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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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.

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**Pioneer**  
**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00224)**

**MAJOR TRANSACTION:**  
**ACQUISITION OF 20% INTERCONTINENTAL HONG KONG**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the Extraordinary General Meeting of Pioneer Global Group Limited to be held on Friday, 2 June 2017 at 11:00 a.m. at 18th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong is set out on pages VII-1 to VII-2 of this circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting (i.e. no later than 11:00 a.m. on 31 May 2017). Completion and return of the proxy form will not preclude you from attending and voting at the Extraordinary General Meeting or any adjournment thereof should you so wish.

16 May 2017

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## DEFINITIONS

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

“Agreements”	Sale and Purchase Agreement and the Second Consent Letter and Amendment Agreement
“Board” or “Directors”	the directors of the Company
“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Transaction, which is targeted to be on or before 30 June 2017 (or such other date as may be agreed in writing between the Vendor and the Purchaser)
“connected person”	has the meaning ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 2 June 2017 at 11:00 a.m. at 18th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong
“Enlarged Group”	the Group as enlarged by the Transaction immediately upon Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel”	InterContinental Hong Kong, a 5-star hotel in Tsim Sha Tsui, Kowloon, Hong Kong
“Hotel Investment Company”	Supreme Key Limited, a company incorporated in British Virgin Islands and is the joint venture company owned the Hotel

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## DEFINITIONS

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“Latest Practicable Date”	12 May 2017, 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
“Sale and Purchase Agreement”	a sale and purchase agreement entered into between Uniever and the Vendor on 28 March 2017
“Second Consent Letter and Amendment Agreement”	the second consent letter and the amendment to the Subscription and Joint Venture Deed entered into among Uniever, the Vendor, the Hotel Investment Company and the Company on 28 March 2017
“SFO”	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription and Joint Venture Deed”	the initial subscription and joint venture deed entered into among Uniever, the Vendor, the Hotel Investment Company and the Company on 10 July 2015
“Transaction”	the acquisition of additional 20% equity interest of the Hotel Investment Company by the Purchaser and the assignment of shareholder loan from the Vendor to the Purchaser
“Uniever” or “Purchaser”	Uniever Link Limited, a wholly owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Panorama International Trading Limited, a company incorporated in British Virgin Islands which is principally engaging in investment holding
“%”	per cent

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LETTER FROM THE BOARD

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**Pioneer**  
**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00224)**

*Executive Directors:*

Rossana Wang Gaw (*Chairman*)  
Goodwin Gaw (*Vice Chairman*)  
Kenneth Gaw (*Managing Director*)  
Christina Gaw  
Alan Kam Hung Lee

*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:*  
18th Floor, 68 Yee Wo Street  
Causeway Bay, Hong Kong

16 May 2017

*To Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION:  
ACQUISITION OF 20% INTERCONTINENTAL HONG KONG  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The Company's wholly owned subsidiary, Uniever, has 10% equity interest in the Hotel Investment Company which through its subsidiaries owns InterContinental Hong Kong, a 5-star hotel in Tsim Sha Tsui, Kowloon, Hong Kong. On 28 March 2017 (after trading hours), Uniever entered into the Agreements with the Vendor to acquire additional 20% equity interest (which consists of share capital and shareholder loan) of the Hotel Investment Company at the consideration of US\$118.4 million (equivalent to approximately HK\$918.8 million).

The purpose of this circular is to provide the Shareholders with further information in relation to the Transaction.

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## LETTER FROM THE BOARD

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### MAJOR TERMS OF THE AGREEMENTS

#### Date

28 March 2017

#### Parties

- (i) the Purchaser: Uniever, a wholly owned subsidiary of the Company; and
- (ii) the Vendor: Panorama International Trading Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are third parties independent of the Company and any connected person of the Company and is not a connected person of the Company.

#### Assets to be acquired

20% equity interest (which consists of share capital and shareholder loan) of the Hotel Investment Company.

#### Consideration

The consideration of the 20% share capital is US\$16.4 million (equivalent to approximately HK\$127.3 million) which is determined based on the net asset values of the Hotel Investment Company of US\$82.0 million (equivalent to approximately HK\$636.3 million) as at 31 December 2016 when negotiations were taken place during late December 2016 and early January 2017. When the agreement was signed on 28 March 2017, the consideration was not changed even though the final audited net asset values were US\$83.6 million (equivalent to approximately HK\$648.7 million). The value of the shareholder loan which will be assigned by the Vendor to the Purchaser is US\$102.0 million (equivalent to approximately HK\$791.5 million) at face value as at 31 December 2016. The total consideration is US\$118.4 million (equivalent to approximately HK\$918.8 million) and it will be funded by internal resources of the Company including the entire net proceeds from the Company's disposal of AEW VIA Cayman 4, Ltd.. The details of the disposal are disclosed in our circular dated 14 February 2017.

#### Payment Terms and Completion

A 50% deposit of the total consideration, being US\$59.2 million (equivalent to approximately HK\$459.4 million), was paid on 31 March 2017. The remaining balance shall be paid on Completion.

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## LETTER FROM THE BOARD

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### **Second Consent Letter and Amendment Agreement**

The Second Consent Letter and Amendment Agreement was entered on the same date as the Sale and Purchase Agreement whereby Uniever, the Vendor, the Hotel Investment Company and the Company consented to the Transaction and agreed to alter the management composition of the Hotel Investment Company.

### **Management of the Hotel Investment Company**

The board of directors of the Hotel Investment Company has five (5) directors. After the Completion, Uniever shall have the right to appoint two (2) directors to the board of directors of the Hotel Investment Company.

### **Major Rights**

Uniever has (a) the right of first offer of the Vendor's shares; and (b) tag along right to sell its shares in case the Vendor is selling its shares of the Hotel Investment Company.

### **REASONS AND BENEFITS OF THE TRANSACTION**

As the Hotel is a reputable international 5-star hotel with high earning potential, the Group believes that increase in shareholding in the Hotel Investment Company is in line with the principal business activities of the Group, namely, property and hotel investment and management. After the Completion, the 30% equity interest in the Hotel Investment Company owned by the Group will be accounted for as an investment in an associated company.

As the consideration of the Transaction is based on the net asset values of the Hotel Investment Company as at 31 December 2016 and the face value of the shareholder loan of the Hotel Investment Company as at 31 December 2016, the Directors believe that the terms (including the consideration) of the Transaction have been made on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ABOUT THE HOTEL INVESTMENT COMPANY AND THE HOTEL PERFORMANCE**

To acquire the Hotel in September 2015, the Hotel Investment Company set up subsidiaries as intermediate holding companies for financing purposes and to hold the Hotel and a Hotel operation company in Hong Kong. As the Hotel Investment Company meets the definition of an investment entity under the HKFRSs, it does not consolidate its subsidiaries but rather, it recognizes them as financial assets at fair value through profit or loss and measured at fair value. The net asset values of the Hotel Investment Company were the equity (i.e. consisting of retained earnings and share capital) of HK\$648.7 million (equivalent to approximately US\$83.6 million) for the year ended 31 December 2016. As at 31 December 2016, the fair value (i.e. the valuation amount) of the Hotel is HK\$7,700.0 million (equivalent to approximately US\$992.3 million).

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## LETTER FROM THE BOARD

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The financial information of the Hotel Investment Company and the Hotel performance are set out below:

### Hotel Investment Company

	<b>As at 31 December</b>			
	<b>2016</b>		<b>2015</b>	
	<b>(audited)</b>		<b>(audited)</b>	
	<i>US\$ million</i>	<i>HK\$ million equivalent</i>	<i>US\$ million</i>	<i>HK\$ million equivalent</i>
Investment in subsidiaries (at fair value)	550.9	4,275.0	474.3	3,680.6
Current assets	39.3	305.0	42.8	332.1
Shareholder loan	506.5	3,930.4	510.0	3,957.6
Retained earnings & share capital* (net asset values)	83.6	648.7	7.1	55.1

\* share capital of nominal value of US\$10.0

	<b>For the year ended 31 December</b>			
	<b>2016</b>		<b>2015</b>	
	<b>(audited)</b>		<b>(audited)</b>	
	<i>US\$ million</i>	<i>HK\$ million equivalent</i>	<i>US\$ million</i>	<i>HK\$ million equivalent</i>
Dividend income	–	–	767.0	5,951.9
Expenses	–	–	2.4	18.6
Net change in unrealized appreciation/(depreciation) on investments	76.6	594.4	(757.5)	(5,878.2)
Profit before taxation	76.6	594.4	7.1	55.1
Profit after taxation	76.6	594.4	7.1	55.1

### Hotel Performance

	<b>For the period from</b>			
	<b>January to December 2016</b>		<b>October to December 2015</b>	
	<b>(unaudited)</b>		<b>(unaudited)</b>	
	<i>US\$ million</i>	<i>HK\$ million equivalent</i>	<i>US\$ million</i>	<i>HK\$ million equivalent</i>
Hotel and restaurant revenue	138.3	1,073.2	41.5	322.0
Operating expenses	95.0	737.2	29.4	228.1
Finance costs	15.1	117.2	3.6	27.9
Fair value increase of the Hotel	51.9	402.7	0.6	4.7
Income tax	3.5	27.2	2.1	16.3
Profit after taxation	76.6	594.4	6.9	53.5



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## LETTER FROM THE BOARD

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### INFORMATION ABOUT THE VENDOR

The Vendor is a limited company incorporated in the British Virgin Islands and is principally engaged in investment holding.

### INFORMATION ABOUT THE COMPANY

The Company is principally engaged in property investment and hotel investment, and other investments.

### EFFECT OF THE TRANSACTION

#### Effect on assets and liabilities

Based on the audited consolidated financial statements for the year ended 31 March 2016, the total assets and liabilities of the Group were HK\$8,164.4 million and HK\$2,204.6 million respectively. Assuming the Transaction had been completed and funded solely by internal resources on 31 March 2016, the total assets and total liabilities would both remain unchanged.

#### Effect on earnings

Based on the audited consolidated financial statements for the year ended 31 March 2016, the profit of the Group was HK\$421.0 million. Assuming (i) the Transaction had been completed on 1 April 2015, (ii) the Hotel generated an annual net profit of HK\$191.3 million before fair value increase of the Hotel, and (iii) the Transaction was funded solely by internal resources which would have generated investment income at 3% per annum, the Group's share of results of associated companies would be increased by HK\$38.3 million and investment income would be decreased by HK\$27.6 million. As a result, the profit of the Group would be increased by HK\$10.7 million, representing an increase of 2.5% from the amount set out in the audited financial statements of the Group for the year ended 31 March 2016.

### LISTING RULES IMPLICATIONS

The Transaction constitutes a major transaction which is subject to the Shareholders' approval. Any Shareholders and his/her close associates with a material interest in the Transaction will abstain from voting on the resolution(s) approving the Transaction.

As Gaw Capital Partners is the investment manager of the Vendor, any Shareholders who has interests in Gaw Capital Partners will be required to abstain from voting at the EGM to approve the relevant resolution(s) regarding the Transaction.

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## LETTER FROM THE BOARD

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Gaw Capital Partners has no shareholding in the Vendor. Gaw Capital Partners' role as an investment manager of the Vendor includes the provision of the following services:

- (1) asset management services, including:
  - a. supervising and monitoring of the operator of the Hotel;
  - b. providing advices as to any acquisition, disposal and investment of the Hotel;  
and
  - c. providing advices as to the operation of the Hotel; and
- (2) development management services, including strategic project management.

Mr. Kenneth Gaw and Ms. Christina Gaw are both the shareholders of Gaw Capital Partners. They each hold in aggregate 10% and 1.71% interest in the Company, respectively, and will abstain from voting at the EGM:

- (1) Rising Crescent Enterprises Limited, wholly owned by the RGK Trust, a discretionary trust, of which Mr. Kenneth Gaw (an executive director of the Company) is the sole beneficiary, owns 41,305,864 shares (3.58%) of the Company;
- (2) Top Elite Company Limited, wholly owned by Mr. Kenneth Gaw (an executive director of the Company), owns 12,725,857 shares (1.10%) of the Company;
- (3) Mr. Kenneth Gaw (an executive director of the Company) owns 61,418,428 shares (5.32%) of the Company; and
- (4) Eternity Rich Investments Ltd., wholly owned by Ms. Christina Gaw (an executive director of the Company), owns 19,699,216 shares (1.71%) of the Company.

The Company has received written undertakings from a group of shareholders who together hold more than 50% in nominal value of the shares of the Company and have no interests in Gaw Capital Partners and are not required to abstain from voting at the EGM to vote in favour of the resolution(s) at the EGM to approve the Transaction.

The group of shareholders of the Company consists of the following Shareholders:

- (1) Forward Investments Inc., wholly owned by the YCK Trust, a discretionary trust, of which Madam Y.C. Koo, the mother of Mrs. Rossana Wang Gaw (an executive director of the Company) is the sole beneficiary, owns 283,200,215 shares (24.54%) of the Company;
- (2) Intercontinental Enterprises Corporation, wholly owned by the KYC 1991 Trust, a discretionary trust, of which Mrs. Rossana Wang Gaw (an executive director of the Company) is the sole beneficiary, owns 215,768,260 shares (18.70%) of the Company;

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## LETTER FROM THE BOARD

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- (3) Vitality Holdings Limited, wholly owned by Mrs. Rossana Wang Gaw (an executive director of the Company), owns 25,174,731 shares (2.18%) of the Company;
- (4) Mrs. Rossana Wang Gaw (an executive director of the Company) owns 100,000 shares (0.009%) of the Company;
- (5) Asset-Plus Investments Ltd., wholly and beneficially owned by Mr. Winfred Ho and Mrs. Elsa Wang Ho who are a married couple and respectively the brother-in-law and sister of Mrs. Rossana Wang Gaw (an executive director of the Company), owns 115,403,866 shares (10.00%) of the Company.

### NOTICE OF EGM

Notice of EGM is set out on pages VII-1 to VII-2 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. no later than 11:00 a.m. on 31 May 2017). Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

### CLOSURE OF REGISTER OF MEMBERS FOR EGM

The EGM of the Company is scheduled to be held on Friday, 2 June 2017. For determining the entitlement to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from 29 May 2017 to 2 June 2017, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, 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 4:30 p.m. on Friday, 26 May 2017.

### RECOMMENDATION

The Directors consider that the terms of the Transaction 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 resolution to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### GENERAL INFORMATION

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*

*For the purpose of illustration only and unless otherwise stated, conversion of United States dollars into Hong Kong dollars in this circular is based on the exchange rate of HK\$7.76 to US\$1. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

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

The financial information of the Group for the past three years has been published in the annual reports and the past six months has been published in the interim report per below:

- (i) the financial information of the Group for the six months ended 30 September 2016 is disclosed in the interim report of the Company for the six months ended 30 September 2016 published on 29 December 2016 from pages 2 to 22;
- (ii) the financial information of the Group for the year ended 31 March 2016 is disclosed in the annual report of the Company for the year ended 31 March 2016 published on 28 July 2016, from pages 33 to 82;
- (iii) the financial information of the Group for the year ended 31 March 2015 is disclosed in the annual report of the Company for the year ended 31 March 2015 published on 30 July 2015, from pages 30 to 82; and
- (iv) the financial information of the Group for the year ended 31 March 2014 is disclosed in the annual report of the Company for the year ended 31 March 2014 published on 30 July 2014, from pages 27 to 80.

All of which have been published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.pioneerglobalgroup.com](http://www.pioneerglobalgroup.com) or [www.irasia.com/listco/hk/pioneer/index.htm](http://www.irasia.com/listco/hk/pioneer/index.htm)).

**2. WORKING CAPITAL**

After taking into account the expected completion of the Transaction in June 2017 and the 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 working capital available to the Enlarged Group is sufficient for the Enlarged Group's requirement for at least 12 months from the date of publication of this circular.

### 3. INDEBTEDNESS

#### Borrowings

At the close of business on 31 March 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	<b>Repayable within 1 year HK\$'000</b>	<b>Repayable between 1 to 2 years HK\$'000</b>	<b>Repayable between 3 to 5 years HK\$'000</b>	<b>Total HK\$'000</b>
<b>The Group</b>				
Mortgaged and guaranteed bank loans ( <i>Note 1</i> )	<u>863,500</u>	<u>1,017,500</u>	<u>400,000</u>	<u>2,281,000</u>

*Note:*

- (1) The bank loans are secured by the first legal charges over the Group's investment properties and corporate guarantee provided by the Company.

#### Contingent liabilities

At the close of business on 31 March 2017, being the latest practicable date for the purpose of this indebtedness statement, the Group had no material contingent liabilities.

#### Disclaimers

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not, at the close of business on 31 March 2017, have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

#### Subsequent change of indebtedness

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 March 2017.

#### 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 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

#### 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In June 2016, the Group sold its 50% stake in Jie Fang Building in Guangzhou's Yuexiu District for a net consideration of HK\$68.8 million. This sale realised an investment return multiple of about four times.

In August 2016, the Group sold its long held shares in Asia Financial Holdings Ltd., generating sales proceeds of HK\$156.0 million and a gain of HK\$79.8 million. While the Group believes that Asia Financial Holdings Ltd. is a very well-managed company and continues to believe in its long term prospects, the disposal gave the Group an opportunity to monetise a non-core holding.

In October 2016, the Group signed a binding agreement to acquire the holding company of the 56,740 sq.ft. commercial podium of Kiu Fat Building, Nos 115-119 Queen's Road West, Sai Ying Pun, Hong Kong for the agreed property value of HK\$648.0 million. The transaction was completed in February 2017. With the extension of the MTR line to the western districts of Hong Kong Island, old neighborhoods in these areas have continued to improve; hence the Group is very optimistic about the long term prospects of Sai Ying Pun. The Group intends to hold the Property as a long term investment and will carry out refurbishments to improve the tenant mix.

In February 2017, the Group sold the holding company of Pemberton, a 24-storey commercial property in Sheung Wan, Hong Kong for a net proceed of approximately HK\$757.7 million.

The above disposals enabled the Group to (i) realise returns on matured investments, and (ii) acquire attractive investments including the commercial podium in Sai Ying Pun, Hong Kong and the increase of equity stake in the Hotel by 20% to 30%.

With the many recent terrorist acts across the globe which have affected the tourism industry in Europe, the Directors believe the Hong Kong tourism will recover because Hong Kong is less prone to terrorist attacks. Also in Hong Kong, the commercial office rental rate is continuing its rising trend from benefiting from the "Shanghai – Hong Kong Stock Connect" and the "Mainland – Hong Kong Mutual Recognition of Funds". With these positive trends, the Directors are optimistic about the financial and trading prospects of the Group for the coming year.

Despite that the US interest rate has started its uptrend cycle, such increase is expected to be gentle and will be paced steadily in line with economic growth. The Directors believe the normalisation of interest rate will not have a negative impact on the commercial real estate sector in Hong Kong and thus are optimistic about the financial and trading prospects of the Group for the coming year.

*The following is the text of the accountant's report on the Hotel Investment Company prepared for the sole purpose of incorporation in this circular, received from the independent reporting accountant, Ernst & Young, Certified Public Accountants, Hong Kong.*



22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

16 May 2017

The Directors  
Pioneer Global Group Limited

Dear Sirs,

We set out below our report on the financial information of Supreme Key Limited (the “**Hotel Investment Company**”) comprising the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Hotel Investment Company for each of the three years ended 31 December 2014, 2015 and 2016 (the “**Relevant Periods**”), and the statements of financial position of the Hotel Investment Company as at 31 December 2014, 2015 and 2016, together with the notes thereto (the “**Financial Information**”), prepared on the basis of preparation set out in note 2.1 of Section II below, for inclusion in the circular of Pioneer Global Group Limited (the “**Company**”) dated 16 May 2017 (the “**Circular**”) in connection with the acquisition of the shares of the Hotel Investment Company by a subsidiary of the Company (the “**Acquisition**”).

The Hotel Investment Company was incorporated in the British Virgin Islands with limited liability on 5 January 2011. The principal activity of the Hotel Investment Company is investment holding.

The directors of the Hotel Investment Company (the “**Hotel Investment Company’s Directors**”) have prepared the financial statements of the Hotel Investment Company for the Relevant Periods (the “**Underlying Financial Statements**”) in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The Financial Information set out in this report has been based on the audited financial statements of the Hotel Investment Company for the years ended 31 December 2015 and 2016.



The financial statements of the Hotel Investment Company for each of the years ended 31 December 2015 and 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Hotel Investment Company was inactive for the year ended 31 December 2014 and no audited financial statements have been prepared.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

**Hotel Investment Company's Directors' responsibility**

The Hotel Investment Company's Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that gives a true and fair view in accordance with HKFRSs, and for such internal control as the Hotel Investment Company's Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountant's responsibility**

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

**Opinion in respect of the Financial Information**

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the financial position of the Hotel Investment Company as at 31 December 2014, 2015 and 2016, and its financial performance and cash flows for each of the Relevant Periods.

## I. FINANCIAL INFORMATION

## (A) STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 31 December		
		2014	2015	2016
		US\$	US\$	US\$
<b>REVENUE</b>				
Dividend income	10(a)	–	767,000,000	–
Interest income		–	1,226	16,729
		–	767,001,226	16,729
<b>EXPENSES</b>				
Auditors' remuneration		–	(10,000)	(10,200)
Legal and professional expenses		(710)	(2,377,697)	(15,374)
General and administrative expenses		–	(64,943)	(71,755)
Exchange (losses)/gain, net		–	(3,384)	50
Net change in unrealised (depreciation)/appreciation on investments	7	–	(757,461,253)	76,634,920
<b>(LOSS)/PROFIT BEFORE TAX</b>		(710)	7,083,949	76,554,370
Income tax expense	6	–	–	–
<b>(LOSS)/PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<u>(710)</u>	<u>7,083,949</u>	<u>76,554,370</u>

## (B) STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2014	2015	2016
		US\$	US\$	US\$
<b>NON-CURRENT ASSETS</b>				
Investments:				
Financial assets at fair value				
through profit or loss	7	–	181,673,881	258,308,801
Amounts due from subsidiaries	10(b)	–	5,590,995	5,607,620
Amount due from a subsidiary	10(c)	–	287,000,000	287,000,000
			<u>          </u>	<u>          </u>
Total non-current assets		–	474,264,876	550,916,421
			<u>          </u>	<u>          </u>
<b>CURRENT ASSETS</b>				
Prepayment		–	69,680	–
Pledged deposits	8	–	42,759,393	39,270,698
Cash and cash equivalents	8	386	386	–
		<u>          </u>	<u>          </u>	<u>          </u>
Total current assets		386	42,829,459	39,270,698
		<u>          </u>	<u>          </u>	<u>          </u>
<b>CURRENT LIABILITIES</b>				
Other payables and accrued expenses		(2,300)	(12,301)	(12,501)
Amounts due to shareholders	10(d)	–	(28,153,224)	(24,691,438)
		<u>          </u>	<u>          </u>	<u>          </u>
Total current liabilities		(2,300)	(28,165,525)	(24,703,939)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>NON-CURRENT LIABILITY</b>				
Amounts due to shareholders	10(d)	–	(481,846,766)	(481,846,766)
		<u>          </u>	<u>          </u>	<u>          </u>
(Net liabilities)/net assets		<u>(1,914)</u>	<u>7,082,044</u>	<u>83,636,414</u>
<b>EQUITY</b>				
Share capital	9	1	10	10
(Accumulated losses)/retained profits		<u>(1,915)</u>	<u>7,082,034</u>	<u>83,636,404</u>
		<u>          </u>	<u>          </u>	<u>          </u>
(Net deficit)/total equity		<u>(1,914)</u>	<u>7,082,044</u>	<u>83,636,414</u>
		<u>          </u>	<u>          </u>	<u>          </u>

## (C) STATEMENTS OF CHANGES IN EQUITY

	<i>Note</i>	<b>Share capital US\$</b>	<b>(Accumulated losses)/ retained profits US\$</b>	<b>Total US\$</b>
At 1 January 2014		1	(1,205)	(1,204)
Loss for the year and total comprehensive loss for the year		—	(710)	(710)
At 31 December 2014 and 1 January 2015		1	(1,915)	(1,914)
Profit for the year and total comprehensive income for the year		—	7,083,949	7,083,949
Issue of shares	9	9	—	9
At 31 December 2015 and 1 January 2016		10	7,082,034	7,082,044
Profit for the year and total comprehensive income for the year		—	76,554,370	76,554,370
At 31 December 2016		<u>10</u>	<u>83,636,404</u>	<u>83,636,414</u>

## (D) STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2014 US\$	2015 US\$	2016 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/profit before tax		(710)	7,083,949	76,554,370
Adjustments for:				
Net change in unrealised depreciation/(appreciation) on investments	7	–	757,461,253	(76,634,920)
Dividend income		–	(767,000,000)	–
Interest income		–	(1,226)	(16,729)
		(710)	(2,456,024)	(97,279)
Increase in other payables and accrued expenses		710	10,001	200
(Increase)/decrease in prepayment		–	(69,680)	69,680
Decrease in amounts due to shareholders		–	–	(3,461,786)
Net cash flows used in operating activities		–	(2,515,703)	(3,489,185)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of a subsidiary		–	(928,135,134)	–
Loans to subsidiaries		–	(5,590,995)	(16,625)
Interest received		–	1,226	16,729
(Increase)/decrease in pledged deposits		–	(42,759,393)	3,488,695
Net cash flows (used in)/generated from investing activities		–	(976,484,296)	3,488,799
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
New shareholders' loan		–	509,999,990	–
Loan from a subsidiary		–	469,000,000	–
Proceed from issue of shares	9	–	9	–
Net cash flows generated from financing activities		–	978,999,999	–
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>				
		–	–	(386)
Cash and cash equivalents at beginning of year		386	386	386
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
	8	386	386	–
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents	8	386	386	–

**NON-CASH TRANSACTIONS**

*Note:* During 2015, the Hotel Investment Company received a dividend from a subsidiary amounting to US\$767,000,000 (note 10(a)). The amount was settled through transfer of beneficiary interest of two promissory notes, namely, promissory note A (“PN A”), with a principal amount of US\$480,000,000 and promissory note B (“PN B”), with a principal amount of US\$287,000,000 (note 10 (c)).

During 2015, the Hotel Investment Company repaid an intercompany loan due to a subsidiary amounting to US\$469,000,000 with the PN A. The excess repayment amounting to US\$11,000,000 (note 11) was treated as capital contribution to a subsidiary.

**II. NOTES TO FINANCIAL INFORMATION****1. CORPORATE INFORMATION**

Supreme Key Limited (the “**Hotel Investment Company**”) is a private limited company incorporated in the British Virgin Islands. During 31 December 2015 and 2016, the Hotel Investment Company, through its subsidiaries (note 7), held an investment property and a hotel operation company in Hong Kong. In 2014, the Hotel Investment Company was inactive. The address of its registered office is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

The principal activity of the Hotel Investment Company is investment holding and has not changed during the Relevant Periods.

**2.1 BASIS OF PREPARATION**

The Financial Information have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value. The Financial Information is presented in United States dollars (“**US\$**”), which is also the Hotel Investment Company’s functional currency.

In the opinion of the directors, the Hotel Investment Company meets the definition of an investment entity as disclosed in note 4 and measures its investments in subsidiaries at fair value through profit or loss accordingly.

**2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Hotel Investment Company has adopted the following revised HKFRS for the first time for the current year’s Financial Information, which is applicable to the Hotel Investment Company.

Amendments to HKAS 1	<i>Disclosure Initiative</i>
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The adoption of the amendments has had no significant impact on the Financial Information.

**2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS**

The Hotel Investment Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
Amendments to HKAS 7	<i>Disclosure Initiative</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

Further information about those HKFRSs that are expected to be applicable to the Hotel Investment Company is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Hotel Investment Company expects to adopt HKFRS 9 from 1 January 2018. The Hotel Investment Company is currently assessing the impact of the standards upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Hotel Investment Company expects to adopt the amendments from 1 January 2017.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Subsidiaries**

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Hotel Investment Company. Control is achieved when the Hotel Investment Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Hotel Investment Company the current ability to direct the relevant activities of the investee).

When the Hotel Investment Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Hotel Investment Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Hotel Investment Company's voting rights and potential voting rights.

As disclosed in note 4, the Hotel Investment Company meets the definition of an investment entity and measures its investments in subsidiaries at fair value through profit or loss. Other than the subsidiaries and indirect subsidiaries disclosed in note 7, the Hotel Investment Company does not have any other subsidiaries or indirect subsidiaries.

#### **Fair value measurement**

The Hotel Investment Company measures its equity investments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Hotel Investment Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Hotel Investment Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Information on a recurring basis, the Hotel Investment Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

#### Related parties

A party is considered to be related to the Hotel Investment Company if:

- (a) the party is a person or a close member of that person's family and that person:
- (i) has control or joint control over the Hotel Investment Company;
  - (ii) has significant influence over the Hotel Investment Company; or
  - (iii) is a member of the key management personnel of the Hotel Investment Company or of a parent of the Hotel Investment Company

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Hotel Investment Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Hotel Investment Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Hotel Investment Company or an entity related to the Hotel Investment Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Hotel Investment Company or to the parent of the Hotel Investment Company.

#### Financial instruments

The Hotel Investment Company classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred.

(a) *Financial assets at fair value through profit or loss*

The Hotel Investment Company measures its equity investments in subsidiaries as financial asset or liability at fair value through profit or loss.



A financial asset is classified in this category if it is held for trading, or upon initial recognition, the asset is designated as at fair value through profit or loss and it meets any of the following criteria: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial asset or recognising the gains and losses on it on a different basis; or (ii) the asset is part of a group of financial assets that are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would be separately recorded.

Financial assets so designated are recognised initially at fair value, with transaction costs taken directly to the profit or loss, and are subsequently remeasured at fair value. This designation, once made, is irrevocable in respect of the financial asset to which it is made.

Gains and losses from changes in the fair value of such financial assets are recognised in profit or loss as they arise, together with the related interest income and expenses and dividends.

**(b) *Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Hotel Investment Company recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire; or where the Hotel Investment Company has transferred its contractual rights to receive the cash flows of the financial asset and substantially transferred all of the risks and rewards of ownership have been transferred.

**(c) *Financial liabilities***

The Hotel Investment Company's financial liabilities include other payables and accrued expenses, and amounts due to shareholders. Financial liabilities are recognised when the Hotel Investment Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank balances and cash on hand, which are not restricted as to use.

For the purpose of the statement of financial position, cash and bank balances comprise bank balances and bank deposits, which are not restricted as to use.

**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Hotel Investment Company operates.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Hotel Investment Company and when the revenue can be measured reliably, on the following bases:

- (a) net changes in fair value of investment designated at fair value through profit or loss are recognised in the period in which they arise;
- (b) dividend income is recognised when the right to receive payment has been established; and
- (c) interest income is recognised using the effective interest rate method.

**Foreign currencies**

Transactions in foreign currencies are translated into the functional currency of the Hotel Investment Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATE**

The preparation of the Hotel Investment Company's Financial Information requires management to make judgements and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Judgement*****Assessment as an investment entity***

The investment objective of the Hotel Investment Company is to achieve capital appreciation. Ownership interests in the Hotel Investment Company are in the form of issued common shares and are exposed to variable returns from changes in the fair value of the Hotel Investment Company's net assets. The Hotel Investment Company has been deemed to meet the definition of an investment entity in accordance with HKFRS 10 *Consolidated Financial Statements* as the following conditions exist:

- The Hotel Investment Company has obtained funds from one or more investors for the purpose of providing those investors with investment services;
- The Hotel Investment Company has committed to its investors that its business purpose is solely for returns from capital appreciation, investment income or both; and
- The Hotel Investment Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The directors of the Hotel Investment Company consider that the Hotel Investment Company has met all three defining criteria above. The directors have also assessed the business purpose of the Hotel Investment Company, the investment strategies, the nature of any earnings from its investments and fair value based performance measurement and consider the Hotel Investment Company as an investment entity defined in HKFRS 10.

These conclusions will be reassessed on an annual basis.

### Estimation uncertainty

#### *Fair value of unlisted equity investments*

Investments are carried in the statement of financial position at their fair values. Significant assumptions were made to derive the fair values of the unlisted equity investments. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of investments. The fair value of the unlisted equity investments at 31 December 2014, 2015 and 2016 were US\$nil, US\$181,673,881 and US\$258,308,801 respectively. Further details are included in note 7 to the Financial Information.

### 5. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Hotel Investment Company during the Relevant Periods.

### 6. INCOME TAX EXPENSE

The Hotel Investment Company is domiciled in the British Virgin Islands. Under the current laws of the British Virgin Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Hotel Investment Company during the Relevant Periods.

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Note</i>	<b>2014</b> <i>US\$</i>	<b>2015</b> <i>US\$</i>	<b>2016</b> <i>US\$</i>
Unlisted equity investments, at fair value	<i>11</i>	–	181,673,881	258,308,801

Net unrealised loss on the equity investments for the year ended 2014 and 2015 were US\$nil and US\$757,461,253 respectively. Net unrealised gain on the equity investments for the year ended 2016 was US\$76,634,920. These gains and losses were recognised in profit or loss.

The Hotel Investment Company set up subsidiaries as intermediate holding companies for financing purposes and to hold a real estate investment and a hotel operation company in Hong Kong. As the Hotel Investment Company meets the definition of an investment entity, it does not consolidate its subsidiaries but rather, it recognises them as financial assets at fair value through profit or loss and measured them at fair value. Accordingly, the loans, real estate investment and the hotel operation assets and liabilities, and other assets and liabilities of the subsidiaries are included as part of the fair value as a whole.

The fair value of the subsidiaries that are measured on a fair value basis mainly included:

	<b>2014</b> <i>US\$</i>	<b>2015</b> <i>US\$</i>	<b>2016</b> <i>US\$</i>
<b>ASSETS/(LIABILITIES)</b>			
Investment property	–	938,000,000	993,548,387
Cash	–	24,516,616	45,606,330
Bank loan	–	(480,000,000)	(480,000,000)
Amounts due to Supreme Key Limited	–	(292,590,995)	(292,607,620)
Other net current liabilities	–	(8,251,740)	(8,238,296)
	–	181,673,881	258,308,801

The Hotel Investment Company has acquired an investment property and its operating company in September 2015. These subsidiaries have been generating hotel income in 2014, 2015 and 2016 of US\$nil, US\$41,471,507 and US\$138,266,488 respectively. Dividend of US\$767,000,000 was paid to the Hotel Investment Company in 2015. All these are reflected as part of the net unrealised depreciation on equity investments of US\$nil and US\$757,461,253 in 2014 and 2015 respectively, and net unrealised appreciation of US\$76,634,920 in 2016.

The list of unconsolidated direct subsidiaries and indirect subsidiaries during the year ended 2015 and 2016 is as follows:

**Unconsolidated direct subsidiaries**

Name	Principal place of business	Proportion of ownership	
		2015	2016
Trifaiith Investment Limited	The British Virgin Islands	100%	100%
Leadway Silver Limited	The British Virgin Islands	100%	100%
Famous Attempt Limited	Hong Kong	100%	100%

**Unconsolidated indirect subsidiaries**

Name	Principal place of business	Proportion of ownership	
		2015	2016
Favor Treasure Limited	Hong Kong	100%	100%
Peak Hotel Holdings Limited	Hong Kong	100%	100%

**Restrictions**

There are no significant restrictions on the transfer of funds from these entities to the Hotel Investment Company.

**Supports**

During the Relevant Periods, the Hotel Investment Company provides financial supports to its subsidiaries and indirect subsidiaries.

**8. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS**

	Note	2014 US\$	2015 US\$	2016 US\$
Cash and bank balances		386	386	–
Pledged deposits		–	42,759,393	39,270,698
		386	42,759,779	39,270,698
Less:				
Pledged for a facility granted to a subsidiary	13	–	(42,759,393)	(39,270,698)
Cash and cash equivalents		386	386	–
Denominated in:				
Hong Kong dollars		257	2,111	2,254
United States dollars		129	42,757,668	39,268,444
		386	42,759,779	39,270,698

## 9. SHARE CAPITAL

	2014 US\$	2015 US\$	2016 US\$
Authorised: 50,000 (2015: 50,000; 2014: 50,000) ordinary shares of US\$1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Issued and fully paid 10 (2015: 10; 2014: 1) ordinary shares	<u>1</u>	<u>10</u>	<u>10</u>

A summary of the movements in the Hotel Investment Company's issued share capital is as follows:

	Number of shares in issue	Share capital US\$
At 1 January 2014, 31 December 2014 and 1 January 2015	1	1
Issue of shares	<u>9</u>	<u>9</u>
At 31 December 2015, 1 January 2016 and 31 December 2016	<u>10</u>	<u>10</u>

On 10 July 2015, the Hotel Investment Company issued 9 shares to a shareholder at a cash consideration of US\$1 each.

## 10. RELATED PARTIES TRANSACTION AND BALANCES WITH RELATED PARTIES

In addition to the transactions disclosed elsewhere in the Financial Information, the Hotel Investment Company had the following material transaction with related parties during the Relevant Periods:

	2014 US\$	2015 US\$	2016 US\$
Dividend received from a subsidiary	<u>–</u>	<u>767,000,000</u>	<u>–</u>

- (a) In 2015, the Hotel Investment Company received a dividend of US\$767,000,000 from Trifaiith Investment Limited, a subsidiary, in the form of transfer of beneficiary interests of promissory notes. The Hotel Investment Company received no dividend income during the years ended 2014 and 2016.
- (b) Amounts due from subsidiaries are unsecured, interest-free and recoverable on demand. As the outstanding amount as at 31 December 2015 and 31 December 2016 arises from advances to the subsidiaries for the purpose of financing their operation, the Hotel Investment Company does not intend to demand settlement of the amounts involved within 12 months from the end of each of the Relevant Periods.
- (c) As at 31 December 2015 and 31 December 2016, the Hotel Investment Company is the beneficiary owner of PN B. According to the agreement, Favor Treasure Limited, a subsidiary, shall pay a principal sum of US\$287,000,000 to the beneficiary, which is the Hotel Investment Company.

The balance is interest-free, unsecured and repayable on demand. The Hotel Investment Company does not intend to demand settlement of the amount involved within 12 months from end of the each of the Relevant Periods.

- (d) Pursuant to the Subscription and Joint Venture Deed dated 10 July 2015, the shareholders transferred a total of US\$510,000,000 to the Hotel Investment Company for the acquisition of a subsidiary in the form of a shareholders' loan of US\$509,999,990 and issued shares of the Hotel Investment Company of US\$10. The non-current portion represents shareholder loans paid for the acquisition. The current portion represents excess contribution from the shareholders for the acquisition to support the Hotel Investment Company's operations.

The non-current portion is unsecured, interest-free, repayable upon unanimous consent of the shareholders. The shareholders have confirmed that they do not intend to demand settlement of the amounts involved within 12 months from the end of each of the Relevant Periods.

The current portion is unsecured, interest-free and repayable on demand.

## 11. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities of the Hotel Investment Company approximate their fair values as at 31 December 2014, 31 December 2015 and 31 December 2016.

Management has assessed that the fair values of amounts due from subsidiaries included in investments, amount due from a subsidiary, pledged deposits, and financial liabilities included in other payables and accrued expenses and amounts due to shareholders approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Hotel Investment Company's financial instrument:

#### Assets measured at fair value:

As at 31 December 2014

	Fair value measurement using			Total US\$
	Quoted prices in active markets (Level 1) US\$	Significant observable inputs (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	
Financial assets at fair value through profit or loss	—	—	—	—

As at 31 December 2015

	Fair value measurement using			Total US\$
	Quoted prices in active markets (Level 1) US\$	Significant observable inputs (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	
Financial assets at fair value through profit or loss	—	—	181,673,881	181,673,881

As at 31 December 2016

	Fair value measurement using			Total US\$
	Quoted prices in active markets (Level 1) US\$	Significant observable inputs (Level 2) US\$	Significant unobservable inputs (Level 3) US\$	
Financial assets at fair value through profit or loss	–	–	255,557,740	255,557,740

There have been no transfers between levels during the Relevant Periods.

Valuation technique applied for the Hotel Investment Company's financial assets at fair value through profit or loss is as follows:

The Hotel Investment Company's investments in unlisted equity investments are not quoted in an active market. In measuring fair values of the equity investments as a whole, the net asset values ("NAV") of the equity investments are adjusted, as necessary, to reflect projected future economic conditions. Significant judgment may be applied to determine the NAV of the investments. Therefore, the Hotel Investment Company classifies its investments in unlisted equity investments in Level 3.

As of 31 December 2015 and 31 December 2016, the NAV of the equity investments was driven by the underlying investment properties invested and the operation result of a hotel situated in Hong Kong. The Hotel Investment Company hires an independent valuer to assess the investment property's value. The independent property valuer adopted income approach by using discounted cash flow analysis to arrive the valuation of investment properties as at 31 December 2016. The discounted cash flow analysis for the hotel properties are established based on analysis of historical data and on assumptions about future market conditions affecting supply, demand, income, expenses and the potential for risk. These assumptions determine the earning capability of the hotel properties upon which the pattern of income and expenditures are projected to establish a fair maintainable profit on a yearly basis by a reasonably efficient operator over a 10-year investment horizon; and the anticipated net operating income stream receivable thereafter is capitalised at appropriate terminal capitalisation rates and adjusted to present value to reflect the capital values beyond the years.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	US\$
Carrying amount at 1 January 2014, 31 December 2014 and 1 January 2015	–
Purchase of a subsidiary	928,135,134
Capital contribution to a subsidiary	11,000,000
Net change in unrealised depreciation on investments	(757,461,253)
Carrying amount at 31 December 2015 and 1 January 2016	181,673,881
Net change in unrealised appreciation on investments	76,634,920
Carrying amount at 31 December 2016	258,308,801

In 2015, the fair value of the investment property was determined with reference to the initial acquisition cost. In 2014, the Hotel Investment Company did not hold any investments.

Below is a summary of the valuation techniques used and the significant unobservable inputs to the valuation of investment property together with a quantitative sensitivity analysis as at 31 December 2016:

	<b>Valuation Technique</b>	<b>Significant unobservable inputs</b>	<b>Weighted average amount</b>	<b>Sensitivity of fair value to the inputs</b>
Hotel property	Discounted cash flow analysis	Discount rate	8.6%	Increase/decrease by 50 basis points would result in change of fair value by a decrease/an increase of US\$38,710,000.
		Room rate	US\$342	Slight change in the room rate would not result in significant change to the fair value.

As the fair value of the investment property in 2015 was determined with reference to the initial acquisition cost, no sensitivity analysis was performed. In 2014, no valuation was made since the Hotel Investment Company did not hold any investments.

## 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Hotel Investment Company's principal financial instruments comprise financial assets at fair value though profit or loss, amounts due from subsidiaries included in investments, amount due to a subsidiary, pledged deposits, amounts due to shareholders and financial liabilities included in other payables and accrued expenses.

The main risks arising from the Hotel Investment Company's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk.

The board of directors reviews and agrees policies for managing the above risks as summarised below.

### (a) Foreign currency risk

Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations when the future commercial transaction or recognised assets or liabilities are denominated in a currency other than the entity's functional currency.

The Hotel Investment Company is exposed to transactional foreign currency risk arising from its income and expenses in Hong Kong dollars. The Hotel Investment Company's exposure to transactional foreign currency risk is minimal as the Hong Kong dollars is pegged to the United States dollar. No foreign currency risk sensitivity analysis was prepared as a result.

### (b) Interest rate risk

Interest rate risk is the risk that the values of the financial instruments and the amount of interest income from variable interest rate financial instruments will fluctuate as a result of changes in market interest rates.

The Hotel Investment Company's exposure to the risk of changes in market interest rates relates primarily to the Hotel Investment Company's pledged deposits earning interest at floating rates. As the interest rate remained flat with insignificant interest income earned during the Relevant Periods, the Hotel Investment Company's exposure to interest rate risk is considered to be minimal and no sensitivity analysis has been presented.

### (c) Credit risk

Credit risk relates to the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash flows to the Hotel Investment Company from financial assets on hand as at the end of the Relevant Periods.



The Hotel Investment Company's credit risk is primarily attributable to its amounts due from subsidiaries included in investments, amount due from a subsidiary and pledged deposits, with a maximum exposure equal to the carrying amounts of these instruments. The Hotel Investment Company reviews the recoverable amount of the amounts due from subsidiaries included in investments and amount due from a subsidiary at the end of each of the Relevant Periods to ensure that impairment, if any, has adequately been provided for doubtful debts. The Hotel Investment Company's pledged deposits are held in major financial institutions located in Hong Kong, which the directors believe are of high credit quality.

Therefore, the Hotel Investment Company is not exposed to significant credit risk as at the end of each of the Relevant Periods.

**(d) Liquidity risk**

Liquidity risk is the risk that the Hotel Investment Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Hotel Investment Company has policies to maintain sufficient cash and continuity of funding to meet its liabilities. In the view of the director, the Hotel Investment Company has a solid financial position, and the exposure to liquidity risk is minimal.

The maturity profile of the Hotel Investment Company's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

31 December 2014

	<b>On demand</b> <i>US\$</i>	<b>Less than 1 year</b> <i>US\$</i>	<b>Others</b> <i>US\$</i>	<b>Total</b> <i>US\$</i>
Other payables and accrued expenses	–	2,300	–	2,300
	<u>–</u>	<u>2,300</u>	<u>–</u>	<u>2,300</u>

31 December 2015

	<b>On demand</b> <i>US\$</i>	<b>Less than 1 year</b> <i>US\$</i>	<b>Others</b> <i>US\$</i>	<b>Total</b> <i>US\$</i>
Other payables and accrued expenses	–	12,301	–	12,301
Amounts due to shareholders	28,153,224	–	481,846,766	509,999,990
	<u>28,153,224</u>	<u>12,301</u>	<u>481,846,766</u>	<u>510,012,291</u>

31 December 2016

	<b>On demand</b> <i>US\$</i>	<b>Less than 1 year</b> <i>US\$</i>	<b>Others</b> <i>US\$</i>	<b>Total</b> <i>US\$</i>
Other payables and accrued expenses	–	12,501	–	12,501
Amounts due to shareholders	24,691,438	–	481,846,766	506,538,204
	<u>24,691,438</u>	<u>12,501</u>	<u>481,846,766</u>	<u>506,550,705</u>

**13. PLEDGE OF ASSETS**

The Hotel Investment Company entered into fixed charges on certain bank accounts, and its effective ownership in Favour Treasure Limited and Peak Hotel Holdings Limited in favour of a bank against a medium term facility granted to Famous Attempt Limited.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

The following is the management discussion and analysis on the Hotel Investment Company.

**FOR THE YEAR ENDED 31 DECEMBER 2015****(a) Business Review and Financial Results**

The Hotel Investment Company had no business activity before 30 September 2015 on which the Hotel Investment Company via its subsidiaries acquired the Hotel at a consideration of US\$938.0 million (equivalent to approximately HK\$7,278.9 million) and then only operated the Hotel during the reporting period. The Hotel Investment Company is accounted for as an investment entity under the HKFRSs. It does not consolidate its subsidiaries but rather recognizes them as financial assets at fair value through profit or loss. At 31 December 2015, the fair value of its investment in subsidiaries was recorded at US\$474.3 million (equivalent to approximately HK\$3,680.6 million) representing an increase of US\$7.1 million (equivalent to approximately HK\$55.1 million) since acquisition. The increase was attributed to an increase of fair value of the Hotel of US\$0.6 million (equivalent to approximately HK\$4.7 million) and the net profit of the Hotel operation of US\$6.4 million (equivalent to approximately HK\$49.7 million) since acquisition. The average occupancy rate of the Hotel in financial year 2015 was 84.1%. The total hotel revenue was HK\$1,079.4 million for the full year. InterContinental Hotels Group (Greater China) Limited was engaged as the manager of the Hotel responsible for its operation and management since acquisition.

No employee was hired by the Hotel Investment Company throughout the reporting period.

The Hotel Investment Company did not have any future plan for material investments/divestments in the coming financial period.

**(b) Financial Resources, Liquidity, Capital Structure, Gearing Ratio and Charges On Assets**

In September 2015, the acquisition of the Hotel was funded by shareholder loans of US\$510.0 million (equivalent to approximately HK\$3,957.6 million) together with a non-recourse 3-year bank loan of US\$480.0 million (equivalent to approximately HK\$3,724.8 million) obtained by a subsidiary of the Hotel Investment Company. As at 31 December 2015, the Hotel Investment Company and its subsidiaries had a cash reserve of US\$67.3 million (equivalent to approximately HK\$522.2 million). The consolidated current ratio (current assets/current liabilities) was about 3.5 times. The consolidated gearing ratio (loan to total assets) was about 46.8%. The bank loan was secured by a mortgage on the Hotel.

**(c) Foreign Exchange Exposure and Contingent Liabilities**

Although the mortgage loan is denominated in US\$, the exchange rate exposure is addressed by the fixed exchange rate between HK\$ and US\$ through the currency board system of Hong Kong since 1983.

During the reporting period, the Hotel Investment Company did not have any contingent liabilities.

**FOR THE YEAR ENDED 31 DECEMBER 2016****(a) Business Review and Financial Results**

Throughout the reporting period, the Hotel Investment Company together with its subsidiaries only operated the Hotel. At 31 December 2016, the fair value of its investment in subsidiaries was recorded at US\$550.9 million (equivalent to approximately HK\$4,275.0 million) representing an increase of US\$76.6 million (equivalent to approximately HK\$594.4 million) from previous year. The increase was attributed to an increase of fair value of the Hotel property of US\$51.9 million (equivalent to approximately HK\$402.7 million) and the net profit of the Hotel operation of US\$24.7 million (equivalent to approximately HK\$191.7 million). The average occupancy rate of the Hotel in financial year 2016 was 84.7% compared to 84.1% in financial year 2015. The total hotel revenue was HK\$1,073.2 million for the year, which decreased by 0.57% compared to the previous year (2015: HK\$1,079.4 million). Nevertheless, the business results of the Hotel were considered more robust than the average performance of the hotel industry in Hong Kong which was negatively affected by the continuing decline of mainland visitors. There was no material acquisition nor disposal in the course of the financial year.

**(b) Financial Resources, Liquidity, Capital Structure, Gearing Ratio and Charges On Assets**

As at 31 December 2016, the Hotel Investment Company and its subsidiaries had a cash reserve of US\$84.9 million (equivalent to approximately HK\$658.8 million). The consolidated current ratio (current assets/current liabilities) was about 4.6 times. The consolidated capital structure comprised of (a) shareholder loans of US\$506.5 million (equivalent to approximately HK\$3,930.4 million) and (b) a bank loan of US\$480.0 million (equivalent to approximately HK\$3,724.8 million). The consolidated gearing ratio (loan to total assets) was about 43.8%. The bank loan was secured by a mortgage on the Hotel.

No employee was hired by the Hotel Investment Company throughout the reporting period.

**(c) Foreign Exchange Exposure and Contingent Liabilities**

Although the mortgage loan is denominated in US\$, the exchange rate exposure is addressed by the fixed exchange rate between HK\$ and US\$ through the currency board system of Hong Kong since 1983.

During the reporting period, the Hotel Investment Company did not have any contingent liabilities.

**(d) Plan For Major Material Investment**

A significant refurbishment of the Hotel is under planning and expected to commence in late 2018 or early 2019. The Hotel will be closed over the refurbishment period which will take about 14 to 18 months. The cost estimate is about US\$250.0 million (equivalent to approximately HK\$1,940.0 million) which will be funded by internal resources and bank borrowing.

**1. INTRODUCTION OF THE UNAUDITED PRO FORMA STATEMENT OF ASSETS  
AND LIABILITIES OF THE ENLARGED GROUP**

The following is the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the “Unaudited Pro Forma Financial Information”) which has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effect on the assets and liabilities of the Enlarged Group as if the acquisition of the Hotel Investment Company (the “Acquisition”) had been completed on 30 September 2016.

The Unaudited Pro Forma Financial Information of the Enlarged Group as at 30 September 2016 has been prepared based on the information as set out in:

- (a) the unaudited consolidated statement of financial position of the Group as at 30 September 2016 which has been extracted from the published interim results of the Company for the six months ended 30 September 2016;
- (b) after taking into account of the unaudited pro forma adjustments, which are directly attributable to the Acquisition and factually supportable, as described in the notes thereto to demonstrate how the Acquisition might have affected the historical financial information in respect of the Group as if the Acquisition had been completed on 30 September 2016.

The Unaudited Pro Forma Financial Information should be read in conjunction with the “Financial Information of the Group” set forth in Appendix I to this Circular, the “Accountant’s Report on the Hotel Investment Company” set forth in Appendix II to this Circular, and other financial information included elsewhere of this Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the consolidated financial position of the Enlarged Group as at 30 September 2016 or at any future date.

**APPENDIX IV**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**
**Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group**

	The Group As at 30 September 2016 (Unaudited) <i>HK\$'000</i> <i>Note 1</i>	Pro Forma Adjustments (Unaudited) (Unaudited) <i>HK\$'000</i> <i>HK\$'000</i> <i>Note 2</i> <i>Notes 3, 4, 5</i>		Pro Forma Adjustments Total (Unaudited) <i>HK\$'000</i>	Pro Forma of the Enlarged Group (Unaudited) <i>HK\$'000</i>
<b>ASSETS</b>					
Non-current assets					
Investment properties	6,483,300		(780,000)	(780,000)	5,703,300
Associates	1,020,627	918,888		918,888	1,939,515
Available-for-sale investment	472,945				472,945
Property, plant and equipment	1,326				1,326
Other assets	300				300
	<u>7,978,498</u>				<u>8,117,386</u>
Total non-current assets					
Current assets					
Debtors, advances & prepayments	103,751		(4,004)	(4,004)	99,747
Available-for-sale investment	68,913				68,913
Financial assets at fair value	1,219				1,219
Cash and cash equivalents	233,469	(918,888)	757,747	(161,141)	72,328
	<u>407,352</u>				<u>242,207</u>
Total assets					
	<u>8,385,850</u>				<u>8,359,593</u>
<b>LIABILITIES</b>					
Non-current liabilities					
Creditors & Accruals	54,706		(7,051)	(7,051)	47,655
Secured bank loans	1,252,752		(240,000)	(240,000)	1,012,752
Deferred taxation	58,775		(14,547)	(14,547)	44,228
	<u>1,366,233</u>				<u>1,104,635</u>
Current liabilities					
Creditors & Accruals	34,536		(2,275)	(2,275)	32,261
Secured bank loans	763,500				763,500
Tax liabilities	7,464		(483)	(483)	6,981
	<u>805,500</u>				<u>802,742</u>
Total liabilities					
	<u>2,171,733</u>				<u>1,907,377</u>
Total assets less liabilities					
	<u>6,214,117</u>				<u>6,452,216</u>

**Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group**

- (1) The balances were extracted from the unaudited consolidated statement of financial position of the Group as at 30 September 2016 as set out in the Company's published interim report for the six months ended 30 September 2016.
- (2) The adjustment represents the Transaction to be done by the Group for an aggregate consideration of US\$118,413,381 (equivalent to approximately HK\$918,888,000). The Group will settle the consideration by internal resources and net proceeds of disposal (HK\$757.7 million) referred to in Note (3).
- (3) The adjustment represents the financial effect on disposal of the entire issued share capital of AEW VIA Cayman 4, Ltd., a wholly-owned subsidiary of the Company. On 22 March 2017, the Company completed the disposal of the entire issued share capital of AEW VIA Cayman 4, Ltd. and received the net proceeds of HK\$757.7 million. Such net proceeds was used to settle the consideration for the Transaction. The details of the disposal are disclosed in our circular dated 14 February 2017.
- (4) On 28 February 2017, the Group's acquisition of the Sai Ying Pun property's holding company was completed. The consideration for this acquisition was mainly funded by bank borrowing. This acquisition is not directly attributable to the Transaction and therefore will not affect the pro forma adjustments of the Enlarged Group.
- (5) Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2016.



*The following is the text of the accountants' report on the Enlarged Group, prepared for the purpose of incorporation in this circular, received from the reporting accountants of the Enlarged Group, CHENG & CHENG LIMITED, Certified Public Accountants, Hong Kong.*

**CHENG & CHENG LIMITED**

CERTIFIED PUBLIC ACCOUNTANTS

鄭 鄭 會 計 師 事 務 所 有 限 公 司

10/F., Allied Kajima Building,  
138 Gloucester Road, Wanchai, Hong Kong

16 May 2017

The Board of Directors  
Pioneer Global Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information (the “Unaudited Pro Forma Financial Information”) of Pioneer Global Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of assets and liabilities of the Group as at 30 September 2016 and related notes as set out on pages IV-2 to IV-3 of the circular of the Company dated 16 May 2017 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page IV-1 of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 20% equity interest (which consists of share capital and shareholder loan) of Supreme Key Limited (the “Proposed Transactions”) on the Group’s assets and liabilities as at 30 September 2016 as if the Proposed Transactions had taken place at 30 September 2016. As part of this process, information about the Group’s assets and liabilities has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2016, on which no auditor’s report or review conclusion has been published.

**DIRECTORS’ RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The Directors are responsible for compiling 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” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

**OUR INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**REPORTING ACCOUNTANT’S RESPONSIBILITIES**

Our responsibility is to express 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.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus”, issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29(7) of the Listing Rules and with reference to AG 7 issued by the HKICPA.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2016 would have been as presented.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the pro forma adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information on the Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Your faithfully,  
**Cheng & Cheng Limited**  
*Certified Public Accountants*  
Hong Kong

*The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with its valuation as at 31 March 2017 of the Hotel to be acquired by the Group. Terms defined in this appendix applies to this appendix only.*



The Board of Directors  
Pioneer Global Group Limited  
18th Floor  
68 Yee Wo Street  
Causeway Bay  
Hong Kong

Savills Valuation and  
Professional Services Limited  
23/F Two Exchange Square  
Central, Hong Kong

T: (852) 2801 6100

F: (852) 2530 0756

EA LICENCE: C-023750

savills.com

16 May 2017

Dear Sirs

**RE: INTERCONTINENTAL HONG KONG, 18 SALISBURY ROAD, TSIM SHA TSUI, KOWLOON, HONG KONG (“THE PROPERTY”)**

In accordance with your instructions for us to value the Property partly held by Pioneer Global Group Limited (“the Company”) and its subsidiaries (collectively “the Group”) for investment purposes, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 March 2017 for the purposes of inclusion in a circular to be issued by the Company.

#### **BASIS OF VALUATION**

Our valuation is our opinion of the market value of the Property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation is prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors and complies with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. We are independent of the Company and the Group and we have carried out the valuation independently and impartially.

The Property is an operating hotel and has been granted with the licence as hotel/guesthouse under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by Hotel and Guesthouse Accommodation Authority. In view of the nature of the Property, we have valued the Property on a going-concern basis as an operating hotel and hence our valuation has included the values of land, buildings, furniture, trade fixtures and fittings, and operating equipment.

In accordance with your instructions, our valuation does not take into account the refurbishment plan/future business plan of the hotel. Our valuation is carried out with reference to its use in existing state and on the basis that the Property has been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that, for the continual use of the Property upon which our valuation is based, all required licences, permits, certificates and authorizations have been obtained, except only where otherwise stated.

## **VALUATION METHODOLOGY**

In arriving at our opinion of market value of the Property, we have considered the relevant general and economic factors and in particular have investigated recent sales of comparable properties. In the course of our valuation, we have principally adopted the Discounted Cash Flow Analysis approach which is a commonly accepted method in valuation of hotel premises and counter-checked this by the Direct Comparison Approach.

### **Discounted Cash Flow Analysis (“DCF Analysis”)**

As the Property is held for long term investment, we have adopted a 10-year projection time frame in our DCF Analysis. Such 10-year investment horizon enables an investor to make an assessment of the long-term return that is likely to be derived from the Property.

In preparing the DCF Analysis, the income and expenses for the next ten years from the date of valuation are itemised and projected annually taking into account, among other things, the actual operating accounts from years of 2014, 2015, 2016 and first two months of 2017 of the Property, the expected growth (or decline) of incomes and expenses.

The net cash flow over the ten-year period is discounted at a discount rate. In undertaking this analysis, we have relied on the past profit and loss accounts provided by the Company and our analysis of the relevant general and economic conditions and the business prospects of the Property.

The Property is hypothetically assumed to be sold at the end of the ten-year period. The net cash flow of Property from the 11th year onward to perpetuity is capitalised at a terminal capitalisation rate expected for this type of property investment in the market. Due consideration has been given to the expectation of the renewal of the Government lease upon expiry. This terminal rate of return is made by reference to the yields achieved in analyzed market sale of hotel premises and our knowledge of the market expectation from our day-to-day contact with property investors. This expected return reflects implicitly the quality of the investment, the expectation of the potential of future income and capital appreciation, risk factors and the like. This capitalised terminal value is discounted at the discount rate.

### **Direct comparison**

Comparable hotel sales transactions around the valuation date are collected and analyzed in terms of a price per room. The collected comparables are then adjusted to take account of the discrepancies between the Property and the comparables. However, as there is no recent transaction of prestigious high-end hotel similar to the Property, direct comparison method is considered not desirable as substantial adjustments have to be made for the dissimilarities between the recently transacted hotels and the Property. Therefore, it is more appropriate to rely on the DCF analysis and take the comparable sale transactions for reference checking purpose.

### **TITLE INVESTIGATIONS**

In preparing our valuation, we have carried out land searches at the Land Registry of Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We are not aware of any title defects, easements or right of way affecting the Property and our valuation assume that none exists, except only where otherwise stated. As advised by the Company, there are no investigations, notices, pending litigation, breaches of law or title defects against the Property.

### **VALUATION CONSIDERATION AND ASSUMPTIONS**

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, building plans, floor areas, income and expenditure statements and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. We have not carried out on-site measurement to verify the correctness of the floor areas of the Property. We have no reason to doubt the truth and accuracy of the information provided to us by the Company or to suspect that any material information has been withheld.

We have inspected the exterior of the Property valued and, where possible, we have also inspected the interior of the premises. However, no structural survey has been made but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the Property is free from rot, infestation or any other structural defect. No tests were carried out to any of the services. No environmental study for the Property has been made.

Our valuation has been made on the assumption that the Property can be sold in the market without benefit or drawback of deferred terms contracts, leasebacks, joint ventures, lease or any similar arrangements which would affect its value. No allowance has been made in our valuation for any charge, mortgage or amount owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We enclose herewith our valuation certificate for your attention.

Yours faithfully

For and on behalf of

**Savills Valuation and Professional Services Limited**

**Charles C K Chan**

*MSc FRICS FHKIS MCI Arb RPS (GP)*

*Managing Director*

*Note:* Mr. Charles C K Chan is a professional surveyor who has over 32 years' experience in the valuation of properties in Hong Kong.

## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2017
InterContinental Hong Kong, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong	The Property is a 19-storey (including Basement Level 1 and Basement Level 2) high tariff A hotel which was completed in 1983 and had undergone substantial renovation and refurbishment from 2005 to 2007.	The Property is an operating hotel.	HK\$7,700,000,000  (Hong Kong Dollars Seven Billion Seven Hundred Million)

48,797/509,520th shares of and in Kowloon Inland Lot No. 9844.

The Property is situated in Tsim Sha Tsui District which is a prime commercial, shopping and tourist area. Developments in this locality consist of commercial buildings, commercial/residential composite buildings, multi-storey shopping arcades, hotels and serviced apartments.

The Property currently contains a total of 503 guestrooms and suites with food and beverage outlets, banquet and convention facilities, leisure and recreational facilities and other hotel facilities.

The guest room configuration is detailed as follows:-

Room Type	Number of Rooms
<i>Suites</i>	
Superior Junior Suite	20
Deluxe Junior Suite	26
Superior Harbour View Suite	12
Executive Harbour View Suite	14
Deluxe Harbour View Suite	12
Terrace Suite	1
CEO Suite	1
Presidential Suite	1
<i>Rooms</i>	
Superior Plaza View Room	137
Superior Harbour View Room	175
Deluxe Plaza View Room	43
Deluxe Harbour View Room	39
Executive Pool View Room	22
Total:	<u>503</u>



## VALUATION CERTIFICATE

**Description and tenure**

The key food and beverage outlets are detailed as follows:-

<b>Name</b>	<b>Floor</b>
Yan Toh Heen	Level 0
The Steak House	Level 0
Harbourside	Level 0
Lobby Lounge	Level 1
Spoon	Level 1
Nobu	Level 2

The function, meeting and banquet facilities are detailed as follows:-

<b>Venue Name</b>	<b>Floor/ (Number of Rooms)</b>
Elm, Pine, Cypress, Maple and Palm	Level 1 (5 rooms)
Willow, Cherry, Peach, Catalpa and Birch	Level 2 (6 rooms)
The Ballroom and Pre-Function Area	Level 2

The Property also provides recreational facilities including the spa centre, swimming pool terrace, fitness centre, club facilities, business centre and retail outlets.

As per the information provided by the Company, the total gross floor area of the Property is approximately 51,148.53 sq.m. (550,563 sq.ft.).

Kowloon Inland Lot No. 9844 is held from the Government under Conditions of Exchange No. UB11172 for a term of 150 years commencing on 3 November 1902. The annual Government rent payable for the lot is HK\$3,508,546.

- Notes: (1) According to the Land Register record obtained from the Land Registry, the current registered owner of the Property is Favor Treasure Limited, an indirect wholly-owned subsidiary of the Hotel Investment Company, through an assignment dated 6 October 2015, and registered vide memorial no. 15102002620025.
- (2) The Property lies within an area zoned “Commercial (7)” under Tsim Sha Tsui Outline Zoning Plan.
- (3) The Property was granted a licence as a hotel/guesthouse under the Hotel and Guesthouse Accommodation Ordinance, Cap. 349 by the Hotel and Guesthouse Accommodation Authority.
- (4) The following encumbrances are registered against the Property:–
- (a) Modification Letter dated 2 May 1978 vide memorial no. UB1523763;
  - (b) Lease of area in the Basement dated 18 October 1978 in favour of China Light and Power Company Limited vide memorial no. UB1602551;
  - (c) Modification Letter dated 31 January 1980 vide memorial no. UB1844320;
  - (d) Modification Letter dated 25 July 1996 vide memorial no. UB6699985;
  - (e) Modification Letter dated 10 October 1998 vide memorial no. UB7587182;
  - (f) Deed of Grant of Right of Way dated 18 May 2001 vide memorial no. UB8411863;
  - (g) Deed of Mutual Covenant dated 18 May 2001 vide memorial no. UB8411864;
  - (h) Management Agreement dated 18 May 2001 in favour of Kiu Lok Service Management Company Limited vide memorial no. UB8411865;
  - (i) Supplement Agreement dated 29 August 2001 in favour of Kiu Lok Service Management Company Limited vide memorial no. UB8478794;
  - (j) Modification Letter dated 18 April 2008 vide memorial no. 08042201770017;
  - (k) Mortgage dated 6 October 2015 in favour of United Overseas Bank Limited vide memorial no. 15102002620034;
  - (l) Lease dated 6 October 2015 in favour of Peak Hotel Holdings Limited formerly known as Intercontinental Hong Kong Limited vide memorial no. 15110202060033; and
  - (m) Memorandum for Lease dated 6 October 2015 in favour of Peak Hotel Holdings Limited formerly known as Intercontinental Hong Kong Limited vide memorial no. 15110202060045.
- (5) In accordance with your instructions, our valuation does not take into account the Lease dated 6 October 2015 and Memorandum for Lease dated 6 October 2015.
- (6) Our inspection of the Property was carried out by Mr. Eddie C K So, MRICS, MHKIS, on 6 December 2016. The Property was maintained in a reasonable condition commensurate with its age and uses and equipped with normal building services.
- (7) The key parameters of our 10-year DCF Analysis are set out below:–
- |                                   |                           |
|-----------------------------------|---------------------------|
| Average Daily Rate*:              | Year 1 – around HK\$2,850 |
| Annual Growth in Daily Room Rate: | Stabilized at 3.9%        |
| Occupancy Rate*:                  | Year 1 – 83%              |
|                                   | Stabilized at 83%         |
| Discount Rate**:                  | Approximately 8.6%        |
| Terminal Capitalisation Rate***:  | Approximately 4.7%        |

- \* The average daily rate (ADR) and occupancy rate are determined by reference to the operating accounts of the past years. The stabilized growth in ADR and occupancy rate are based on our expectation of a steadily growth hotel industry in long run with due consideration of factors like the upcoming completion of competitive hotels, improvement of the locality and completion of strategic infra-structures.
  
- \*\* The discount rate is based on a risk free rate by reference to the prevailing yield of 10-year Hong Kong Exchange Fund Notes and a risk premium for holding the Property for investment having regard to the nature and characteristics of the Property.
  
- \*\*\* The terminal capitalization rate is made by reference to the analyzed yields of market sale of hotels and our knowledge of the market expectation of investors of this type of property.

## 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 DIRECTORS' 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 of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

### Long position in shares of the Company

Name of director	Personal interests	Number of ordinary shares		Total	%
		Interests held by controlled corporation	Interests held by family trust		
Rossana Wang Gaw	100,000	25,174,731 <sup>1</sup>	215,768,260 <sup>2</sup>	241,042,991	20.89
Kenneth Gaw	61,418,428	12,725,857 <sup>3</sup>	41,305,864 <sup>4</sup>	115,450,149	10.00
Christina Gaw	–	19,699,216 <sup>5</sup>	–	19,699,216	1.71
Stephen Tan	–	4,440,754 <sup>6</sup>	–	4,440,754	0.38

- Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 25,174,731 shares.
- Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares.
- Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 12,725,857 shares.
- Family trust of which Mr. Kenneth Gaw is the sole beneficiary held an aggregate of 41,305,864 shares.
- Ms. Christina Gaw owns the entire issued share capital of Eternity Rich Investments Limited, which was beneficially interested in 19,699,216 shares.
- Mr. Stephen Tan and his spouse together own 0.59% issued share capital of Bangkok Mercantile (Hong Kong) Company Limited, which was beneficially interested in 4,440,754 shares. Mr. Stephen Tan is the Chairman of Bangkok Mercantile (Hong Kong) Company Limited and he can exercise control over the board.

**Long position in shares of associated corporations**

<b>Name of company</b>	<b>Name of director</b>	<b>Number of ordinary shares held by controlled corporation</b>	<b>%</b>
Pioneer Hospitality Siam (GBR) Ltd.	Rossana Wang Gaw	30,300,000*	50.5
Pioneer Hospitality Siam (GBR) Ltd.	Kenneth Gaw	30,300,000*	50.5
Keencity Properties Ltd.	Rossana Wang Gaw	5,019,205*	50.5
Keencity Properties Ltd.	Kenneth Gaw	5,019,205*	50.5

\* 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 adopted by the Company to be notified to the Company and the Stock Exchange.

**3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS**

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.

<b>Name of shareholder</b>	<b>Number of ordinary shares</b>	<b>%</b>
Asset-Plus Investments Ltd.	115,403,866	10.00
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corporation	215,768,260 <sup>1</sup>	18.70
Prosperous Island Limited	97,324,936	8.43

1. Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 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

During the two years immediately preceding the date of this circular up to and including the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Company) have been entered into by the Group and are or may be material:

- (1) a subscription and joint venture deed entered into between Uniever and the Vendor on 10 July 2015 to form a joint venture to acquire InterContinental Hong Kong, a 5-star hotel in Tsim Sha Tsui, Kowloon, Hong Kong. The Group has 10% equity participation in the joint venture and committed a capital contribution of US\$51.0 million (equivalent to approximately HK\$395.8 million);
- (2) a sale and purchase agreement dated 7 October 2015 entered into between Kind Regent Holdings Limited, a wholly owned subsidiary of the Company, Prestige Goal Limited, Center Link Limited, PIA 2015 Investments (Singapore) Pte. Ltd., PREP Alliance Limited and CFIC-2014 NV Family Investments, LLC (collectively the "purchasers") with Advance System Limited and Elite Sino Investments Limited (collectively the "sellers"), in relation to the acquisition of 79.73% of the issued shares in True Partner Investments Limited (the "True Partner") at RMB983.6 million (equivalent to approximately HK\$1,199.5 million) (of which Kind Regent Holdings Limited shall purchase 4% of the issued shares in the True Partner at RMB49.3 million (equivalent to approximately HK\$60.1 million));
- (3) a sale and purchase agreement entered into between Pine International Limited, a wholly owned subsidiary of the Company and True Light Enterprises Limited on 9 May 2016 to dispose the entire issued share capital of Network Success Limited and the relevant shareholder's loan of HK\$4.7 million at a cash consideration of HK\$68.8 million;

- (4) a share purchase agreement entered into between Chance Advance Limited, a wholly owned subsidiary of the Company, and Wing Hing Electric Trading Company Limited, Mr. Wong Wing Keung and Glorious Ocean Investment Limited (collectively the “sellers”) and Mr. Kwok Wing Yau and Mr. Chan Wing Kee, Alfred (collectively the “guarantors”) on 18 October 2016 to acquire the entire issued share capital of Maxforte Investments Company Limited, being the holding company of the whole of lower ground floor, whole of the ground floor, whole of 1st floor and whole of 2nd floor, Kiu Fat Building, Nos. 115-119 Queen’s Road West, Sai Ying Pun, Hong Kong at a cash consideration of HK\$648.0 million; and
- (5) a sale and purchase agreement entered into between Pine International Limited, a wholly owned subsidiary of the Company, being the vendor, the Company, being the guarantor, and Famous Spirit Limited, being the purchaser on 23 December 2016 to dispose of the entire issued share capital of AEW VIA Cayman 4, Ltd., being the intermediate holding company of the 24-storey commercial property with a gross area of approximately 70,616 sq.ft. located at 22-26 Bonham Strand, Sheung Wan, Hong Kong, and the relevant shareholder loan at the consideration of approximately HK\$760.0 million.

## **6. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened against 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 OF THE GROUP**

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 2016 (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, except save as disclosed below, 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:

- (1) Gaw Capital Advisors Limited (as the tenant), which is owned and controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw, Ms. Christina Gaw (executive directors of the Company) entered into a lease agreement with Treasure Spot Investments Limited (as the landlord), a non-wholly owned subsidiary of the Company, to lease office premises for a term of 3 years with an option to renew for a maximum of two 3-year periods at a monthly rental of HK\$732,584, excluding rates, government rent and management fee; and
- (2) Advance System Limited is owned by an investment fund controlled by (i) Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company) and (ii) Mrs. Rossana Wang Gaw (executive director of the Company) is an investor in the investment fund which owns Advance System Limited. Advance System Limited is one of the sellers entered into a sale and purchase agreement with Kind Regent Holdings Limited, a wholly owned subsidiary of the Company. Details of the contract are set out under the section headed “Material Contracts” in this appendix.

## 9. EXPERT AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
Cheng and Cheng Limited	Certified public accountants
Ernst & Young	Certified public accountants
Savills Valuation and Professional Services Limited	an independent property valuer

As at the Latest Practicable Date, none of Cheng and Cheng Limited, Ernst & Young and Savills Valuation and Professional Services Limited had any shareholding in any member of the Enlarged 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 Enlarged Group, nor did they have any interest, either direct or indirect, in any assets which had been since 31 March 2016 (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 Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Cheng and Cheng Limited, Ernst & Young and Savills Valuation and Professional Services Limited have given and have not withdrawn their written consent to the issue of this circular with the 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 head office and principal place of business of the Company in Hong Kong is at 18th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.
- (iv) The share registrar and transfer office of the Company in Bermuda is MUFG Fund Services (Bermuda) Limited at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda.
- (v) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (vi) 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 18th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong up to and including 2 June 2017:

- (a) this circular;
- (b) the circular regarding a major disposal of the entire issued capital of AEW VIA Cayman 4, Ltd. dated 14 February 2017;
- (c) the circular regarding a major acquisition of a company which owns a property in Sai Ying Pun dated 22 December 2016;
- (d) the Bye-Laws of the Company;
- (e) the consolidated audited financial statements of the Group for the years ended 31 March 2015 and 31 March 2016 and the unaudited financial statements of the Group for the six months ended 30 September 2016;
- (f) the accountant's report on the Hotel Investment Company issued by Ernst & Young, the text of which is set out in Appendix II to this circular;
- (g) the letter from Cheng and Cheng Limited on the Unaudited Pro Forma Financial Information of the Enlarged Group, the text of which is set out in Appendix IV;

- (h) the letter and valuation certificate prepared by Savills Valuation and Professional Services Limited, the text of which is set out in Appendix V to this circular;
- (i) the letter of consent referred to under the section headed “Expert and Consent” in this appendix; and
- (j) the material contracts referred under the section headed “Material Contracts” in this appendix.



**Pioneer**  
**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00224)**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting (“EGM”) of the shareholders of Pioneer Global Group Limited (the “**Company**”) will be held at 18th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 2 June 2017 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the ordinary resolutions set out as follows:

**“THAT:**

- (a) the sale and purchase agreement dated 28 March 2017 (the “**Sale and Purchase Agreement**”) entered into between Uniever Link Limited (the “**Purchaser**”), the wholly-owned subsidiary of the Company, and Panorama International Trading Limited (the “**Vendor**”) in relation to the sale and purchase of 20% of the shares of Supreme Key Limited (the “**Hotel Investment Company**”) is hereby approved, confirmed and ratified; and
- (b) the consent letter and amendment agreement to the joint venture deed dated 28 March 2017 (the “**Amendment Agreement**”) entered among the Vendor, the Purchaser, the Hotel Investment Company and the Company is hereby approved, confirmed and ratified; and
- (c) the execution of the Sale and Purchase Agreement and Amendment Agreement (collectively, the “**Agreements**”) be and are hereby confirmed and ratified and any one director of the Company be and is hereby authorised to approve and execute all the documents, to do all such things and take all other steps which in his/her opinion, may be necessary or desirable in connection with the matters contemplated in and for giving effect to the Agreements.”

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

Hong Kong, 16 May 2017

*Notes:*

1. The Company has received written undertakings from a group of shareholders who together hold more than 50% in nominal value of the shares of the Company and have no interests in Gaw Capital Partners and are not required to abstain from voting at the EGM to vote in favour of the resolutions at the EGM to approve the resolutions.
2. 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. A proxy needs not be a shareholder of the Company.
3. 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 to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (i.e. no later than 11:00 a.m. on 31 May 2017) or any adjournment thereof.
4. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM 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, Ms. Christina Gaw and Mr. Alan Kam Hung Lee and the independent non-executive directors of the Company are Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip.*