 1997 handover, the territory experienced a massive asset bubble. Meanwhile, the artificially tight liquidity environment engineered by the Chinese government's aggressive austerity measures finally achieved a slowdown of the domestic economy. This government policy driven price correction led to banks tightening credit to the real estate market, coupled with regulatory hurdles creating roadblocks for cashed up foreign private equity investor, and add to that the US led liquidity squeeze which caused a collapse of the IPO markets in Hong Kong. On the other hand, attractive macro economic factors in China such as urbanization, middle class expansion leading to increased domestic consumption, domestic economic growth balancing out a slowdown in export growth, are all very much intact.

Elsewhere in Asia, Thailand was poised for a year of higher economic growth after the election at the end of 2007. However, political uncertainty has resurfaced again recently in the country, significantly lowering the chance of a strong growth year.

Given the turbulence in the markets, we believe that the next 12 to 18 months will offer many interesting and attractive opportunities in our core properties and hotels sectors. With inflationary pressures in the world economy ushering in a higher interest rate cycle, the Group will continue to keep a low leverage, high liquidity position as we continue to look for new investment opportunities.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

Please refer to note 20 in the annual report of the Company for the year ended 31 March 2008 for the details of the borrowings as of 31 March 2008. At 31 March 2008, the Group's total debt to total assets was 10.9% (2007: 10.6%) and total liabilities to total assets was 16.1% (2007: 15.4%).

Pledge of Assets

At the balance sheet date, properties, available for sale investments and bank balances of the Group with a carrying value of approximately HK$459.8 million, HK$121.5 million and HK$18.7 million (2007: HK$432.0 million, HK$162.4 million and HK$13.0 million) respectively were pledged to secure banking and other loan facilities to the extent of HK$306.5 million (2007: HK$310.9 million) of which HK$182.6 million (2007: HK$148.5 million) was utilised at that date.

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholder 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 year ended 31 March 2008.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2008.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2008, the number of salaried staff at the holding company level was 17 (2007: 19). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

For the year ended 31 December 2009

BUSINESS REVIEW

2008 was undoubtedly the most turbulent year for the world economy since the Great Depression. During the span of one short year, we saw a massive commodities bubble that took oil price to the height of US$147 per barrel in the summer of 2008, and then the economy went to the brinks of total collapse after the bankruptcy of Lehman Brothers and the massive bailout of almost every major banking institutions in the West. Since the 4th quarter of 2008, the world's central banks pumped unprecedented amounts of liquidity into the financial system in order to avoid the complete breakdown of the system. While we are now starting to see the financial system stabilize during the first half of 2009, this so called "green shoots" recovery is by no means secure as the real economies in the western world are still worsening, with increasing bankruptcies, falling consumer demands, and rising unemployment.

In such trying times, the Group's performance had been highly satisfactory. During the year ended 31 March 2009, the Group disposed of the AIA Tower in Macau, the Kowloon City Plaza, and completed the sale of its Morrison Plaza properties. For the fiscal year ended March 2009, the Group's revenues increased by 49.9% to HK$165.2 million (from HK$110.2 million in 2008). The increase in revenues was due to an increase in asset management fee income, carried interest earned from the disposal of AIA Tower in Macau, as well as proceeds from the disposal of Kowloon City Plaza. Net profit for the period was HK$84.6 million, compared to HK$149.8 million in 2008. While there was a drop in net profit during the period, the decrease was due mainly to a HK$24.8 million drop in fair value of investment properties, compared to a HK$53.7 million fair value gain a year ago.

Property Investments

On 5 September 2008, the 437,000 sq.ft. AIA Tower in Macau was sold for HK$1.2 billion. First acquired for HK$600.0 million as a vacant abandoned building in 2005, the property was refurbished and re-launched under its current name in 2006. Since then, the AIA Tower has become one of the leading Class A office towers in Macau both in terms of tenant mix and rental rates. At the time of sale, over 90% of the building had been leased. This transaction generated total profits of HK$349.6 million for the joint venture company. As the managing partner of the joint venture company, the Group was paid a carried interest of HK$27.9 million based on profits generated for the partners. In addition, the Group also generated profits of HK$87.4 million from its 25% interest in the joint venture (HK$70.4 million of this profit was recognized in previous reporting periods from revaluation gains).

In June 2008, the Group and its joint venture partners sold the 640,000 sq.ft. Kowloon City Plaza for a consideration of HK$1.47 billion. As a result, the joint venture paid out a dividend of HK$35.1 million to the Group.

The Group manages and owns 30% of the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong. As at the end of the reporting period, the occupancy rate of the property was 96.0%. Despite the downturn in the economy, we continue to see good leasing demand for the building and are optimistic in its long term value.

The Group has a 50/50 joint venture that owns the Jie Fang Building, an 11,500 sq.m. commercial property in Guangzhou, China. The current rental yield is 8.7% based on our purchase price. The building is now undergoing major refurbishment and majority portions of it will be turned into a hotel.

The Shanghai K. Wah Centre, a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company, contributed HK$13.8 million to the Group.

The Pioneer Building in Kwun Tong, Kowloon had HK$17.5 million in rental revenues while continuing to enjoy a high occupancy rate of 98.2%. The Group's retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) generated rental revenues of HK$5.8 million.

Investments in Hotel Industry

For the twelve months ended 31 December 2008, Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 272.9 million, representing a decrease of 22.4% from the previous year (2007: Baht 351.7 million). Gross operating profit for the period was Baht 148.6 million, compared to Baht 216.4 million in 2007. The Aisawan Resort & Spa in Pattaya (and Thailand's tourism industry as a whole) had a very difficult year due to the political turmoil in Thailand which saw the occupation of the Suvarnabhumi Airport in Bangkok by anti-government demonstrators. The week long closure of the Bangkok airport was especially damaging as it disrupted travels at one of South East Asia's busiest aviation hubs and caused massive cancellations just before the traditional tourism high season.

Despite the political turmoil in Thailand, international hotels have continued to expand in the country's key tourism destinations. Pattaya in particular, has received significant investments, with several international class hotels (such as Sheraton, Hilton, Holiday Inn) having opened or scheduled to open in the next year. These new openings signify the revival of Pattaya as a top resort destination, as we had anticipated when we acquired and rebranded the property back in 2003. In order to take advantage of the continued improvement of the destination and bolster the long term competitiveness of the resort, the Group has decided to complete the remaining retrofit program (which was done in phases since our acquisition in 2003), introducing new guest rooms, ballroom and meeting facilities, and a new beach club and pool. Upon the completion of this renovation in the 4th quarter of 2009, the resort will be managed by an international hotel operator under an international 5-star brand. With this rebranding exercise, we are confident that the resort will maintain its status as one of the leading properties in the Pattaya market.

The Group's 50% owned associated company holds 10.3% of Dusit Thani, the leading owner and operator of hotels in Thailand. For the twelve months ended 31 December 2008, Dusit Thani had revenues of Baht 3.73 billion (2007: Baht 3.31 billion) and net profit of Baht 216.6 million (2007: Baht 121.9 million). The 2008 net profit was mainly attributed to a gain on land sale of Baht 170.2 million. As the leading hotel company in Thailand, Dusit Thani also suffered heavily due to the unstable political environment.

Pioneer Hospitality Siam (GBR) Limited (the Group's 49.5% owned Thai associate) owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. The plan is to develop a world class luxury resort with branded residences. We are now in the process of finalizing contracts with the main architect/designer and other development consultants to start the planning process, and identifying the luxury hotel operator to operate the resort.

PROSPECTS

On 24 April 2009, the Group entered into a provisional agreement to dispose of its premises at Great Eagle Centre in Wanchai, Hong Kong at a price of HK$48.9 million (total GFA of 6,630 sq.ft.). This property was purchased in 2005 at HK$34.0 million. Thus, the sale will generate a historical profit of HK$14.9 million before taxation throughout the holding period, of which HK$11.8 million will be recognized in the coming fiscal year.

As noted earlier, while the world financial system seems to have stabilized in the first half of this year, we believe that it is far too early to declare victory as the real economies in the West are still worsening.

Closer to home, the picture looks a bit more optimistic. On the one hand we are still skeptical about the depth of the recent market rally, but it is clear that the Chinese government will continue its massive monetary and fiscal stimulus in order to grow at its targeted 8% at all costs. Latest data shows that loan growth in the Chinese banking system will top RMB 6 trillion in the first 6 months of 2009. With the recent sentiment change in the market and the already built in low earnings expectation from global investors, anything short of disaster could fuel more optimism in the global markets where a bottom could be found within the next 12 months. The restart of the long frozen IPO markets, both A-share and H-share, is also promising given the long backlog of issuers, allowing regulators to choose among the best listing candidates. If that does happen, things will bode well for China and Hong Kong. Already, we are seeing signs of recovery in the Chinese and Hong Kong property markets.

Thailand has been besieged by political upheavals ever since the 2006 military coup which ousted Thaksin Shinawatra as Prime Minister, pitting the anti-Thakin "yellow shirts" against the pro-Thaksin "red shirts". After the devastating closure of the Bangkok airport and the resignation of two pro-Thaksin Prime Ministers in late 2008, it appears that the "yellow shirts" have won, for now. But the underlying problems remain unresolved, as seen in the recent chaos caused by the red shirts. These protests led to the cancellation of the ASEAN Summit in Pattaya in April and the subsequent crack down against the protesters in Bangkok. All these events have hurt Thailand's reputation as a stable and peaceful democracy.

With all the uncertainties around the world, we have been seeing attractive investments in our core markets. Due to the timely disposal of some of our properties during the past year, the Group is now in a strong financial position to take advantage of these opportunities.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

Please refer to note 20 in the annual report of the Company for the year ended 31 March 2009 for the details of the borrowings as of 31 March 2009. At 31 March 2009, the Group's total debt to total assets was 6.9% (2008: 10.9%) and total liabilities to total assets was 11.6% (2008: 16.1%). The Company is currently in a net cash position as its cash and cash equivalents exceed its external debts.

Pledge of Assets

At the balance sheet date, properties with total carrying values of approximately HK$439.7 million (2008: properties of HK$459.8 million, available for sale investments of HK$121.5 million and bank balances of HK$18.7 million) were pledged to secure banking and other loan facilities to the extent of HK$296.6 million (2008: HK$306.5 million) of which HK$100.2 million (2008: HK$182.6 million) was utilized at that date.

Capital management

Please refer to the above corresponding paragraph of the year 2008 relating to policy on the capital management which remains unchanged for the year ended 31 March 2009.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2009.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 31 March 2009, the number of salaried staff at the holding company level was 16 (2008: 17). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

For the year ended 31 March 2010

BUSINESS REVIEW

Throughout the 2009/2010 financial year, the world economy appeared to have stabilized on the back of unprecedented and concerted rescue packages from central governments around the world. With a successfully implemented massive stimulus program from the central government, China's economy and property markets recovered strongly, leading to early calls of "bubble" from the world media as well as renowned economists. Likewise, Hong Kong's economy and asset prices reacted positively to a historically low interest rate tied to loose US monetary policies and an economy tied to strong recovery in Mainland China.

However as we saw in recent months, the world economy is not quite out of the woods yet. The Euro sovereign debt and currency crisis illustrated clearly the fragility of this liquidity led recovery and brought back fears of a double dip recession.

During the financial year 2009/2010, the Group performed very strongly. For the year ended 31 March 2010, the Group had revenues of HK$111.5 million, compared to HK$165.2 million in 2009. The shortfall was due to income and dividends related to the sales of AIA Tower Macau and Kowloon City Plaza properties in financial year 2009. On the other hand, profit for the year improved significantly to HK$253.8 million, from HK$84.6 million in 2009. This substantial improvement in profit came as a result of the strong appreciation in value of investment properties held either directly or through associated companies.

Property Investments

In April 2009, the Group disposed of its properties at Great Eagle Centre in Wanchai, Hong Kong at a price of HK$48.9 million (total GFA of 6,630 sq.ft.). This property was purchased in 2005 for HK$34.0 million. Thus, the sale generated a net profit of HK$12.5 million throughout the holding period.

In September 2009, the Group acquired an 80-year leasehold interest of the Club Lusitano Building located at 16 Ice House Street in Central, Hong Kong, for a total consideration of HK$410.0 million (of which HK$102.5 million is deferred over a period of 5 years). The Club Lusitano Building has a GFA of 80,100 sq.ft. with annual rental of HK$22.7 million at the time of purchase. Implementing a hands-on asset management approach since taking over the property, we have been able to substantially increase rental rates for both renewals and new leases signed. And as at 31 March 2010, the property enjoys an occupancy rate of 92.3%. As reported previously, we are very pleased with this acquisition and plan to hold the property as a long-term investment for rental income and capital appreciation.

The Pioneer Building in Kwun Tong, Kowloon had HK$20.8 million in rental revenues during the year and an occupancy rate of 95.7% as at March 2010. The Group's retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) generated rental revenues of HK$5.9 million. The two properties also contributed fair value increase of HK$40.0 million and HK$20.5 million respectively. Overall, the Group's direct investment properties portfolio contributed fair value increase of HK$71.0 million during the year.

The Group manages and owns 30% of the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong. As at 31 March 2010, the occupancy rate of the property was 86.7% while the fair market valuation of the property rebounded from HK$1.375 billion to HK$1.77 billion, resulting in a HK$98.9 million fair value gain for the Group. During the period, three new tenants (2 restaurants and 1 retail tenant) replaced the anchor long-term tenant (GOD/Delay No Mall), which previously occupied 47,019 sq.ft. of the retail podium. In addition to taking up the space, the three new tenants will pay substantially higher rental rates, with escalating rental clauses, compared to the lease of GOD/Delay No Mall. We are very pleased with this development as these new leases will not only bring in significantly higher cash flow, but also enhance the long-term value of the building.

Rental income of the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company) held stable during the period while valuation increased, contributing fair value gain of HK$32.7 million to the Group.

Investments in Hotel Industry

In November 2009, the Aisawan Resort & Spa in Pattaya, Thailand completed a major retrofit program, introducing new guest rooms, ballroom and meeting facilities, and a new beach club and swimming pools. Following the retrofit, the property was rebranded as Pullman Pattaya Aisawan Resort and is now managed by Accor Group of France under its "Pullman" premium five star brand. The Group is confident that this rebranding exercise has positioned the property competitively among the leading branded resorts in Pattaya.

On the other hand, the Thai tourism industry has been struck by both international and domestic challenges. First of all, the worldwide economic crisis has affected travelers' spending globally during 2009. Secondly, the Thai political crisis (which led to the closure of Bangkok's airports in November 2008) continued unabated in 2009 with the disruption of the ASEAN meeting in Pattaya in April 2009. Both of these events hit the Thai tourism industry hard. The effects of these factors, together with the renovation disturbances during the year, have had significant negative impacts on the performance of the Aisawan Resort. For the twelve months ended 31 March 2010, the resort had revenues of Baht 154.4 million, representing a decrease of 25.4% from the previous year (2009: Baht 206.9 million). Gross operating profit for the period was Baht 15.1 million, compared to Baht 86.4 million in 2009.

The Group's 50% owned associated company holds 10.3% of Dusit Thani, the leading owner and operator of hotels in Thailand. As the leading hotel company in Thailand, Dusit Thani did not escape the macro economic and political difficulties as highlighted in the preceding paragraph. However, with new management contracts signed in the Middle East, India, and China, the company's room count and management income shall increase substantially over the next couple of years. For the twelve months ended 31 December 2009, Dusit Thani had revenues of Baht 3.05 billion (2008: Baht 3.73 billion) and net loss of Baht 108.0 million (2008: profit of Baht 216.6 million).

Pioneer Hospitality Siam (GBR) Limited (the Group's 49.5% owned Thai associate) owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. The plan is to develop a world-class luxury resort with branded residences. Phase 1 of the project is planned as a 100-keys all villa resort and luxury residences. As reported previously, a letter of intent has been signed with one of the top luxury hotel operators in the world to manage the resort and residences. Currently, the project is undergoing the design and planning stage, with construction start expected in the second half of 2011.

PROSPECTS

In October 2009, the Hong Kong government announced its new policy allowing qualified industrial buildings to be converted to commercial use with nil premium. The Group welcomes this new policy and believes it will significantly benefit the industrial property sector as well as those neighborhoods. In the past 6 months we have studied the policy and examined various proposals for a potential conversion of our Pioneer Building in Kwun Tong under this scheme. Currently we are in the process of working with our architect to finalize the most optimal conversion proposal with the view to maximize long-term value of the property.

Despite negative impacts of the political crises in 2008 and 2009, Thailand actually started 2010 on a positive note, with surprisingly strong economic data and a recovery in tourism for the first three months of the year. However, the political crisis hit yet again for the third time in as many years. This time a two-month siege of downtown Bangkok led to unprecedented violence and bloodshed. While the crowds have been dispersed for now, the political impasse continues with no solution in sight. We feel that the Thai economy is still facing many challenges in the year ahead.

As the world became convinced that the economy is on the path to recovery, the Chinese government heeded the "bubble" calls and pared back its massive stimulus program in April 2010. Soon after that, the Euro sovereign debt and currency crisis hit. Even if there is no double dip recession as many have feared, it is very clear that the recovery is not on solid grounds and there are continued imbalances in the world financial system. So, there will be plenty of uncertainties as we look ahead to the next twelve months. And uncertainties may bring additional opportunities. With a strong financial position, the Group will continue to take advantage of available opportunities.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

Please refer to note 20 in the annual report of the Company for the year ended 31 March 2010 for the details of the borrowings as of 31 March 2010. At 31 March 2010, the Group's total debt to total assets was 18.1% (2009: 6.9%) and total liabilities to total assets was 22.2% (2009: 11.6%).

Pledge of Assets

At the year end date, properties with total carrying values of approximately HK$879.9 million (2009: HK$439.7 million) were pledged to secure banking and other loan facilities to the extent of HK$475.7 million (2009: HK$296.6 million) of which HK$279.3 million (2009: HK$100.2 million) was utilized at that date.

Capital management

Please refer to the above corresponding paragraph of the year 2008 relating to policy on the capital management which remains unchanged for the year ended 31 March 2010.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2010.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2010, the number of salaried staff at the holding company level was 16 (2009: 16). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

THE TARGET GROUP

The following is the management discussion and analysis of the performance of the Target Group for the period from 23 October 2007 (the date of incorporation of the Target Company) to 31 December 2008, the year ended 31 December 2009 and the period from 1 January 2010 to 31 March 2010.

For the period from 23 October 2007 (date of incorporation) to 31 December 2008

Business Review

The Target Company was incorporated in October 2007 to acquire the entire interest in the holding companies of the Property in December 2007. The Property directly held by Treasure Spot Investments Limited for investment is a 24-storey commercial property comprising a retail podium and an office tower with a total leaseable area of approximately 227,100 sq. ft.. It is located in Causeway Bay which is the busiest retail district on Hong Kong Island. During the period, the average occupancy rate of the Property was approximately 95%. Treasure Spot Investments Limited formed a subsidiary, Treasure Spot TRS Limited for service provision. Treasure Spot TRS Limited has no material asset and liability and its operation and results are immaterial to the Target Group.

Results Summary

For the period, the Target Group had a turnover of approximately HK$70.0 million and reported a loss attributable to equity holders of approximately HK$191.0 million. The before tax loss was mainly attributed to (a) approximately HK$185.0 million fair value decrease of the Property (before adjustment for deferred taxes), (b) approximately HK$41.9 million operating profit, (c) approximately HK$30.9 million finance costs, and (d) approximately HK$47.0 million write-off of goodwill arising from the acquisition, as its potential economic benefit was uncertain to be realized in the future due to the high volatility of the Hong Kong property market.

Capital Structure, Liquidity, Financial Resources and Gearing Ratio

The Target Company issued shares to increase its paid up share to HK$600.0 million during the period. As of 31 December 2008, the Target Group's net asset value was recorded to be approximately HK$409.0 million with the major liability comprising a bank loan of HK$955.1 million which was subject to a HIBOR-based interest rate. The bank loan was secured by the Property, borne only interest during the period and was required to be repaid in a lump sum in December 2010. The gearing ratio of the Target Group or total borrowings as a percentage of gross assets was approximately 67.6%. The Target Group's gross liabilities as a percentage of gross assets was approximately 71.0%.

For the year ended 31 December 2009

Business Review

During the year 2009, the average occupancy rate of the Property was approximately 92% (period ended 31 December 2008: 95%). The slight decrease was due to non-renewal of certain leases by office tenants.

Results Summary

For the year 2009, the Target Group had a turnover of approximately HK$70.7 million and reported a profit attributable to equity holders of approximately HK$350.1 million. The before tax profit was mainly attributed to (a) approximately HK$390.1 million fair value increase of the Property (before adjustment for deferred taxes), (b) approximately HK$39.1 million operating profit and (c) approximately HK$9.1 million finance costs.

Capital Structure, Liquidity, Financial Resources and Gearing Ratio

The Target Group had no acquisition or disposal in the year. As of 31 December 2009, the Target Group's net asset value was recorded to be approximately HK$759.1 million. It had a mortgage bank loan secured by the Property of approximately HK$957.6 million subject to a HIBOR-based interest rate, which was required to be repaid in a lump sum in December 2010. The gearing ratio of the Target Group or total borrowings as a percentage of gross assets was approximately 52.0%. The Target Group's gross liabilities as a percentage of gross assets was approximately 58.8%.

For the period from 1 January to 31 March 2010

Business Review

During the period, the average occupancy rate of the Property was approximately 86% (corresponding period in 2009: 96%). The decrease was due to some retail and office tenants moving out. However, the anchor retail tenant (Delay No Mall) was replaced by two new restaurant tenants (鼎泰豐 and 富聲魚翅海鮮酒家). 鼎泰豐 is an internationally known Taiwanese restaurant chain and 富聲魚翅海鮮酒家 is a well known local Chinese restaurant. The terms of these new leases were substantially better than the previous lease. They would not only bring in significantly higher cash flow for the Target Group but also enhance the long-term value of the Property.

Results Summary

For the period ended 31 March 2010, the Target Group had a turnover of approximately HK$20.7 million and recorded a profit attributable to equity holders of approximately HK$133.3 million. The before tax profit was mainly attributed to (a) approximately HK$149.1 million fair value increase of the Property (before adjustment for deferred taxes), (b) approximately HK$13.9 million operating profit and (c) approximately HK$5.1 million finance costs. For the corresponding period ended 31 March 2009, the Target Group's turnover was approximately HK$20.3 million and profit attributable to equity holders was approximately HK$199.3 million.

Capital Structure, Liquidity, Financial Resources and Gearing Ratio

The Target Group had no acquisition or disposal in the period. As a result of bank refinancing, there was a HK$150.0 million distribution to the shareholders of the Target Company by means of reduction of share capital of the Target Company in March 2010 As of 31 March 2010, the Target Group's net asset value was recorded to be approximately HK$742.4 million. The replacement mortgage bank loan had a balance of HK$1,057.0 million and was secured by the Property and subject to a HIBOR-based interest rate. The principal amount of the bank loan was required to be repaid as to HK$2.5 million per quarter with the remaining balance to be repaid in a lump sum in February 2013. The gearing ratio of the Target Group or total borrowings as a percentage of gross assets was approximately 54.2%. The Target Group's gross liabilities as a percentage of gross assets was approximately 61.9%.

Contingent Liabilities

As at 31 March 2010, there were claims relating to the Property against the registered owner of the Property (being a subsidiary of the Target Company). The Directors are of the opinion that the Claims would not have any material financial impact on the Target Group.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The principal activities of the Group are property and hotel investments and asset management. The principal activity of the Target Group is to operate the Property for rental purposes. The businesses of both the Group and the Target Company have been normal since 1 April 2010. The Directors are optimistic about the prospects of the Hong Kong commercial property market in light of (a) the positive economic development of China, (b) Hong Kong becoming the offshore Renminbi clearance centre, and (c) increasing trend of visitors from Mainland China. After the acquisition under the Transaction, the financial position and performance of the Enlarged Group will benefit, through the Enlarged Group becoming the majority shareholder in the Target Company, from controlling the operation and development of the Property.

The following is the text of the letter and valuation certificate received from AA Property Services Ltd., an independent property valuer, prepared for the purpose of incorporation in this circular in connection with their valuation of the properties of the Enlarged Group.

AA Property Services Ltd.
環亞物業顧問有限公司
Valuation . Agency . Auction . Investment Consultancy . Project & Building Management

Room 602, Mirror Tower
No. 61 Mody Road,
Tsimshatsui East,
Kowloon,
Hong Kong

30th September, 2010

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

Dear Sirs,

In accordance with your instruction to value the property interests owned by Pioneer Global Group Limited (hereinafter referred to as "the Company") and/or its subsidiaries (together referred to as "the Group") located in Hong Kong and Shanghai in the People's Republic of China, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31st July, 2010.

Our valuation is our opinion of the market value which we would define as intended to mean "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".

With the exception of Property No.9, the property interests have been valued primarily on the open market basis assuming sale with the benefit of vacant possession by the market approach whereby sales of property of nature and character similar to the property under consideration are collated and analysed in order to arrive at a value appropriate to the property interests and where appropriate on the basis of capitalization of the net income receivable with due allowance for reversionary income potential. Comparisons are made in respect of the locations, sizes and characters between the property and the relevant comparable property in order to arrive at a value appropriate to the property interests.

Property No.9 is a leasehold interest and has been valued on the open market basis by means of the investment approach whereby the net rental income receivable from the property with due allowance for reversionary rental income potential is capitalized at an appropriate rate of returns for the residue of the term of the lease. In the investment approach, it is assumed that the net rents receivable upon reversion are market rents which are assessed by making reference to the rental evidence of property of nature similar to the property in Hong Kong and the appropriate rate of returns is arrived at by making reference to the market yields of property investments of similar nature as available in Hong Kong.

Our valuation has been made on the assumption that the owners sell the property interests in the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no allowance has been made for the property interests to be sold in one lot or to a single purchaser.

In valuing the property situated in the New Territories of Hong Kong, the government leases of which expired on 30th June, 1997, we have taken into account section 6 of the New Territories Leases (Extension) Ordinance 1988 which provides that the term of such leases shall be extended to 30th June, 2047 without payment of premium but subject to payment of government rent calculated at a rate based on the rateable value of the property interests.

In valuing the property located in Shanghai in the People's Republic of China, we have assumed that the land use rights under which the property interests are held are transferable for the residue of the term as granted. We have further assumed that the property interests are freely disposable and transferable in their existing conditions in the open market to both local and overseas purchasers.

We have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site and floor areas, ages of buildings and all other relevant matters which can affect the values of the property interests.

We have not carried out on-site measurement to verify the site and floor areas of the property under consideration. We have assumed that the site and floor areas supplied to us or as shown on the documents handed to us are correct. We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

For the property interests located in Hong Kong, we have conducted searches at the relevant Land Registry to ascertain ownership. For the property interests located in the People's Republic of China, we have been provided with copies of sale and purchase agreements or title documents regarding the title of the property interests under consideration. For all the property interests included in the valuation certificate attached, we have not, however, scrutinized the original documents nor conducted searches at the relevant title registration offices as regards the property interests to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. We have relied upon the advice given by the legal adviser on the law of the People's Republic of China, Messrs. Shanghai M&A Law Firm, as regards the title of the Group to their respective property interests located in the People's Republic of China and other relevant legal matters. In arriving at the values of the property interests located in the People's Republic of China, we have relied upon the legal opinion of the legal adviser on the law of the People's Republic of China. All documents and title deeds have been used as reference only. All dimensions, measurements and areas are approximate.

We have inspected the exterior and, where possible, the interior of the property included in the valuation certificate attached, in respect of which we have been provided with such information as we have required for the purpose of our valuation.

No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property in strata title is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

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

In this valuation, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; and the HKIS Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors and effective from 1st January, 2005.

Our Summary of Valuation and Valuation Certificate are attached.

Yours faithfully,
For and on behalf of
AA PROPERTY SERVICES LIMITED
PATRICK W.C. LAI,
MRICS, MHKIS, MCIArb., RPS
Executive Director

Note: Mr. Patrick W. C. Lai, Chartered Valuation Surveyor, has been a qualified valuer with AA Property Services Ltd. since 1991 and has over 15 years of experience in the valuation of property located in Hong Kong and the People's Republic of China. Mr. Lai is on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers issued by the Hong Kong Institute of Surveyors under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

SUMMARY OF VALUATION

	Property held for investment	Capital value in existing state as at 31st July, 2010
1.	Pioneer Building (also known as Pioneer Industrial Building) No.213 Wai Yip Street Kwun Tong Inland Lot No.294 Kwun Tong Kowloon	HK$317,000,000
2.	Workshops A and B on 12th Floor together with Portion of the Roof and Car Parking Space Nos.24 and 25 on Ground Floor Edwick Industrial Centre Nos.4-30 Lei Muk Road Kwai Chung New Territories	HK$19,500,000
3.	Offices on 6th Floor together with such part of the corridor thereof and the whole of the two lavatories at the rear of the staircases of the building between 6th and 7th Floors On Lok Yuen Building Nos.25, 27 and 27A Des Voeux Road Central Central Hong Kong	HK$14,000,000
4.	Units 1-34B, 36A-36B and 38-45 on the Portion of the Basement of Podium of Blocks 1, 2 & 3 City Garden No.233 Electric Road North Point Hong Kong	HK$55,000,000

	Property held for investment	Capital value in existing state as at 31st July, 2010
5.	Unit Nos.47 & 59 on the Portion of the First Floor of the Podium of Blocks 1, 2 & 3 City Garden No.233 Electric Road North Point Hong Kong	HK$30,000,000
6.	Unit Nos.1-2 on the Portion of the Ground Floor and Unit Nos.1 & 87 on the Portion of the 1st Floor of the Podium of Blocks 1, 2 & 3 City Garden No.233 Electric Road North Point Hong Kong	HK$57,200,000
7.	Apartment A & B on 19th Floor Wah Tai Mansion No.388 Zhaojia Bang Road Shanghai The People's Republic of China	RMB8,000,000
8.	First Floor Fu Hop Factory Building Nos.209 & 211 Wai Yip Street Kwun Tong Kowloon	HK$14,400,000
9.	Club Lusitano Building No.16 Ice House Street Central Hong Kong	HK$550,000,000
10.	68 Yee Wo Street (Formerly known as Paliburg Plaza) No.68 Yee Wo Street Causeway Bay Hong Kong	HK$2,050,000,000

VALUATION CERTIFICATE

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
1.	Pioneer Building (also known as Pioneer Industrial Building), No.213 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No.294	The property comprises an 11-storeyed industrial building. The building was completed in about 1973. The property contains a total gross floor area of approximately 22,824 square metres (or approximately 245,678 square feet). The property contains a total saleable area of approximately 17,837.24 square metres (or approximately 192,000 square feet). By virtue of section 6 of the New Territories Leases (Extension) Ordinance 1988 the lease term of the property is extended until the expiry of 30th June, 2047. The annual government rent for the property is equal to 3% of the rateable value of the property. The property falls into the area zoned for "Other Specified Uses (Business)" uses under the current Kwun Tong (South) Outline Zoning Plan No.S/K14S/16 dated 12th September, 2008.	Unit C on 1st Floor and Units A1 & A2 on 7th Floor were vacant whilst the remaining portions of the property were subject to various tenancies with the latest expiry date on 31st December, 2012 as at 31st July, 2010. The total monthly rent receivable from the leased portions was about HK$1,600,507 as at 31st July, 2010. The property was occupied primarily for industrial purpose.	HK$317,000,000

Notes:

1. The registered owner of the property is Pioneer Estates Limited, a wholly-owned subsidiary of the Company.

2. The property is subject to a mortgage in favour of The Chartered Bank vide memorial no.UB2088874 dated 28th April, 1981 made facilities available of HK$20,000,000.

3. The property is subject to two further charges in favour of Standard Chartered Bank (Formerly known as The Chartered Bank) vide memorial nos.UB2210891 and UB3745159 dated 8th January, 1982 and 27th May, 1988 made facilities available of HK$15,000,000 and HK$13,000,000 respectively.

4. The property is subject to a deed of conversion and further charge in favour of Standard Chartered Bank (Formerly known as The Chartered Bank) vide memorial no.UB3931971 dated 15th December, 1988.

5. The 1st Floor of the property is subject to an Order No.C&E K1043/85 under section 24(1) of the Buildings Ordinance issued by the Building Authority vide memorial no.UB2871721 dated 28th August, 1985.

   The property is subject to a Superseding Order No.C/TC/002793/05/K under section 24(1) of the Buildings Ordinance issued by the Building Authority vide memorial no.05061001740050 dated 4th May, 2005.

   The property is subject to a Superseding Order No.C/TC/005421/08/K under section 24(1) of the Buildings Ordinance issued by the Building Authority vide memorial no.09022400510017 dated 6th January, 2009.

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
2.	Workshops A and B on 12th Floor together with Portion of the Roof and Car Parking Space Nos.24 and 25 on Ground Floor, Edwick Industrial Centre, Nos.4-30 Lei Muk Road, Kwai Chung, New Territories 98/1,210th shares of and in the Remaining Portion of Kwai Chung Town Lot No.302	The property comprises the whole industrial floor on 12th floor together with portion of the roof and two carparking spaces on the ground floor of a 14-storeyed industrial building. The building was completed in about 1979. The property contains a total gross floor area of approximately 2,596 square metres (or approximately 27,940 square feet) plus roof of approximately 2,174 square metres (or approximately 23,400 square feet) and a total saleable area of approximately 2,362 square metres (or approximately 25,425 square feet) plus roof of approximately 2,141 square metres (or approximately 23,046 square feet). By virtue of section 6 of the New Territories Leases (Extension) Ordinance 1988 the lease term of the property is extended until the expiry of 30th June, 2047. The annual government rent for the property is equal to 3% of the rateable value of the property. The property falls into the area zoned for "Other Specified Uses (Business)" uses under the current Kwai Chung Outline Zoning Plan No.S/KC/23 dated 29th December, 2009.	Workshop A is sub-divided into two units known as A and A1. Unit A, the portion of the roof and Carparking Space No.24 were, as at 31st July, 2010, vacant. The vacant portion of the property contained a saleable area of approximately 10,000 sq.ft. (or approximately 929 sq.m.) as at 31st July, 2010. The remaining units of the property were, as at 31st July, 2010, subject to various tenancies with the latest expiry date on 31st January, 2012 at a total monthly rent of HK$69,900. The property was occupied primarily for industrial purpose.	HK$19,500,000

Notes:

1. The registered owner of the property is Gamolon Investments Limited, a wholly-owned subsidiary of the Company.

2. No material encumbrances are registered against the subject property.

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
3.	Offices on 6th Floor together with such part of the corridor thereof and the whole of the two lavatories at the rear of the staircases of the building between 6th and 7th Floors, On Lok Yuen Building, Nos.25, 27 and 27A Des Voeux Road Central, Central, Hong Kong 5/81st shares of and in Inland Lot No.2178	The property comprises the whole office floor on 6th floor of a 17-storeyed commercial/office building. The building was completed in about 1961. The property contains a saleable area of approximately 255 square metres (or approximately 2,745 square feet). The property is held under a government lease for a term of 999 years from 6th December, 1899. The government rent payable for the whole lot is HK$72 per annum. The property falls into the area zoned for "Commercial" uses under the current Central District Outline Zoning Plan No.S/H4/13 dated 16th July, 2010.	The property was, as at 31st July, 2010, subject to a tenancy for a term of three years from 7th November, 2007 to 6th November, 2010 at a monthly rental of HK$75,000 exclusive of management fee, rates and government rent. The property was occupied for office use.	HK$14,000,000

Notes:

1. The registered owner of the property is Dragon Phoenix Land Investment Limited, a wholly-owned subsidiary of the Company.

2. No material encumbrances are registered against the subject property.

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
4.	Unit Nos.1-34B, 36A-36B and 38-45 on the Portion of the Basement of Podium of Blocks 1, 2 & 3, City Garden, No.233 Electric Road, North Point, Hong Kong 1,135/100,180th shares of and in Inland Lot No.8580	The property comprises 45 commercial units on the basement floor of a 4-storeyed commercial complex. The property was completed in about 1983. The property contains a total saleable area of approximately 2,164.62 square metres (or approximately 23,300 square feet). The property is held under Conditions of Exchange No.11652 for a term of 75 years from 31st August, 1914 with the right to renew for a further term of 75 years. The government rent payable for the whole lot is HK$7,676,722 per annum. The property falls into the area zoned for "Residential (Group A) 1" uses under the current North Point Outline Zoning Plan No.S/H8/23 dated 19th March, 2010.	The property was, as at 31st July, 2010, subject to a tenancy for a term from 1st January, 2010 to 31st December, 2010 at a monthly rental of HK$450,000 inclusive of rates, government rent and management fee. The property was occupied for commercial purpose.	HK$55,000,000

Notes:

1. The registered owner of the property is Supreme Success Limited, a wholly-owned subsidiary of the Company.

2. The property, with the exception of Unit Nos.9 and 10, is subject to a mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no.05042002130629 dated 30th March, 2005. Unit Nos.9 and 10 of the property is subject to a mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no.05042500600167 dated 7th April, 2005.

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
5.	Unit Nos.47 & 59 on the Portion of the First Floor of the Podium of Blocks 1, 2 & 3, City Garden, No.233 Electric Road, North Point, Hong Kong 5,688/24,247th of 1,635/100,180th shares of and in Inland Lot No.8580	The property comprises two commercial units on the first floor of a 4-storeyed commercial complex. The property was completed in about 1983. The property contains a total saleable area of approximately 709.77 square metres (or approximately 7,640 square feet). The property is held under Conditions of Exchange No.11652 for a term of 75 years from 31st August, 1914 with the right to renew for a further term of 75 years. The government rent payable for the whole lot is HK$7,676,722 per annum. The property falls into the area zoned for "Residential (Group A) 1" uses under the current North Point Outline Zoning Plan No.S/H8/23 dated 19th March, 2010.	The property was vacant as at 31st July, 2010. The property is for commercial purpose.	HK$30,000,000

Notes:

1. The registered owner of the property is Nice Fortune Limited, a wholly-owned subsidiary of the Company.

2. The property is subject to a mortgage in favour of Chiyu Banking Corporation Limited vide memorial no.05042901990090 dated 8th April, 2005.

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
6.	Unit Nos.1-2 on the Portion of the Ground Floor and Unit Nos.1 & 87 on the Portion of the 1st Floor of the Podium of Blocks 1, 2 & 3, City Garden, No.233 Electric Road, North Point, Hong Kong The units on the ground floor of the property comprise 2,063/23,043rd of 2,541/100,180th shares of and in Inland Lot No.8580 The units on the first floor of the property comprise 4,303/24,247th of 1,635/100,180th shares of and in Inland Lot No.8580	The property comprises a total of four commercial units on the ground floor and the first floor respectively of a 4-storeyed commercial complex. The property was completed in about 1983. The units on the ground floor of the property contain a total saleable area of approximately 198.81 square metres (or approximately 2,140 square feet). The units on the first floor of the property contain a total saleable area of approximately 450.58 square metres (or approximately 4,850 square feet). The property is held under Conditions of Exchange No.11652 for a term of 75 years from 31st August, 1914 with the right to renew for a further term of 75 years. The government rent payable for the whole lot is HK$7,676,722 per annum. The property falls into the area zoned for "Residential (Group A) 1" uses under the current North Point Outline Zoning Plan No.S/H8/23 dated 19th March, 2010.	Unit 2A on the ground floor was vacant as at 31st July, 2010. The remaining portions of the property were, as at 31st July, 2010, subject to various tenancies and licences with the latest expiry date on 31st July, 2012 at a total monthly rent of HK$227,375 as at 31st July, 2010. The property was occupied for commercial purpose.	HK$57,200,000

Notes:

1. The registered owner of the property is Supreme Success Limited, a wholly-owned subsidiary of the Company.

2. The property is subject to a mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no.05042500600167 dated 7th April, 2005.

	Property	Description	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
7.	Apartment A & B on 19th Floor, Wah Tai Mansion, No.388 Zhaojia Bang Road, Shanghai, The People's Republic of China	The property comprises two domestic units on the 19th Floor of a multi-storeyed apartment building. The building was completed in mid 1990's. Access to the upper floors is served by 2 passenger lifts and 2 staircases. The property contains a total gross floor area of approximately 487.56 square metres (or approximately 5,248 square feet). The land use right granted in respect of the property is for a term commencing on 27th May, 1996 and expiring on 21st March, 2063.	Unit A on 19th Floor was subject to a tenancy for a term from 1st April, 2010 to 31st October, 2010 at a monthly rent of RMB15,950 as at 31st July, 2010. Unit B on 19th Floor was subject to a tenancy for a term from 1st April, 2010 to 31st October, 2010 at a monthly rent of RMB15,950 as at 31st July, 2010. The property was occupied for residential purposes.	RMB8,000,000

Notes:

1. Pursuant to the Certificate of Real Estate Ownership (Hu Fang Di Shi Zi 1997 Di 003207 Hao) issued by the Shanghai Housing and Land Management Bureau on 10th June, 1997, unit 19A of the property contains a gross floor area of 243.78 square metres and was granted to Glory East Limited "東榮有限公司" for a term commencing on 27th May, 1996 and expiring on 21st March, 2063 for residential purpose.

2. Pursuant to the Certificate of Real Estate Ownership (Hu Fang Di Shi Zi 1997 Di 003209 Hao) issued by the Shanghai Housing and Land Management Bureau on 10th June, 1997, unit 19B of the property contains a gross floor area of 243.78 square metres and was granted to Golden Mile Limited "金萬里有限公司" for a term commencing on 27th May, 1996 and expiring on 21st March, 2063 for residential purpose.

3. Pursuant to the Articles of Incorporation issued on 30th November, 1993, Glory East Limited was formed in accordance with the laws of the Republic of Liberia.

4. Pursuant to the Articles of Incorporation issued on 10th January, 1994, Golden Mile Limited was formed in accordance with the laws of the Republic of Liberia.

5. Based on the legal advice furnished to us by the Group, the following opinion is noted:

   (a) Glory East Limited "東榮有限公司", which is a subsidiary of the Company, has been incorporated in accordance with the laws of the Republic of Liberia and the business licence of the company is valid and has full force.

   (b) Golden Mile Limited "金萬里有限公司", which is a subsidiary of the Company, has been incorporated in accordance with the laws of the Republic of Liberia and the business licence of the company is valid and has full force.

6. According to the legal advice furnished by the Group's legal adviser on the laws of the People's Republic of China, Messrs. Shanghai M&A Law Firm, on 13th September, 2010, the following opinion is noted:

   (a) Glory East Limited "東榮有限公司" is in possession of a proper legal title to unit 19A of the property interest and has full legal right to transfer the title to the property interests, in accordance with PRC laws and regulation and subject to certain statutory rights of tenants and mortgagees, to both local and qualified overseas purchasers for the residual term of the land use right granted in respect of the property interests at no extra land premium or other payment of onerous nature chargeable by government authorities; and

(b) Golden Mile Limited "金萬里有限公司" is in possession of a proper legal title to unit 19B of the property interest and has full legal right to transfer the title to the property interests, in accordance with PRC laws and regulation and subject to certain statutory rights of tenants and mortgagees, to both local and qualified overseas purchasers for the residual term of the land use right granted in respect of the property interests at no extra land premium or other payment of onerous nature chargeable by government authorities; and

7. The status of titles and major approvals in accordance with the information provided to us and the opinion of the legal adviser on the law of the People's Republic of China are as follows:

Document	Status
Certificates of Real Estate Ownership	Obtained

	Property	Description and Tenure	Particulars of Occupancy	Capital Value in existing state as at 31st July, 2010
8.	First Floor, Fu Hop Factory Building, Nos.209 & 211 Wai Yip Street, Kwun Tong, Kowloon 8/112th shares of and in Kwun Tong Inland Lot No.293	The property comprises the first floor of a 13-storeyed industrial building. The property was completed in about 1966. The property contains a total saleable area of approximately 1,031.22 square metres (or approximately 11,100 square feet). By virtue of section 6 of the New Territories Leases (Extension) Ordinance Chapter 150 the lease term of the property is extended until the expiry of 30th June, 2047. The annual government rent for the property is equal to 3% of the rateable value of the property. The property falls into the area zoned for "Other Specified Uses (Business)" uses under the current Kwun Tong (South) Outline Zoning Plan No.S/K14S/16 dated 12th September, 2008.	The property was subject to two tenancies both expiring on 31st December, 2011 at a total monthly rent of HK$61,200 exclusive of management fee, rates and government rent as at 31st July, 2010. The property was occupied for industrial purpose.	HK$14,400,000

Notes:

1. The registered owner of the property is All Success Holdings Limited, a wholly-owned subsidiary of the Company.

2. No material encumbrances are registered against the subject property.

	Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31st July, 2010
9.	Club Lusitano Building No.16 Ice House Street, Central, Hong Kong The Remaining Portion of Inland Lot No.339	The property comprises the whole block of a 25-storeyed office/commercial building plus 3 service floors over a 2-storeyed carport on basement and lower ground floor. The property contains a total gross floor area of approximately 80,140 square feet (or approximately 7,445.21 square metres). The property contains a total saleable area of approximately 53,770 square feet (or approximately 4,995.35 square metres). The development was completed in about 2001. The property is held under government lease for a term of 999 years from 11th May, 1849. The government rent payable for the whole lot is HK$82 per annum. The property falls into the area zoned for "Commercial" uses under the current Central District Outline Zoning Plan No.S/H4/13 dated 16th July, 2010.	The whole of 8th Floor was vacant while the remaining portions of the property was subject to various tenancies and licences mostly for a term of 2 or 3 years with the latest expiry date on 15th June, 2013 as at 31st July, 2010. The total monthly rent receivable from the leased portions was HK$2,337,907 as at 31st July, 2010. The property was occupied for office/ commercial purposes.	HK$550,000,000

Notes:

1. According to the information obtained from the Urban Land Registry, the registered owner of the property interests is The Club Lusitano (hereinafter referred to as "the Owner"). As per the lease document supplied to us, the Owner entered into a long lease ("the said Lease) with Dynamic Business Limited (hereinafter referred to as "the Lessee"), a wholly-owned subsidiary of the Company, in accordance with the terms and conditions therein contained. The said Lease contains, inter alia, the following terms and conditions:

"1.3 the Land	All That piece or parcel of land registered at the Land Registry as The Remaining Portion of Inland Lot No.339.
1.4 the Building	The building known as Club Lusitano, No.16 Ice House Street, Central, Hong Kong erected on the Land comprising 2 levels of basement car park, 3 levels of retail podium, 17 office floors and 5 levels of club premises and each and every part of such building.
1.5 the Premises	The Land together with the whole of the Building erected thereon.

1.6 Term	Eighty (80) years commencing on and from 24th September, 2009 and expiring on 23rd September, 2089 (both days inclusive).
1.7 Permitted User	To be used in compliance with the Government Lease, the applicable occupation permit and applicable laws, regulations and requirements (including the Planning Laws).

3.6 "Consideration" means a sum of HONG KONG DOLLARS FOUR HUNDRED AND TEN MILLION (HK$410,000,000)

5. Demise

5.1 In consideration of the Consideration paid by the Lessee to the Owner and the Covenants given by the Lessee, the Owner hereby demised to the Lessee for the Term the Premises including all the Owners' Rights and Interest in the Tenanted Properties together with the rights specified in the First Schedule Excepting And Reserving to the Owner the rights specified in the Second Schedule except and reserved as in the Government Lease is excepted and reserved Subject to all rights easements privileges restrictions covenants and stipulations of whatever nature affecting the Premises and /or Subject to and with the benefit of the Existing Tenancies.

5.2 (i) Subject always to those rights expressly excluded in this Lease and those rights expressly reserved to the Owner, the Lessee shall have the sole and unrestricted right in its absolute discretion and to the extent permissible by law and subject to the Government Lease at any time and from time to time as it shall deem fit to do all or any of the acts and things which the Owner as the owner of the Premises is entitled to do during the Term, and the Lessee shall to the extent permissible by law enjoy and shall be entitled to exercise the same rights and powers to which the Owner as the owner of the Premises enjoys and is entitled to exercise, including but not limited to all rights interests and benefits under the Government Lease during the Term. For the avoidance of doubt, the exercise of any rights or powers as aforesaid by the Lessee shall not provide for any arrangements that will last beyond the Term nor shall the exercise of such rights and powers in any way derogate from the Owner's reversion immediately expectant on the determination of the Lease. The Lessee may at any time lease, underlet or license the Premises or any part(s) thereof or assign, mortgage, charge or otherwise deal with or in any way dispose of the Lessee's Whole Interest and/or any part(s) thereof or enter into any agreement so to do if the terms of this Lease and in particular the provisions in Clauses 6.7.2, 6.7.3 and 6.7.5(2) shall have been complied with.

5.3 Without prejudice to the generality of the foregoing, it is hereby agreed and confirmed that the Lessee shall assume the full rights, benefit and obligations of the landlord under the Existing Tenancies and the Owner shall assign to the Lessee all rights of action which are now vested in the landlord under or by virtue of the Existing Tenancies (save and except only the right to sue upon the Tenant's covenants to pay rent, licence fee, and/or other mesne profits or payments reserved by the Existing Tenancies in relation to rents licence fee and/or other mesne profits or payments accrued and due under the Existing Tenancies prior to the date of this Lease).

6. Alienation

6.1 Not to dispose of the Lessee's Whole Interest or any part(s) thereof (and not to allow or permit the disposal of the Lessee's Share Capital or any portion (s) thereof) to any person other than the Owner pursuant to the provisions of this Lease (such other person is herein referred to as a "third party") or enter into (or allow to be entered into) any agreement to do so except by way of a Permitted Lessee's Assignment in accordance with the provisions in Clause 6.7.2. Subject to the terms of this Lease and in particular the provisions in Clause 6.7.2, the Lessee may at its sole discretion (a) lease, underlet or license the Premises or any part(s) thereof, or (b) assign, mortgage, charge or otherwise deal with or in any way dispose of the Lessee's Whole Interest and/or any part(s) thereof, or enter into an agreement so to do.

6.7 Before the Lessee may make a Permitted Lessee's Assignment, the following provisions of this Clause 6.7.2 shall apply:

(i) If the Lessee shall be desirous of disposing of Lessee's Whole Interest (or any part(s) thereof) to any third party or if the Lessee's Holding Company shall be desirous of disposing of any of the Lessee's Share Capital (whether it be the entire issued share capital of the Lessee or any portion(s) thereof) to any third party, the Lessee shall without delay serve on the Owner a notice of intention (the "Lessee's Disposal Notice") to dispose of the Lessee's Whole Interest (or part(s) or (as the case may be) the Lessee's Share Capital (either of them shall be the "Disposed Interest"), setting out the consideration and the principal terms and conditions of disposal (the "Lessee's Disposal Terms") and the Owner shall have the first right of offer (the "Owner's Right of First Offer") whereby the Owner may require the Lessee to surrender the Lessee's Whole Interest (or relevant part(s)) or (as the case may be) to transfer the Lessee's Share Capital as stipulated in the Lessee's Disposal Notice to the Owner on the Lessee's Disposal Terms instead of disposing of the Disposed Interest to any third party.

(ii) After the service of the Lessee's Disposal Notice, should the Owner wish to exercise the Owner's Right of First Offer the Owner shall within a period of thirty (30) days from the date of receipt of the Lessee's Disposal Notice by the Owner exercise the Owner's Right of First Offer by sending a written notice to the Lessee ("Owner's Exercise Notice") (in this respect time shall be of the essence). The Owner and the Lessee shall enter into a binding Agreement to Surrender in respect of the aforesaid surrender of the Lessee's Whole Interest (or the relevant part(s) as stipulated in the Lessee's Disposal Notice (the "Agreement to Surrender") or, at the option of the Owner, an agreement for sale and purchase of the Lessee's Share Capital (the "Share Agreement") within thirty (30) days from the date of Owner's Exercise Notice. …"

Besides, it is further provided in the said Lease that:

"6.7 (iii) If no Agreement to Surrender or (as the case may be), the Share Agreement shall have been executed between the Owner and the Lessee within the said thirty (30) from the date of Owner's Exercise Notice otherwise than due to the default of the Lessee (in this respect time shall be of the essence and the parties shall act reasonably and use their best endeavors to agree on the other terms of the Agreement to Surrender or (as the case may be), the Share Agreement) or if the Owner shall in any way fail to duly exercise the Owner's Right of First Offer in accordance with the provisions of this Clause 6.7.2(ii) or the Owner shall for whatever reason fail to complete the transaction and/or fail to duly pay to the Lessee the consideration stated in the Lessee's Disposal Terms on the Completion Date, then without prejudice to all other rights and remedies of the Lessee, the Lessee shall be entitled to dispose of the Disposed Interest to any third party at a price which shall not be less than the price which was offered to the Owner in the Lessee's Disposal Terms and on the same terms as the Lessee's Disposal Terms within nine (9) months following the occurrence of any of the aforesaid event/event of default, ..."

"6.7 In the case of a disposal of only part(s) of the Lessee's Whole Interest and all such subsequent disposal(s), the disposal must be done on a floor by floor basis.

6.7.4 In the case of disposal of the share capital of the Lessee by the Lessee's Holding Company whether to the Owner or to a third party, the disposal must be a disposal of the whole and not part of the issued share capital of the Lessee."

2. According to the Land Register obtained from the Urban Land Registry, the property was subject to the following encumbrances as at the date of valuation:

(a) By a tenancy agreement in favour of Axon Scanning Centre Limited vide memorial no.UB9286643 dated 23rd July, 2004 (Re: 1/F from 16/8/2004 to 15/8/2010).

(b) By a tenancy agreement in favour of Y.S. Lau & Partners vide memorial no.07052901330029 dated 10th May, 2007 (Re: 10/F).

(c) By a tenancy agreement in favour of Emerald Hill Capital Partners Limited vide memorial no.07081401690021 dated 3rd August, 2007 (Re: 19/F (Club Lusitano)).

(d) By a tenancy agreement in favour of Best Circle Limited vide memorial no.07081401690031 dated 2nd August, 2007 (Re: 13/F (Club Lusitano)).

(e) By a tenancy agreement in favour of China Rare Earth Trading Limited vide memorial no.07091201500017 dated 6th September, 2007 (Re: 15/F (Club Lusitano)).

(f) By a tenancy agreement in favour of Swartz Kristi Lynn and Chow Teck Ern Peter trading in partnership under the name of Bryan Cave vide memorial no.08051902520127 dated 21st April, 2008 (Re: 7/F of Club Lusitano).

(g) By a tenancy agreement in favour of Swartz Kristi Lynn and Chow Teck Ern Peter trading in partnership under the name of Bryan Cave vide memorial no.08051902520134 dated 21st April, 2008 (Re: 11/F of Club Lusitano).

(h) By a tenancy agreement in favour of Sofaer Administration Limited vide memorial no.09062901510034 dated 19th June, 2009 (Re: 16/F).

(i) By a tenancy agreement in favour of Debt Consultant Limited vide memorial no.09062901510045 dated 19th June, 2009 (Re: 4/F).

(j) By a debenture and mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no.09101602760486 dated 24th September, 2009.

(k) By a Lease in favour of Dynamic Business Limited vide memorial no.09102102910268 dated 24th September, 2009 (Remarks: for 80 years from 24th September, 2009 to 23rd September, 2089).

(l) By a Sub-Lease in favour of Club Lusitano vide memorial no.09102301130017 dated 24th September, 2009 (Re: 23/F and 24/F of Club Lusitano).

(m) By a Sub-Lease in favour of Club Lusitano vide memorial no.09102301130023 dated 24th September, 2009 (Remarks: By Dynamic Business Limited. Term: 3 years from 24/9/2009 to 23/9/2012 with successive options to renew for additional terms each of 3 years up to a total term of 80 years less the last three years thereof. The Rent is HK$1.00 per annum).

(n) By a tenancy agreement in favour of Pine Capital Limited vide memorial no.10022302250020 dated 2nd February, 2010 (Re: 2/F (Club Lusitano)).

	Property	Description	Particulars of Occupancy	Capital value in existing state as at 31st July, 2010
10.	68 Yee Wo Street (formerly known as Paliburg Plaza), No.68 Yee Wo Street, Causeway Bay, Hong Kong The Whole of Section K of Inland Lot No.1408	The property comprises the whole block of a 24-storeyed commercial/office building including 2 mechanical floors and a carport on basement. Phase I and Phase II of the development were completed in about 1984 and 1989 respectively. Phase I comprises a multi-storeyed commercial and carport podium which contains a total gross floor area of about 64,210 square feet (or about 5,965.235 sq.m.) and a total saleable area of about 52,640 square feet (or about 4,890.38 sq.m.). Phase II comprises a 14-storeyed office floors which contains a total gross floor area of about 133,583 square feet (or about 12,410.14 sq.m.) and a total saleable area of about 116,100 square feet (or about 10,785.95 sq.m.). The property is held under government lease for a term of 999 years from 25th December, 1884. The government rent payable for the whole lot is HK$4.34 per annum. The property falls into the area zoned for "Commercial" uses under the current Causeway Bay Outline Zoning Plan No.S/H6/15 dated 17th September, 2010.	The commercial and office units of the property were subject to various tenancies with the latest expiry date on 1st March, 2022 as at 31st July, 2010. The carparking spaces and other ancillary parts of the property were subject to various licences mostly on monthly basis with the latest expiry date on 28th February, 2022 as at 31st July, 2010. The total monthly rent receivable from the leased portions of the property was about HK$5,816,509 as at 31st July, 2010. The vacant portions of the property contained a saleable area of approximately 23,000 sq.ft. (or approximately 2,136.75 sq.m.) as at 31st July, 2010. The property was occupied for office/ commercial purposes.	HK$2,050,000,000

Notes:

1. The registered owner of the property is Treasure Spot Investments Limited which was acquired by the Target Company on 19th December, 2007 for cash consideration determined by assuming the value of the property at HK$1,560.0 million. The capital expenditures subsequently incurred on the property up to 31st July, 2010 were approximately HK$5.8 million.

2. According to the Land Register obtained from the Urban Land Registry, the property is subject to the following encumbrances:

   (a) By a lease (Re: parts of G/F, 1/F and 2/F) in favour of G.O.D. Retail Limited vide memorial no.07041901690018 dated 21st March, 2007 (Remarks: for 13 years from 1.5.2008).

   (b) By a sealed copy amended writ of summons in H.C. Action No.1604 of 2007 as amended on 3rd September, 2007 between Cityability Limited (Plaintiff) and Treasure Spot Investments Limited (Defendant) vide memorial no. 07072502570014 dated 24th July, 2007.

(c) By a sealed copy writ of summons in H.C. Action No.2214 of 2007 between Cityability Limited (Plaintiff) and Treasure Spot Investments Limited (Defendant) vide memorial no. 07102302950012 dated 23rd October, 2007.

(d) By a sealed copy writ of summons in H.C. Action No.183 of 2008 between Cityability Limited (Plaintiff) and Treasure Spot Investments Limited (Defendant) vide memorial no.08020402990529 dated 31st January, 2008.

(e) By a duplicate of lease (Re: 20/F) in favour of Best Luck International Investment Limited vide memorial no.10022201470013 dated 21st January, 2010.

(f) By a duplicate of lease (Re: 21/F to 22/F) in favour of Upwide Corporation Limited vide memorial no.10022201470027 dated 21st January, 2010.

(g) By a debenture and mortgage in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial no.10030902630446 dated 26th February, 2010.

(h) By a lease (Re: shop units 105-117) in favour of Rich Star Hong Kong Group Limited vide memorial no.10040802710067 dated 1st March, 2010.

(i) By a lease (Re: shop units G03-G11 on G/F and shop units 101-104 on 1/F) in favour of Best Harvest Inc. Limited vide memorial no.10050701070018 dated 1st March, 2010.

(j) By a lease (Re: unit 901, 9/F) in favour of Best Harvest Inc. Limited vide memorial no.10050701070024 dated 1st March, 2010.

(k) By a lease (Re: unit 905, 9/F) in favour of Best Harvest Inc. Limited vide memorial no.10050701070035 dated 1st March, 2010.

(l) By a first supplemental agreement amending lease agreement no.2 for Regal Hongkong Hotel in favour of Favour Link International Limited vide memorial no.10052602510109 dated 12th February, 2010.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at 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[1]	123,148,701[3]	139,083,065	18.08
Kenneth Gaw	1,805,527	8,453,375[2]	27,537,243[4]	37,796,145	4.91
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.08

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

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

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

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

Long position in shares of associated corporations

Name of company	Name of director	Number of shares held by controlled corporation	%
Grandsworth Pte. 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 at 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 at 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 and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

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

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

4. DIRECTORS' SERVICE CONTRACTS

As at 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 at 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

So far as the Directors were aware, as at 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

So far as the Directors were aware, as at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which had been since 31 March 2010 (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.

So far as the Directors were aware, as at the Latest Practicable Date, 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:

Name	Qualification
Wong Brothers & Co.	Certified public accountants
AA Property Services Limited	Professional property valuer

As at the Latest Practicable Date, none of Wong Brothers & Co. and AA Property Services Limited 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 2010 (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 AA Property Services Limited 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 Secretary of the Company is Ms. Law Tsui Yan, associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

(ii) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

(iii) 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.

(iv) 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 18 October 2010:

(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 2009 and 31 March 2010;

(d) the accountants' report on the Target Company, the text of which is set out in Appendix II to this circular;

(e) the letter from Wong Brothers & Co. on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(f) the letter and valuation certificate prepared by AA Property Services Limited, the text of which is set out in Appendix V to this circular; and

(g) the letters of consents referred to under the section headed "Experts and Consents" in this appendix.

Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

NOTICE IS HEREBY GIVEN that the Special General Meeting of the shareholders of Pioneer Global Group Limited (the "Company") will be held at the principal place of business of the Company in Hong Kong at 20th Floor, Lyndhurst Tower, No. 1 Lyndhurst Terrace, Central, Hong Kong on 18 October 2010 at 3:00 p.m. for the purposes of considering and, if thought fit, passing the ordinary resolutions set out as follows:

ORDINARY RESOLUTIONS

"**THAT:**

(a) the offer letter dated 23 August 2010 entered into by Win Plus Development Limited, a wholly-owned subsidiary of the Company, as purchaser (the "**Purchaser**"), and AG Core Plus II Causeway Bay 68, L.L.C. and AG Core Plus II (AU) Causeway Bay 68, L.L.C., collectively as seller (the "**Seller**") (the "**Offer Letter**", a copy of which has been produced to the Meeting marked "A" and initialed by the chairman of the Meeting for identification purposes), pursuant to which the Purchaser has agreed to acquire from the Seller up to 50% of the issued share capital of Causeway Bay 68 Limited, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) the execution by and on behalf of the Purchaser of the Offer Letter be and is hereby approved, confirmed and ratified and any one director of the Company be and is hereby authorized to approve and execute all documents, to do all such acts and things and to take all other steps which in his/her opinion, may be necessary or desirable in connection with the matters contemplated in or to give effect to the Offer Letter."

By order of the Board
Pioneer Global Group Limited
Law Tsui Yan
Secretary

Hong Kong, 30 September 2010

Notes:

1. Any member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. The proxy needs not be a shareholder of the Company.

2. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power or authority must be deposited at 20th Floor, Lyndhurst Tower, No. 1 Lyndhurst Terrace, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting or any adjournment thereof, should he so wish.

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