



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

Stock Code : 00224





**PIONEER GLOBAL GROUP LIMITED**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### **Executive Directors**

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Jane Kwai Ying TSUI

#### **Independent Non-executive Directors**

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

### AUDIT COMMITTEE

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

Arnold Tin Chee IP

Stephen TAN

### COMPANY SECRETARY

Tsui Yan LAW

### BANKERS

Bangkok Bank Public Company Limited

Citibank N.A. Hong Kong

Standard Chartered Bank (Hong Kong)  
Limited

The Hongkong & Shanghai Banking  
Corporation Limited

### SOLICITORS

Baker & McKenzie

### AUDITORS

Wong Brothers & Co.

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

### PRINCIPAL OFFICE IN HONG KONG

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

### SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fund Services (Bermuda)  
Limited  
Rosebank Centre, 11 Bermudiana Road  
Pembroke, Bermuda

### SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor  
Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### INFORMATION

<http://www.pioneerglobalgroup.com>

[http://www.irasia.com/listco/hk/pioneer/  
index.htm](http://www.irasia.com/listco/hk/pioneer/index.htm)

Bloomberg: 224:HK

Reuters: 0224.hk

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2011, together with the comparative figures for the corresponding period in 2010 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>For the six months ended 30 September 2011 (Unaudited) HK\$'000</b>	2010 (Unaudited) HK\$'000 (Restated) (Note 1)
Turnover			
Company and subsidiaries		<b>90,029</b>	44,275
Share of associates		<b>28,636</b>	24,071
		<b>118,665</b>	68,346
Turnover of Company and subsidiaries	3	<b>90,029</b>	44,275
Properties operating expenses		<b>(17,172)</b>	(6,942)
Staff costs		<b>(5,484)</b>	(4,985)
Depreciation & amortization		<b>(396)</b>	(273)
Other expenses		<b>(2,287)</b>	(1,831)
		<b>(25,339)</b>	(14,031)
Operating profit	3	<b>64,690</b>	30,244
Share of profits of associates		<b>4,519</b>	44,596
Change in fair value of investment properties		<b>135,770</b>	27,700
Other gains and losses	4	<b>(2,047)</b>	8,780
Finance costs		<b>(13,503)</b>	(3,531)
Profit before taxation	5	<b>189,429</b>	107,789
Taxation – current	6	<b>(1,008)</b>	287
– deferred	6	<b>(27,319)</b>	(5,676)
Profit for the period		<b>161,102</b>	102,400
Attributable to:			
Shareholders of the Company		<b>139,634</b>	102,040
Non-controlling interests		<b>21,468</b>	360
		<b>161,102</b>	102,400
Interim dividend	7	<b>13,848</b>	7,694
		<b>HK cents</b>	HK cents
Earnings per share	8	<b>18.15</b>	13.26

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
		(Note 1)
Profit for the period	<b>161,102</b>	102,400
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	<b>(58,229)</b>	5,909
– associates	<b>(8,355)</b>	7,012
Exchange difference on translation of		
– subsidiaries	–	(3,740)
– associates	<b>(145)</b>	3,788
Other comprehensive income for the period	<b>(66,729)</b>	12,969
Total comprehensive income for the period	<b>94,373</b>	115,369
Total comprehensive income attributable to:		
Shareholders of the Company	<b>72,081</b>	113,236
Non-controlling interests	<b>22,292</b>	2,133
	<b>94,373</b>	115,369

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 September 2011 (Unaudited) HK\$'000</b>	31 March 2011 (Audited) HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
Non-current assets			
Investment properties	9	<b>3,984,800</b>	3,282,800
Associates		<b>633,774</b>	625,371
Available for sale investments		<b>238,726</b>	353,348
Property, plant and equipment		<b>6,260</b>	2,607
Other assets		<b>1,447</b>	1,447
		<b>4,865,007</b>	4,265,573
Current assets			
Debtors, advances & prepayments	10	<b>29,775</b>	23,810
Available for sale investments		<b>24,154</b>	48,970
Financial assets at fair value		<b>5,829</b>	5,887
Cash & bank balances		<b>53,273</b>	54,884
		<b>113,031</b>	133,551
<b>Total assets</b>		<b>4,978,038</b>	4,399,124
<b>EQUITY</b>			
Share capital		<b>76,935</b>	76,935
Reserves		<b>2,180,989</b>	2,122,756
Shareholders' funds		<b>2,257,924</b>	2,199,691
Non-controlling interests		<b>457,449</b>	441,640
<b>Total equity</b>		<b>2,715,373</b>	2,641,331

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		<b>30 September 2011 (Unaudited) HK\$'000</b>	31 March 2011 (Audited) HK\$'000
	<i>Notes</i>		
<b>LIABILITIES</b>			
Non-current liabilities			
Creditors & accruals		<b>26,455</b>	29,272
Secured bank loans	11	<b>1,460,027</b>	1,221,997
Deferred payment	12	<b>102,500</b>	102,500
Deferred taxation		<b>336,456</b>	279,816
		<b>1,925,438</b>	1,633,585
Current liabilities			
Creditors & accruals	13	<b>36,702</b>	20,648
Advances from shareholders	14	<b>80,017</b>	–
Secured bank loans	11	<b>217,589</b>	102,044
Tax liabilities		<b>2,919</b>	1,516
		<b>337,227</b>	124,208
<b>Total liabilities</b>		<b>2,262,665</b>	1,757,793
<b>Total equity and liabilities</b>		<b>4,978,038</b>	4,399,124

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	<b>50,977</b>	21,255
Net cash used in investing activities	<b>(190,644)</b>	(46,917)
Net cash generated from/(used in) financing activities	<b>138,340</b>	(21,920)
Decrease in cash and cash equivalents	<b>(1,327)</b>	(47,582)
Cash and cash equivalents at 1 April	<b>54,884</b>	86,930
Effect of foreign exchange rate changes	<b>(284)</b>	96
Cash and cash equivalents at 30 September	<b>53,273</b>	39,444
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	<b>53,273</b>	39,444



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & contributed surplus HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2011	76,935	307,687	41,242	15,598	297,047	1,461,182	2,199,691	441,640	2,641,331
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	(59,053)	-	(59,053)	-	(59,053)
– non-controlling interests	-	-	-	-	-	-	-	824	824
– associates	-	-	-	-	(8,355)	-	(8,355)	-	(8,355)
Exchange on translation of									
– associates	-	-	-	(145)	-	-	(145)	-	(145)
Profit for the period	-	-	-	-	-	139,634	139,634	21,468	161,102
Total comprehensive income for the period	-	-	-	(145)	(67,408)	139,634	72,081	22,292	94,373
Distribution to non-controlling interests	-	-	-	-	-	-	-	(6,483)	(6,483)
2011 final dividend paid	-	-	-	-	-	(13,848)	(13,848)	-	(13,848)
<b>As at 30 September 2011</b>	<b>76,935</b>	<b>307,687</b>	<b>41,242</b>	<b>15,453</b>	<b>229,639</b>	<b>1,586,968</b>	<b>2,257,924</b>	<b>457,449</b>	<b>2,715,373</b>
At 1 April 2010 (Restated) (Note 1)	76,935	307,687	41,242	14,140	257,152	1,013,102	1,710,258	15,933	1,726,191
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	4,136	-	4,136	-	4,136
– non-controlling interests	-	-	-	-	-	-	-	1,773	1,773
– associates	-	-	-	-	7,012	-	7,012	-	7,012
Exchange on translation of									
– subsidiaries	-	-	-	(3,740)	-	-	(3,740)	-	(3,740)
– associates	-	-	-	3,788	-	-	3,788	-	3,788
Profit for the period	-	-	-	-	-	102,040	102,040	360	102,400
Total comprehensive income for the period	-	-	-	48	11,148	102,040	113,236	2,133	115,369
Distribution to non-controlling interests	-	-	-	-	-	-	-	(357)	(357)
2010 final dividend paid	-	-	-	-	-	(13,848)	(13,848)	-	(13,848)
<b>As at 30 September 2010 (Restated)</b>	<b>76,935</b>	<b>307,687</b>	<b>41,242</b>	<b>14,188</b>	<b>268,300</b>	<b>1,101,294</b>	<b>1,809,646</b>	<b>17,709</b>	<b>1,827,355</b>

## NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2011

### 1. Basis of Presentation and Accounting Policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard No. 34 – Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties and financial instruments, which are measured at fair values, as appropriate. The accounting policies used in the preparation of interim financial statements are consistent with those set out in the annual financial statements for the year ended 31 March 2011.

#### Accounting policy change

In the financial year 2010/11, the Group changed its accounting policy for the property investment related to Club Lusitano Building (the “Property”), which was acquired in September 2009. Previously, the Property was valued using a cost model and classified as a leasehold property. It is now valued using the fair value model and classified as an investment property. Management judges that this policy provides more relevant and consistent information because it results in all the Group’s investment properties are valued at fair value. This change in accounting policy has been accounted for retrospectively, and the comparative statements for the financial year 2010 have been restated and present in the 2010/11 Annual Report. The effect of the change on the financial period ended 30 September 2010 is tabulated below:

	Originally stated HK\$'000	Adjustments HK\$'000	Restated HK\$'000
Investment properties	516,500	550,000	1,066,500
Leasehold property	425,017	(425,017)	–
Deferred tax liabilities	(63,480)	(19,719)	(83,199)
Change in fair value of investment properties	7,700	20,000	27,700
Depreciation & amortization	(2,964)	2,691	(273)
Deferred tax	(2,376)	(3,300)	(5,676)
Retained earnings as at 1 April 2010	927,229	85,873	1,013,102

## 1. Basis of Presentation and Accounting Policies (Continued)

### The adoption of new and revised HKFRSs

In the current period, the Group has applied a number of new and revised accounting standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA below, which are relevant to its operations.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 24 (Revised)	Related Parties Disclosures
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs did not have any material effect on the financial position or performance of the Group for the current or prior accounting periods.

### New and revised HKFRSs in issue but not yet effective

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

HKAS 1 (Amendment)	Presentation of Financial Statements <sup>2</sup>
HKAS 19 (Amendment)	Employee Benefits <sup>3</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>3</sup>
HKAS 28 (2011)	Investments in Associates and Joint Ventures <sup>3</sup>
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfer of Financial Assets <sup>1</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>3</sup>
HKFRS 11	Joint Arrangements <sup>3</sup>
HKFRS 12	Disclosure of Interests in Other Entities <sup>3</sup>
HKFRS 13	Fair Value Measurements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the potential impact of the above new and revised HKFRSs. The Group is not yet in a position to determine the impact of these new and revised standards or interpretations on the results of operations and financial position of the Group.

## 2. Financial Risks Management

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. There have been no changes in the Group's financial risk management policies and procedures since year ended 31 March 2011.

## 3. Segment Information

Segment information is presented in respect of the Group primary business segment. In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the reportable segments are (i) property and hotels and (ii) investments and others.

The following is an analysis of the Group's revenue, results and assets by reportable and operating segments for the period under review:

### Segment Result

For the six months ended 30 September 2011 (30 September 2010)

	Property and hotels		Investments and others		Consolidated	
	2011 HK\$'000	2010 HK\$'000 (Restated)	2011 HK\$'000	2010 HK\$'000 (Restated)	2011 HK\$'000	2010 HK\$'000 (Restated)
<b>Segment turnover</b>						
Company and subsidiaries	<b>80,005</b>	32,933	<b>10,024</b>	11,342	<b>90,029</b>	44,275
<b>Segment result</b>	<b>55,151</b>	19,206	<b>9,749</b>	11,143	<b>64,900</b>	30,349
Unallocated corporate expenses					<b>(210)</b>	(105)
Operating profit					<b>64,690</b>	30,244
Share of profits of associates	<b>4,519</b>	44,596	-	-	<b>4,519</b>	44,596
Change in fair value of investment properties	<b>135,770</b>	27,700	-	-	<b>135,770</b>	27,700
Other gains and losses	<b>(11,539)</b>	-	<b>9,492</b>	8,780	<b>(2,047)</b>	8,780
Finance costs					<b>(13,503)</b>	(3,531)
Taxation					<b>(28,327)</b>	(5,389)
Non-controlling interests					<b>(21,468)</b>	(360)
					<b>139,634</b>	102,040
<b>Other information</b>						
Capital expenditure	<b>308,258</b>	45,000	<b>24,308</b>	62,221	<b>332,566</b>	107,221

### 3. Segment Information (Continued)

#### Segment Assets

As at 30 September 2011 (31 March 2011)

	Property and hotels		Investments and others		Consolidated	
	30 September 2011 HK\$'000	31 March 2011 HK\$'000	30 September 2011 HK\$'000	31 March 2011 HK\$'000	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Segment assets	<b>4,106,656</b>	3,404,590	<b>237,608</b>	369,163	<b>4,344,264</b>	3,773,753
Associated companies	<b>633,774</b>	625,371	-	-	<b>633,774</b>	625,371
Total assets	<b>4,740,430</b>	4,029,961	<b>237,608</b>	369,163	<b>4,978,038</b>	4,399,124

### 4. Other Gains and Losses

	2011 HK\$'000	2010 HK\$'000
Net gain on disposal of available for sale investments	<b>10,216</b>	3,067
Goodwill written off on acquisition of subsidiaries (Note 16)	<b>(11,539)</b>	-
(Decrease)/increase in fair value of financial assets	<b>(58)</b>	1,940
Other (losses)/gains	<b>(666)</b>	3,773
	<b>(2,047)</b>	8,780

## 5. Profit Before Taxation

	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
		(Restated)
<b>Profit before taxation has been arrived at after charging:</b>		
Interest on bank loans wholly repayable within five years	<b>13,503</b>	3,531
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	<b>5,448</b>	4,915
Pension scheme contributions	<b>36</b>	70
Auditors' remuneration	<b>221</b>	196
Depreciation & amortization	<b>396</b>	273
Provision for long service payments to employees	<b>50</b>	143
Exchange loss	<b>-</b>	58
<b>and after crediting:</b>		
Rental income from investment properties	<b>64,937</b>	25,840
Less: direct outgoings	<b>(896)</b>	(1,524)
Listed investment income	<b>4,331</b>	3,225
Unlisted investment income	<b>1,884</b>	1,847
Interest income	<b>3,757</b>	6,227
Exchange gain	<b>151</b>	-

## 6. Taxation

	<b>2011</b>			2010		
	<b>Current</b>	<b>Deferred</b>	<b>Total</b>	Current	Deferred	Total
	<b>taxation</b>	<b>taxation</b>	<b>taxation</b>	taxation	taxation	taxation
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000
					(Restated)	(Restated)
The Company and its subsidiaries						
Hong Kong	<b>997</b>	<b>27,319</b>	<b>28,316</b>	930	5,676	6,606
Overseas	<b>11</b>	<b>-</b>	<b>11</b>	(1,217)	-	(1,217)
	<b>1,008</b>	<b>27,319</b>	<b>28,327</b>	(287)	5,676	5,389

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated Hong Kong source assessable profits for the period. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

## 7. Interim Dividend

The Board of Directors declares an interim dividend of HK1.20 cents per share (2010: HK1.00 cent), totaling HK\$13,848,000 for the six months ended 30 September 2011 (2010: HK\$7,694,000) to shareholders whose names appear on the register of members of the Company at the close of business on 23 December 2011. This amount is not included as a liability in these interim financial statements.

## 8. Earnings Per Share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$139,634,000 (2010 (Restated): HK\$102,040,000) and on 769,359,104 shares in issue during both periods of 2011 and 2010.

No diluted earnings per share have been presented for the periods ended 30 September 2011 and 30 September 2010 as the Company had no dilutive potential ordinary shares during both periods.

## 9. Investment Properties

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
At Valuation at 31 March 2011 (31 March 2010)	<b>3,282,800</b>	1,038,800
Additions	<b>26,230</b>	318
Disposals	–	(142,200)
Acquisition of subsidiaries (Note 16)	<b>540,000</b>	2,050,000
Revaluation	<b>135,770</b>	335,882
At 30 September 2011 (31 March 2011)	<b>3,984,800</b>	3,282,800

Investment properties have been valued at 30 September 2011 by AA Property Services Limited, independent professional valuers, on an open market value basis. The valuation was mainly arrived at by reference to comparable market transactions and where appropriate on the basis of capitalization of the net income receivable with due allowance for reversionary income potential.

## 10. Trade Receivables

Rental receivables from tenants are due on presentation of debit notes and payable in advance. The aging analysis of the trade and rental debtors at the reporting date was as follows:

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
0 – 30 days	<b>795</b>	345
31 – 60 days	<b>3</b>	957
61 – 90 days	<b>1</b>	–
	<b>799</b>	1,302

## 11. Secured Bank Loans

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
Current		
Repayable on demand	<b>217,589</b>	102,044
Non-current		
Repayable more than one year but not exceeding two years	<b>1,030,527</b>	1,045,997
Repayable more than two years but not exceeding five years	<b>429,500</b>	176,000
	<b>1,460,027</b>	1,221,997

At the reporting date, properties and available for sale investments with a carrying value of approximately HK\$3,870 million and HK\$71 million (31 March 2011: HK\$3,218 million and HK\$199 million) respectively were pledged to secure banking and other loan facilities to the extent of HK\$1,718 million (31 March 2011: HK\$1,520 million) of which HK\$1,677 million (31 March 2011: HK\$1,324 million) was utilized at that date.

At the reporting date, bank deposits of HK\$32 million (31 March 2011: HK\$40 million) was pledged to secure the principal and interest payments of the bank loan.



## 12. Deferred Payment

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

## 13. Trade Payables

Trade payables are included in creditors and accruals. The aging analysis of the trade payables at the reporting date was presented based on the dates of the invoices as follows:

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
0 – 30 days	<b>2,351</b>	1,346
31 – 60 days	<b>235</b>	312
61 – 90 days	<b>16</b>	206
> 90 days	<b>92</b>	3,149
	<b>2,694</b>	5,013

## 14. Advances from Shareholders

Subscription of open offer received from substantial shareholders.

## 15. Contingent Liabilities and Commitments

	<b>30 September 2011 HK\$'000</b>	31 March 2011 HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	<b>649,029</b>	193,533
– given to bank in respect of banking facilities utilized by an associate	<b>20,000</b>	20,000
– on utility deposits	<b>609</b>	609
Commitments		
– for total future minimum lease payments		
– not later than one year	<b>2,544</b>	1,824
– later than one year and not later than five years	<b>1,757</b>	869
– for purchase of available for sale investments		
– not later than one year	<b>3,358</b>	7,111
– for purchase of an investment property		
– not later than one year	–	21,420
– for investment through an associate		
– not later than one year	–	22,008

## 16. Acquisition of Subsidiaries

The Group acquired the entire issued share capital of AEW VIA Cayman 4, Ltd. and its subsidiaries ("AEW VIA Group") on 28 September 2011. AEW VIA Group is holding an investment property, The Pemberton located at Nos. 22-26 Bonham Strand, Sheung Wan, Hong Kong. After the acquisition, AEW VIA Group became indirectly wholly owned subsidiaries of the Company. The results, assets and liabilities have been consolidated into the accounts of the Group. The acquired subsidiaries contributed revenue of HK\$0.1 million and profit after tax of HK\$0.04 million to the Group for the period from 28 September 2011 to 30 September 2011.

	<b>Acquiree's carrying amount</b>	<b>Fair value adjustment</b>	<b>Fair value</b>
	HK\$'000	HK\$'000	HK\$'000
<hr/>			
Net assets acquired:			
Investment properties (Note 9)	523,000	17,000	540,000
Debtors, advances & prepayments	883	–	883
Cash & bank balances	9,237	–	9,237
Creditors & accruals	(8,069)	–	(8,069)
Bank loan	(261,500)	–	(261,500)
Deferred tax liabilities	(26,515)	(2,805)	(29,320)
	<hr/>		
	237,036	14,195	251,231
Goodwill (Note 4)			<hr/> 11,539
Total consideration, satisfied by cash			262,770
Cash and cash equivalents acquired			<hr/> (9,237)
Net cash outflow arising on acquisition			<hr/> 253,533
			<hr/>

The goodwill arising from the acquisition was recognised in the consolidated income statement as its potential economic benefit was uncertain to be realised in the future due to the high volatility of the Hong Kong property market.

## 17. Events after Reporting Period

### (a) Disposal of an investment property

On 8 November 2011, the Group disposed of an investment property located on 6th Floor of On Lok Yuen Building, Des Voeux Road Central, Hong Kong. The consideration was HK\$40.0 million. Details of the transaction have been published in an announcement on 10 August 2011.

### (b) Open offer

An open offer involving an issue of 384,679,552 new shares at subscription price of HK\$0.73 per share was completed on 17 October 2011. The total proceeds before expenses raised were approximately HK\$280.8 million. Details and results of the open offer are provided in the prospectus and the results announcement published on 23 September 2011 and 17 October 2011 respectively.

## BUSINESS REVIEW

During the summer of 2011, a market confidence crisis that started as a downgrade to the U.S. government debt soon spread to the already fragile Eurozone, now threatening the very survival of the Euro itself. While the turmoil is still largely centered in the western markets, Asian capital markets were equally volatile.

China has continued to tighten liquidity by keeping reserve requirement and interest rates high and maintaining severe restrictions on property purchases. These measures have successfully cooled inflation and housing prices, but have also created stress in the private sector of the economy. In addition, export growth has suffered due to lackluster demand in the western markets. Unlike the western markets, however, China's economic problems are largely policy driven and can be reversed if things get too tough. Just as the government has used policy tools to slow down the economy, it can also use policy tools to engineer a soft landing.

The tightening measures in China and the sovereign debt crisis in Europe have affected liquidity in Hong Kong, as bank debt has become more difficult to obtain and spreads widened. As a result, the property market has noticeably cooled. However, with the historically low interest rate tied to loose US monetary policy and an economy tied to the high growth Chinese economy, prices will still have strong support once the liquidity situation normalizes. Furthermore, commercial and office rentals have continued to be strong due to lack of supply in the market. Hong Kong's property prices have grown strongly in the past decade on the twin pillars of low physical supply and low interest rates. As interest rate stays low, the biggest fundamental change for the Hong Kong market is the government's land supply and public housing policies. These may have a long term pronounced effects for the Hong Kong property market.

Just as Thailand recovered from the political turmoil of 2010 with strong economic growth and a successful election which brought landslide victory for the opposition party led by ex-PM Thaksin and his sister Yingluck Shinawatra, the country was soon hit by yet another devastating crisis. While the unprecedented floods in central Thailand and Bangkok have caused significant damages to industrial facilities and affected manufacturing supply chains globally (especially in IT and auto industries), the bigger worry is how this crisis would affect the credibility of Thailand as a manufacturing hub and whether many of these affected manufacturers will come back after the water recedes. Agriculture is also affected as significant rice crops have been destroyed. On the other hand, as all of the major tourist resorts (like Pattaya, Koh Samui, Phuket) are outside of the flood zone and most of Bangkok's major hotels have not been flooded, it appears that the tourism industry should not be hard hit in the medium to long term.

The Group's results for the six months period ended 30 September 2011 continues to be very satisfactory. Turnover of the Group and share of associates increased 73.8% to HK\$118.7 million (2010: HK\$68.3 million). The Group's operating profits also increased 114.2% to HK\$64.7 million (2010 (Restated): HK\$30.2 million). The increase in turnover and operating profits are due to the increase in ownership in the 68 Yee Wo Street Building. The profits for the Group increased to HK\$161.1 million (2010 (Restated): HK\$102.4 million) mainly due to the rise in fair value of investment properties. As a result, the profits attributable to shareholders increased to HK\$139.6 million (2010 (Restated): HK\$102.0 million).

## Property Investments

The Group's 60% owned 68 Yee Wo Street Building (229,200 sq.ft.) in Causeway Bay has occupancy rate of 88% as at 30 September 2011 and contributed revenues of HK\$47.2 million during the period. In addition, a HK\$39.1 million fair value gain was recorded.

During the reporting period, the Club Lusitano Building (80,140 sq.ft.) contributed HK\$15.0 million in rental income and fair value increase in property of HK\$20.0 million. As at 30 September 2011, the property enjoys an occupancy rate of 100%.

The Pioneer Building (245,000 sq.ft.) in Kwun Tong, Kowloon continued to enjoy a high occupancy rate (100% as at 30 September 2011), and contributed HK\$10.6 million in rental revenues. Due to the lack of new office supply in core CBD areas, many large office space users have moved into newer premises in fringe commercial areas. In particular, East Kowloon (Kowloon Bay and Kwun Tong) have been touted as a new major CBD area, with by far the largest completion of new commercial buildings and the future redevelopment of the old Kai Tak Airport. As a result, both rental rates and capital values have risen strongly in the area. Our Pioneer Building, which occupies a prime location in Kwun Tong, saw fair value increase of HK\$52.0 million during the period. As reported previously, the management is in the process of applying for a potential conversion of the building under Hong Kong Government's revitalization scheme for industrial buildings. If the proposed scheme is approved by the government, the conversion works may start as early as 2013.

In September 2011, the Group acquired the holding company which owns the 70,616 sq.ft. The Pemberton, Nos. 22-26 Bonham Strand, Hong Kong for a property value of HK\$523.0 million. As at 30 September 2011, the property is valued at HK\$540.0 million by independent appraiser. The property is located near the Sheung Wan MTR station and is well occupied by a fine roster of commercial and F&B tenants. The Group plans to hold this asset as a long-term investment for rental income and capital appreciation.

The Shanghai K. Wah Centre (a GFA750,000 sq.ft. commercial tower in Shanghai held through an associated company) contributed an associate profit of HK\$10.5 million to the Group.

## **Investments in Hotel Industry**

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

During the six months ended 30 September 2011, the Pullman Pattaya Aisawan Resort owned by the Group's 49.5% owned associated company had revenues of Baht 114.0 million (2010: Baht 83.8 million) and operating profits of Baht 32.1 million (2010: Baht 10.5 million). Throughout the first half of 2011, the Thai tourism industry has continued its recovery from the political crisis of 2010. While room rates are still below pre-crisis levels, occupancy has seen a strong rebound, indicating the resilience of the Thai tourism market.

In June 2011, the same 49.5% owned associate that holds the Pullman Pattaya Aisawan Resort purchased the 469 rooms Sofitel Silom Hotel in central Bangkok for Baht 2.02 billion. At the price of approximately US\$143,000 per room, we believe that we purchased the hotel at an attractive valuation. In addition, we believe that this new property will provide significant operational synergies with the Pullman Pattaya Aisawan Resort. Even though we have just taken over the property, we have already started a major renovation program to rebrand the property. New rooms, new restaurants, and new function rooms will be unveiled in the first quarter 2012, with other common area improvements to follow later in the same year. While the major flooding disaster in Thailand will undoubtedly affect the number of visitors to Bangkok in the coming weeks or even months, we have already been budgeting lower rates and occupancy for this property during this period due to our planned renovation programs. On the other hand, we are confident that the property will become a strong competitor in the market place once it is relaunched.

The Group's 49.5% owned Thai associated company owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. The plan is to develop a world-class luxury resort with branded residences. Phase 1 of the project is planned as a 100-keys all villa resort and luxury residences operating under the brand of Park Hyatt Phuket. During the period, we have started the submission process to the local government authorities.

The Group's investments in Pullman Aisawan, Sofitel Silom, and Cape Nga are all made through its Thai associated company. Despite positive operating cash flow from hotel operations, the Thai associate had a loss of HK\$7.4 million (2010: loss of HK\$4.7 million) due to depreciation charge (non-cash) and loan interest payments.

A 50% owned associated company of the Group holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. For the nine months ended 30 September 2011, Dusit Thani had revenues of Baht 2.61 billion (2010: Baht 1.99 billion) and net profit of Baht 95.2 million (2010: loss of Baht 208.8 million).

## PROSPECTS

On 8 November 2011, the Group disposed of an investment property located on 6th Floor On Lok Yuen Building, Des Voeux Road Central, Hong Kong. The property was purchased in 1986 for the consideration of HK\$3.7 million. The sale consideration was HK\$40.0 million and the disposal has crystalized a total capital gain of HK\$35.7 million to the Group.

On 15 November 2011, the Group, through a 49.5% owned associated company, disposed of a 65% interest in the Mercure Pattaya Hotel for a consideration of Baht 490.0 million. The disposal will generate an estimated profit of Baht 156.0 million to our associated company.

On 17 October 2011, the Group completed an open offer of 384,679,552 new shares at a subscription price of HK\$0.73 per share, raising total proceeds (before expenses) of HK\$280.8 million. The purpose of the offer is to finance the Pioneer Building conversion works as well as any other available investment opportunities.

With the acquisitions of the 68 Yee Wo Street Building, Club Lusitano Building, The Pemberton, and the Sofitel Silom, the Group has built a sizable portfolio of investment properties and hotels (together with our existing assets). We are very pleased with these acquisitions and will continue to work hard to enhance their values for shareholders. And with the proceeds from the open offer, the Group has maintained a healthy balance sheet and is well placed to take advantage of opportunities that may arise from the current economic crisis.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2011, the Group continued to enjoy a strong financial position. At 30 September 2011, the Group's total debt to total assets ratio was 37.4% (31 March 2011: 32.4%) and net debt to total assets ratio was 36.3% (31 March 2011: 31.2%).

## EMPLOYEES

As at 30 September 2011, the number of salaried staff not including associates was 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.

## DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 September 2011, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

## Long Position in Shares of the Company

	Personal interests	Interests held by controlled corporation	Interests held by family trust	Total	%
Rossana Wang Gaw	–	30,315,816 <sup>1</sup>	234,258,607 <sup>2</sup>	264,574,423	22.93 <sup>6</sup>
Kenneth Gaw	2,708,290 <sup>3</sup>	27,884,558 <sup>4</sup>	41,305,864 <sup>5</sup>	71,898,712	6.23 <sup>6</sup>
Jane Tsui Kwai Ying	600,750	–	–	600,750	0.08 <sup>7</sup>

<sup>1</sup> Mrs. Rossana Wang Gaw owns the entire issue share capital of Vitality Holdings Limited, which was beneficially interested in 15,934,364 shares and had a deemed interest of 14,381,452 shares pursuant to the underwriting agreement for the open offer.

<sup>2</sup> Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares and had a deemed interest of 111,109,906 shares pursuant to the underwriting agreement for the open offer.

<sup>3</sup> Mr. Kenneth Gaw had a deemed interest of 902,763 shares pursuant to the underwriting agreement for the open offer.

<sup>4</sup> Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 8,453,375 shares and had a deemed interest of 19,431,183 shares pursuant to the underwriting agreement for the open offer.

<sup>5</sup> Family trust of which Mr. Kenneth Gaw is the sole beneficiary held an aggregate of 27,537,243 shares and had a deemed interest of 13,768,621 shares pursuant to the underwriting agreement for the open offer.

<sup>6</sup> Based upon 1,154,038,656 shares issued after completion of the open offer.

<sup>7</sup> Based upon 769,359,104 issued shares as at 30 September 2011.



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

## DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2011, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or long or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Number of shares	%
Asset-Plus Investments Ltd.	129,499,508 <sup>1</sup>	11.22 <sup>4</sup>
Forward Investments Inc.	345,050,300 <sup>2</sup>	29.90 <sup>4</sup>
Intercontinental Enterprises Corporation	123,148,701 <sup>3</sup>	16.01 <sup>5</sup>
Prosperous Island Limited	65,939,293	8.57 <sup>5</sup>

<sup>1</sup> include a deemed interest of 61,423,432 shares pursuant to the underwriting agreement for the open offer.

<sup>2</sup> include a deemed interest of 163,662,195 shares pursuant to the underwriting agreement for the open offer.

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

<sup>4</sup> based upon 1,154,038,656 shares issued after completion of the open offer.

<sup>5</sup> based upon 769,359,104 issued shares as at 30 September 2011.

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 30 September 2011, had interests or long or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

**On 17 October 2011, the Group completed an open offer of 384,679,552 new shares at a subscription price of HK\$0.73 per share. The results of the open offer announcement were published on the same day. The above directors and substantial shareholders' interests were changed after the completion of the open offer.**

## **DIRECTORS' RIGHT TO ACQUIRE SHARES**

As at 30 September 2011, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2011, none of the directors had exercised any rights to subscribe for shares of the Company or any other body corporate.

## **INTERIM DIVIDEND**

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2011 at the rate of HK1.20 cents per share (2010: HK1.00 cent), payable on 11 January 2012 to all persons registered as shareholders on 23 December 2011. The transfer books and register of members of the Company will be closed from 21 December 2011 to 23 December 2011, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 20 December 2011.

## **REVIEW OF INTERIM REPORT**

The Audit Committee comprises three independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. The Committee has reviewed and recommended for board approval of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2011.

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

During the six months ended 30 September 2011, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

## CORPORATE GOVERNANCE

During the six months ended 30 September 2011, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2011.

By Order of the Board

**Kenneth Gaw**

*Managing Director*

Hong Kong, 28 November 2011