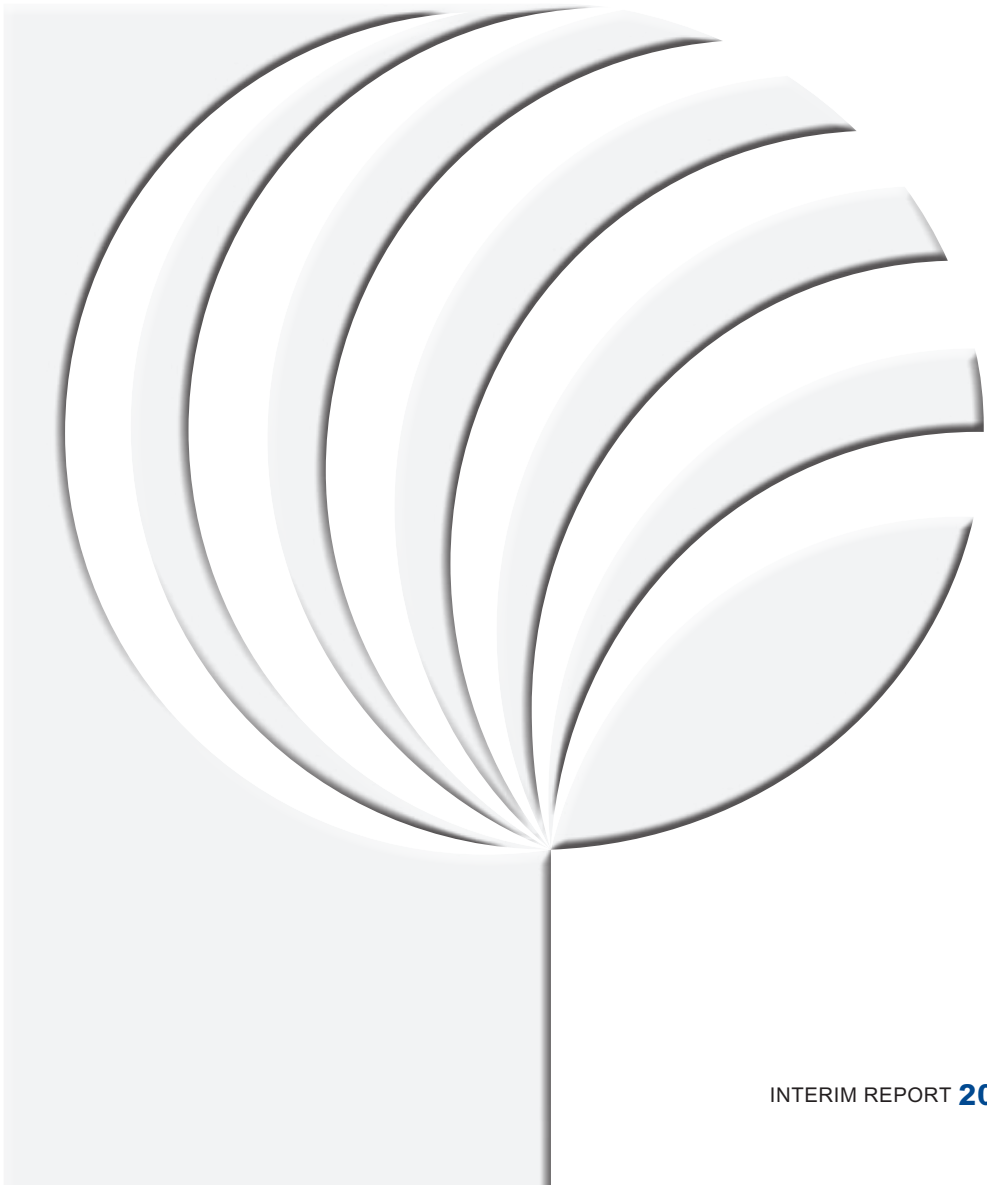




PIONEER GLOBAL GROUP LIMITED  
建生國際集團有限公司

Stock Code : 00224



INTERIM REPORT **2010**



**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  
Arnold Tin Chee IP  
Stephen TAN

### COMPANY SECRETARY

Tsui Yan LAW

### BANKERS

Bangkok Bank Public Company Limited  
Chiyu Banking Corporation Limited  
Citigroup  
Standard Chartered Bank (Hong Kong)  
Limited  
The Hongkong & Shanghai Banking  
Corporation Limited

### SOLICITORS

Baker & Mckenzie  
Morrison & Foerster

### 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 2010, together with the comparative figures for the corresponding period in 2009 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>For the six months ended 30 September</b>	
		<b>2010</b>	2009
	<i>Notes</i>	<b>(Unaudited) HK\$'000</b>	(Unaudited) HK\$'000
Turnover			
Company and subsidiaries		<b>44,275</b>	29,316
Share of associates		<b>24,071</b>	19,924
		<b>68,346</b>	49,240
Turnover of Company and subsidiaries	2	<b>44,275</b>	29,316
Properties operating expenses		<b>(6,942)</b>	(3,992)
Staff costs		<b>(4,985)</b>	(4,540)
Depreciation & amortisation		<b>(2,964)</b>	(888)
Other expenses		<b>(1,831)</b>	(1,794)
		<b>(16,722)</b>	(11,214)
Operating profit	2	<b>27,553</b>	18,102
Share of profits of associates		<b>44,596</b>	56,838
Change in fair value of investment properties		<b>7,700</b>	37,000
Other gains and losses	3	<b>8,780</b>	23,982
Finance costs		<b>(3,531)</b>	(1,092)
Profit before taxation	4	<b>85,098</b>	134,830
Taxation – current	5	<b>287</b>	(915)
– deferred	5	<b>(2,376)</b>	(3,704)
Profit for the period		<b>83,009</b>	130,211
Attributable to:			
Shareholders of the Company		<b>82,649</b>	129,811
Minority interests		<b>360</b>	400
		<b>83,009</b>	130,211
Interim dividend	6	<b>7,694</b>	7,694
		<b>HK cents</b>	HK cents
Earnings per share (HK cents)	7	<b>10.74</b>	16.87

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	<b>83,009</b>	130,211
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	<b>5,909</b>	44,274
– associates	<b>7,012</b>	3,010
Exchange difference of translation of		
– subsidiaries	<b>(3,740)</b>	1
– associates	<b>3,788</b>	2,969
Other comprehensive income for the period	<b>12,969</b>	50,254
Total comprehensive income for the period	<b>95,978</b>	180,465
Total comprehensive income attributable to:		
Shareholders of the Company	<b>93,845</b>	178,609
Minority interests	<b>2,133</b>	1,856
	<b>95,978</b>	180,465

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 September</b>	31 March
		<b>2010</b>	2010
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
<b>ASSETS</b>			
Non-current assets			
Investment properties		<b>516,500</b>	508,800
Leasehold properties		<b>425,017</b>	427,707
Associates		<b>768,105</b>	710,449
Available for sale investments		<b>379,309</b>	361,279
Property, plant and equipment		<b>3,031</b>	2,322
Other assets		<b>1,447</b>	1,447
		<b>2,093,409</b>	2,012,004
Current assets			
Debtors, advances & prepayments	8	<b>50,599</b>	5,146
Financial assets at fair value		<b>5,620</b>	3,604
Cash & bank balances		<b>39,444</b>	86,930
		<b>95,663</b>	95,680
<b>Total assets</b>		<b>2,189,072</b>	2,107,684
<b>EQUITY</b>			
Share capital		<b>76,935</b>	76,935
Reserves		<b>1,627,447</b>	1,547,450
Shareholders' funds		<b>1,704,382</b>	1,624,385
Minority interests		<b>17,709</b>	15,933
<b>Total equity</b>		<b>1,722,091</b>	1,640,318

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		<b>30 September</b>	31 March
		<b>2010</b>	2010
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
<b>LIABILITIES</b>			
Non-current liabilities			
Secured bank loans		<b>267,100</b>	271,100
Deferred payment	9	<b>102,500</b>	102,500
Deferred tax liabilities		<b>63,480</b>	61,105
		<b>433,080</b>	434,705
Current liabilities			
Creditors & accruals	10	<b>24,393</b>	22,620
Secured bank loans		<b>8,000</b>	8,173
Tax liabilities		<b>1,508</b>	1,868
		<b>33,901</b>	32,661
<b>Total liabilities</b>		<b>466,981</b>	467,366
<b>Total equity and liabilities</b>		<b>2,189,072</b>	2,107,684

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	<b>21,255</b>	13,013
Net cash used in investing activities	<b>(46,917)</b>	(243,739)
Net cash (used in)/generated from financing activities	<b>(21,920)</b>	169,988
Decrease in cash and cash equivalents	<b>(47,582)</b>	(60,738)
Cash and cash equivalents at 1 April	<b>86,930</b>	161,902
Effect of foreign exchange rate changes	<b>96</b>	1
Cash and cash equivalents at 30 September	<b>39,444</b>	101,165
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	<b>39,444</b>	101,165



## 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	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2010	76,935	307,687	41,242	14,140	257,152	927,229	1,624,385	15,933	1,640,318
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	4,136	-	4,136	-	4,136
– minority 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	-	-	-	-	-	82,649	82,649	360	83,009
Total comprehensive income for the period	-	-	-	48	11,148	82,649	93,845	2,133	95,978
Distribution to minority interests	-	-	-	-	-	-	-	(357)	(357)
2010 final dividend paid	-	-	-	-	-	(13,848)	(13,848)	-	(13,848)
<b>As at 30 September 2010</b>	<b>76,935</b>	<b>307,687</b>	<b>41,242</b>	<b>14,188</b>	<b>268,300</b>	<b>996,030</b>	<b>1,704,382</b>	<b>17,709</b>	<b>1,722,091</b>
At 1 April 2009	76,935	307,687	41,242	6,623	138,886	693,210	1,264,583	13,775	1,278,358
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	42,818	-	42,818	-	42,818
– minority interests	-	-	-	-	-	-	-	1,456	1,456
– associates	-	-	-	-	3,010	-	3,010	-	3,010
Exchange on translation of									
– subsidiaries	-	-	-	1	-	-	1	-	1
– associates	-	-	-	2,969	-	-	2,969	-	2,969
Profit for the period	-	-	-	-	-	129,811	129,811	400	130,211
Total comprehensive income for the period	-	-	-	2,970	45,828	129,811	178,609	1,856	180,465
Distribution to minority interests	-	-	-	-	-	-	-	(385)	(385)
2009 final dividend paid	-	-	-	-	-	(11,540)	(11,540)	-	(11,540)
<b>As at 30 September 2009</b>	<b>76,935</b>	<b>307,687</b>	<b>41,242</b>	<b>9,593</b>	<b>184,714</b>	<b>811,481</b>	<b>1,431,652</b>	<b>15,246</b>	<b>1,446,898</b>

# NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2010

## 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 certain 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 2010.

In the current period, the Group has adopted the following new and revised standards and interpretations (“new HKFRSs”) issued by HKICPA, which are relevant to its operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 3 (Revised)	Business Combination

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

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>3</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>3</sup>
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

<sup>2</sup> Effective for annual periods on or after 1 July 2010.

<sup>3</sup> Effective for annual periods on or after 1 January 2011.

<sup>4</sup> Effective for annual periods 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 standards, amendments or interpretations. 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. Segment Information

Segment information is presented in respect of the Group's primary business segment.

	For the period ended 30 September					
	Property and hotel		Investments		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<b>32,933</b>	21,753	<b>11,342</b>	7,563	<b>44,275</b>	29,316
<b>Segment result</b>	<b>16,515</b>	11,074	<b>11,143</b>	7,121	<b>27,658</b>	18,195
Unallocated corporate expenses					<b>(105)</b>	(93)
Operating profit					<b>27,553</b>	18,102
Share of profits of associates	<b>44,596</b>	56,838	-	-	<b>44,596</b>	56,838
Change in fair value of investment properties	<b>7,700</b>	37,000	-	-	<b>7,700</b>	37,000
Other gains and losses	-	13,325	<b>8,780</b>	10,657	<b>8,780</b>	23,982
Finance costs					<b>(3,531)</b>	(1,092)
Taxation					<b>(2,089)</b>	(4,619)
Minority interests					<b>(360)</b>	(400)
					<b>82,649</b>	129,811

## 3. Other Gains and Losses

	2010	2009
	HK\$'000	HK\$'000
Gain on disposal of properties	-	11,905
Gain on disposal of available for sale investments	<b>3,067</b>	10,468
Change in fair value of financial assets	<b>1,940</b>	1,208
Others	<b>3,773</b>	401
	<b>8,780</b>	23,982

#### 4. Profit before Taxation

	2010 HK\$'000	2009 HK\$'000
<b>Profit before taxation has been arrived at after charging:</b>		
Interest on bank loans wholly repayable within five years	3,531	1,092
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	4,915	4,470
Pension scheme contributions	70	70
Auditors remuneration	196	161
Depreciation and amortisation	2,964	888
Provision for long service payments to employees	143	(36)
Exchange loss	58	-
<b>and after crediting:</b>		
Rental income from investment properties	25,840	15,224
Less: direct outgoings	(1,524)	(2,056)
Listed investment income	3,225	801
Unlisted investment income	1,847	1,964
Interest income	6,227	4,784
Exchange gain	-	147

#### 5. Taxation

	2010			2009		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	930	2,376	3,306	901	3,704	4,605
Overseas	(1,217)	-	(1,217)	14	-	14
	(287)	2,376	2,089	915	3,704	4,619

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

## 6. Interim Dividend

The Board of Directors declares an interim dividend of HK1.00 cent per share (2009: HK1.00 cent), totaling HK\$7,694,000 for the six months ended 30 September 2010 (2009: HK\$7,694,000) to shareholders whose names appear on the register of members of the Company at the close of business on 3 January 2011. This amount is not included as a liability in these interim financial statements.

## 7. Earnings Per Share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$82,649,000 (2009: HK\$129,811,000) and on 769,359,104 shares in issue during both periods of 2010 and 2009.

No diluted earnings per share have been presented for the periods ended 30 September 2010 and 30 September 2009 as the Company had no dilutive potential ordinary shares during both periods.

## 8. (a) 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 2010 HK\$'000</b>	31 March 2010 HK\$'000
0 – 30 days	<b>416</b>	860
31 – 60 days	<b>52</b>	113
61 – 90 days	<b>8</b>	32
> 90 days	<b>–</b>	60
	<b>476</b>	1,065

## (b) Prepayments

A deposit of HK\$45.0 million was paid to acquire an additional 30% equity interest of our associated company, Causeway Bay 68 Limited.

## 9. Deferred Payment

On the acquisition of the 80-year leasehold interest of a property, 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.

## 10. 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 2010 HK\$'000</b>	31 March 2010 HK\$'000
0 – 30 days	<b>605</b>	481
31 – 60 days	<b>23</b>	23
61 – 90 days	<b>23</b>	23
> 90 days	<b>2,021</b>	1,881
	<b>2,672</b>	2,408

## 11. Contingent Liabilities and Commitments

	<b>30 September 2010 HK\$'000</b>	31 March 2010 HK\$'000
Guarantees		
on utility deposits	<b>693</b>	693
Commitments		
for total future minimum lease payments		
– not later than one year	<b>2,543</b>	2,543
– later than one year and not later than five years	<b>1,421</b>	2,693
for purchase of available for sale investments		
– not later than one year	<b>18,740</b>	43,147
	<b>23,397</b>	49,076

## 12. Events after Reporting Period

In October 2010, the Group acquired an additional 30% equity interest in Causeway Bay 68 Limited. Details are included in the Circular to Shareholders dated 30 September 2010.

On 29 November 2010, the Group entered into a provisional sale and purchase agreement to dispose of all its retail units at City Garden Podium, North Point, Hong Kong. The total consideration is HK\$190.0 million in cash. Details of the transaction are included in the announcement published on 1 December 2010.

## BUSINESS REVIEW

In the 2nd and 3rd quarters of 2010, we have continued to see a decoupling of the crisis hit developed western economies and the high growth emerging markets. In particular, it seems that Asia (ex-Japan) is back to boom time in spite of the lackluster traditional export growth engine to the west. This was due to growing regional trades as well as growing domestic consumption and fixed asset investments in large economies like China. Even politically unstable Thailand has registered close to double-digit growth and, since the political bloodshed in May, a roaring stock market.

On the back of massive stimulus measures in 2009, China began to feel the effects of inflation in many areas of the economy, from property prices to food and commodity prices. As a result, the government began to tighten liquidity by raising reserve requirement and interest rates, as well as putting increasingly severe restrictions on property purchases. While the housing market seems to have cooled recently, it is too early to say whether the government's efforts will be successful as food and commodity inflation continued unabated. Hong Kong, on the other hand, is now once again in the difficult position of having a historically low interest rate tied to loose US monetary policy and an economy tied to the high growth Chinese economy. The government is now taking active measures to tackle this challenging situation.

In spite of such turbulent markets, the Group has performed satisfactorily. For the interim period ended 30 September 2010, the Group had revenues including share of associates of HK\$68.3 million, compared to HK\$49.2 million in 2009. The increase was due mainly to rental contribution from the Club Lusitano building, which was acquired in the second half of the 2009-2010 fiscal year. On the other hand, profit for the period decreased to HK\$83.0 million, from HK\$130.2 million in 2009. This decrease in profit mainly came as a result of the smaller rise in the value of the Group's investment properties (held directly and indirectly through associated companies).

### Property Investments

In August this year, the Group signed an agreement with our 50% JV partner in the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong (the Group already owned 30% of the JV) to acquire its shares in the JV company. Subsequently, the remaining 20% partner exercised its first right to acquire a pro-rata share of the sale shares. As a result, the Group acquired an additional 30% in the JV company, bringing our stake to 60%. This transaction was approved by the Group's shareholders in an SGM in October and the acquisition was completed in October. We are very pleased with this purchase and plan to hold this asset as a long-term core investment in our portfolio. As at 30 September 2010, the occupancy rate of the property was 87.8% while the fair market valuation of the property increased from HK\$1.77 billion to HK\$1.92 billion, contributing HK\$42.7 million share of profits of associates for the Group.

During the period, our newly acquired Club Lusitano building (16 Ice House Street in Central, Hong Kong) contributed HK\$11.9 million in rental income to the Group. Due to our 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. As at 30 September 2010, the property enjoys an occupancy rate of 96.1%. We are very pleased with this acquisition and plan to hold the property as a long term investment for rental income and capital appreciation.

Rental income of the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company) was relatively stable during the period, contributing associate's profit of HK\$5.5 million to the Group.

The Pioneer Building in Kwun Tong, Kowloon continued to enjoy a high occupancy rate (99.3% as at 30 September 2010) and contributed HK\$10.4 million in rental revenues during the interim. The Group's retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) generated rental revenues of HK\$2.1 million. Overall, the Group's direct investment properties portfolio contributed fair value increase of HK\$7.7 million during the period, with most of it coming from the Pioneer Building.

### **Investments in Hotel Industry**

For the six months ended 30 September 2010, the newly rebranded Pullman Pattaya Aisawan Resort had revenues of Baht 83.8 million (2009: Baht 55.1 million) and operating profit of Baht 10.5 million (2009: loss of Baht 1.2 million). While operating results improved from the same period in 2009, the resort's performance was below expectations. This was due mainly to the Thai political crisis in April/May 2010. For the third time in as many years, the Thai tourism industry was hit by the deeply divisive political crisis in the country. This time a two-month siege of downtown Bangkok led to unprecedented violence and bloodshed. Hotels and resorts in Bangkok and Pattaya bore the brunt of this crisis as visitors stayed away.

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. As the leading hotel company in Thailand, Dusit Thani was also hit hard by the aforementioned political storm. For the nine months ended 30 September 2010, Dusit Thani had revenues of Baht 1.99 billion (2009: Baht 1.96 billion) and net loss of Baht 208.8 million (2009: loss of Baht 110.6 million). The widening of net loss was due to higher operating costs as well as impairment of property values which were written down by the company's auditors in the wake of the Thai political crisis.



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. Recently, a management contract has been signed with Hyatt International to manage the resort as the Park Hyatt Phuket.

## PROSPECTS

The acquisition of additional shares in the 68 Yee Wo Street project will allow the Group to consolidate its results as a subsidiary of the Company. This will lead to an increase in revenues and operating profit contribution to the Group in the future.

As reported previously, the management has been examining various proposals for a potential conversion of the Pioneer Building in Kwun Tong under Hong Kong government's new scheme which allows qualified industrial buildings to be converted to commercial use with nil premium. To take advantage of this scheme, an architectural firm has been selected. Currently, we plan to convert the podium space into retail/F&B use while the tower will become commercial office space. Based on existing tenancy agreements in the building, the conversion works may start as early as 2013.

Despite the deep political divide in the country, Thailand's economy performed remarkably well since bloodshed ended in May. The country achieved GDP growth of about 8.0% for the first half of the year. The country's stock market and currency also rallied and reached highs not seen since the Asia Financial Crisis more than 10 years ago. Equally surprising, Phuket as the leading tourism destination in Thailand was untouched by the political crisis, recording the second best tourist arrival numbers in the past 10 years (2007 being highest). Even for Pattaya, we are seeing healthy bookings for the upcoming high season, signally a return to normalcy in a relatively short time. This shows that the Thai economy and tourism industry are more resilient than most believed.

Having made timely asset disposals in the past 2 fiscal years, the Group is in a healthy liquidity position. We have taken advantage of this and have made acquisitions such as Club Lusitano and 68 Yee Wo Street which will provide positive contributions to the Group.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2010, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 30 September 2010, the Group's total liabilities to total assets ratio was 21.3% (31 March 2010: 22.2%) and total debt to total assets ratio was 17.2% (31 March 2010: 18.1%).

## **EMPLOYEES**

As at 30 September 2010, the number of salaried staff not including associates was 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.

## **DISCLOSURE OF DIRECTORS' INTERESTS**

As at 30 September 2010, 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	–	15,934,364 <sup>1</sup>	123,148,701 <sup>3</sup>	139,083,065	18.08
Kenneth Gaw	1,805,527	8,453,375 <sup>2</sup>	27,537,243 <sup>4</sup>	37,796,145	4.91
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.08

- 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 30 September 2010, 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 2010, 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.

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

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 30 September 2010, 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.

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

As at 30 September 2010, all the outstanding options granted under the share option scheme of the Company was lapsed. During the six months period ended 30 September 2010, 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 2010 at the rate of HK1.00 cent per share (2009: HK1.00 cent), payable on 4 January 2011 to all persons registered as shareholders on 3 January 2011. The transfer books and register of members of the Company will be closed from 29 December 2010 to 3 January 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, 28 December 2010.

## **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 2010.

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

During the six months ended 30 September 2010, 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 2010, 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 2010.

By Order of the Board

**Kenneth Gaw**

*Managing Director*

Hong Kong, 24 November 2010