Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The Board of Directors of Pioneer Global Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Turnover			
Company and subsidiaries		**146,053**	130,252
Share of associates *(Note a)*		**195,260**	159,471
		341,313	289,723
Turnover of Company and subsidiaries	*4*	**146,053**	130,252
Properties operating expenses		**(19,930)**	(21,937)
Staff costs		**(7,258)**	(6,690)
Depreciation		**(498)**	(1,082)
Other expenses		**(2,173)**	(2,359)
		(29,859)	(32,068)

	Notes	For the six months ended 30 September 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Operating profit	*3*	**116,194**	98,184
Share of profits of associates		**65,612**	50,712
Change in fair value of investment properties		**203,757**	199,265
Other gains and losses		**(13)**	(50)
Finance costs		**(32,272)**	(25,416)
Profit before taxation	*5*	**353,278**	322,695
Taxation			
Current	*6*	**(8,227)**	(8,632)
Deferred	*6*	**(4,697)**	(5,076)
Profit for the period		**340,354**	308,987
Profit attributable to:			
Shareholders of the Company		**279,643**	277,812
Non-controlling interests		**60,711**	31,175
		340,354	308,987
Interim dividend	*7*	**17,311**	17,311
		HK cents	*HK cents*
Earnings per share	*8*	**24.23**	24.07

Note a: The amounts represent turnover generated by associates at the percentage of the Group's equity interest in associates.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**340,354**	308,987
Other comprehensive (expense)/income		
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of investments in equity instruments at fair value through other comprehensive income	**(27,012)**	–
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments in subsidiaries	**–**	50,247
Change in fair value of investments in debt instruments at fair value through other comprehensive income	**(28)**	–
Exchange difference on translation of associates	**(12,437)**	1,254
	(39,477)	51,501
Total comprehensive income for the period	**300,877**	360,488
Total comprehensive income attributable to:		
Shareholders of the Company	**240,166**	327,830
Non-controlling interests	**60,711**	32,658
	300,877	360,488

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2018 (Unaudited) HK$'000	At 31 March 2018 (Audited) HK$'000
ASSETS			
Non-current assets			
Investment properties		**7,362,000**	7,158,000
Associates		**2,160,309**	2,111,862
Available for sale investments		**–**	530,141
Equity instruments at fair value through other comprehensive income		**328,017**	–
Debt instruments at fair value through other comprehensive income		**5,267**	–
Property, plant & equipment		**4,486**	4,979
Other assets		**300**	300
		9,860,379	9,805,282
Current assets			
Debtors, advances & prepayments	*9*	**30,275**	25,464
Debt instruments at fair value through other comprehensive income		**67,314**	–
Financial assets at fair value		**–**	1,326
Cash & bank balances		**361,080**	198,109
		458,669	224,899
Total assets		**10,319,048**	10,030,181
EQUITY			
Share capital		**115,404**	115,404
Reserves		**6,746,663**	6,506,497
Shareholders' funds		**6,862,067**	6,621,901
Non-controlling interests		**1,015,095**	982,384
Total equity		**7,877,162**	7,604,285

	Notes	At 30 September 2018 (Unaudited) HK$'000	At 31 March 2018 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Creditors & accruals	*10*	**51,704**	47,073
Secured bank loans		**1,263,500**	1,263,500
Obligations under finance lease		**839**	1,008
Deferred taxation		**59,867**	55,170
		1,375,910	1,366,751
Current liabilities			
Creditors & accruals	*10*	**40,144**	42,200
Secured bank loan		**1,016,822**	1,015,804
Obligations under finance lease		**332**	320
Tax liabilities		**8,678**	821
		1,065,976	1,059,145
Total liabilities		**2,441,886**	2,425,896
Total equity and liabilities		**10,319,048**	10,030,181

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those used in the Group's annual consolidated financial statements for the year ended 31 March 2018, except for the changes in accounting policies resulting from application of new and amendments to HKFRSs issued by the HKICPA set out below.

During the current period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's unaudited condensed consolidated financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	Part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognized as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognized as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognized in the opening retained earnings and other components of equity, without restating comparative information. Accordingly, certain comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement" and is not comparable to the information presented for the six months ended 30 September 2018.

Classification and Measurement

HKFRS 9 categorizes financial assets into three principal classification categories: measured at amortized cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL.

The directors of the Company have reviewed and assessed the Group's financial assets as at 1 April 2018 based on the Group's financial instruments and risk management policies, and the contractual cash flow characteristics of each of the Group's financial instruments.

The new classification and measurement of the Group's financial assets are as follows:

– Debt instruments at FVTOCI are debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling the debt instruments in the open market, and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. The fair value gains or losses are recognized in other comprehensive income and the accumulated investment revaluation reserve will subsequently be reclassified to profit or loss when the debt instruments are derecognized.

– Equity instruments at FVTOCI are initially measured at fair value plus transaction costs. The fair value gains or losses are recognized in other comprehensive income and accumulated in investment revaluation reserve. The cumulated gains of HK$204,494,000 as at 31 March 2018 will not be subsequently reclassified to profit or loss on derecognition of the equity instruments, but will be transferred directly to retained earnings.

The table below illustrates the classification and measurement of financial assets under HKFRS 9 at the date of initial application.

	Available for sale investments HK$'000 (a), (b)	**Financial assets at fair value** HK$'000 (c)	**Debt instruments at FVTOCI** HK$'000 (b)	**Equity instruments at FVTOCI** HK$'000 (a), (c)
Closing balance as at 31 March 2018 – HKAS 39	530,141	1,326	–	–
Effect arising from initial application of HKFRS 9 (Reclassification)	(530,141)	(1,326)	72,609	458,858
Opening balance as at 1 April 2018	–	–	72,609	458,858

(a) Equity investments of HK$457,532,000 were classified as available for sale investments under HKAS 39. At 1 April 2018, the Group designated these investments at FVTOCI (non-recycling), as these investments are not held for trading and not expected to be sold in the foreseeable future.

(b) Listed debt securities of HK$72,609,000 were classified as available for sale investments under HKAS 39. They are classified as debt instruments at FVTOCI under HKFRS 9, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding.

(c) Certain listed equity investments of HK$1,326,000 were classified as financial assets at fair value under HKAS 39. At 1 April 2018, the Group evaluated and designated these investments at FVTOCI (non-recycling), as these investments are held for several years and the Group has no intention to sell them in the foreseeable future.

Impairment under ECL model

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on both quantitative and qualitative information combined with current conditions and forward-looking analysis. The Group evaluates the financial instruments on a collective basis, taking into account the instrument type, maturity date, and other relevant information with reference to the default rates of the counter parties of the instruments.

For financial assets at amortized cost, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets at amortized cost for impairment on a forward-looking approach. The adoption of the new impairment model as at 1 April 2018 has had no material impact on the carrying value of the Group's financial assets.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The major sources of revenue of the Group are leasing of investment properties and provision of property management services. Revenue from leasing of investment properties will continue to be accounted for in accordance with HKAS 17 "Leases", whereas revenue from the provision of property management services will be accounted for under HKFRS 15.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors of the Company have assessed the impact of the application of HKFRS 15 and concluded that there is no material impact on the timing and amounts of revenue recognized in the respective reporting periods.

3. SEGMENT INFORMATION

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

The following is an analysis of the Group's turnover and result by reportable and operating segments for the period under review:

Segment Result
For the six months ended 30 September 2018 (30 September 2017)

	Property and hotels		**Investments and others**		**Consolidated**	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Segment turnover						
Company and subsidiaries	**135,191**	122,205	**10,862**	8,047	**146,053**	130,252
Segment result	**105,824**	90,739	**10,499**	7,724	**116,323**	98,463
Unallocated corporate expenses					**(129)**	(279)
Operating profit					**116,194**	98,184
Share of profits of associates	**65,612**	50,712	**–**	–	**65,612**	50,712
Change in fair value of investment properties	**203,757**	199,265	**–**	–	**203,757**	199,265
Other gains and losses	**–**	–	**(13)**	(50)	**(13)**	(50)
Finance costs					**(32,272)**	(25,416)
Profit before taxation					**353,278**	322,695

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of profits of associates, change in fair value of investment properties, finance costs, other gains and losses and taxation. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Segment Assets and Liabilities
As at 30 September 2018 (31 March 2018)

	Property and hotels		**Investments and others**		**Consolidated**	
	September 2018 HK$'000	March 2018 HK$'000	**September 2018 HK$'000**	March 2018 HK$'000	**September 2018 HK$'000**	March 2018 HK$'000
Segment assets	**7,610,096**	7,448,068	**548,643**	470,251	**8,158,739**	7,918,319
Investment in associates	**2,160,309**	2,111,862	**–**	–	**2,160,309**	2,111,862
Consolidated total assets					**10,319,048**	10,030,181
Segment liabilities	**(2,439,798)**	(2,424,565)	**(643)**	(646)	**(2,440,441)**	(2,425,211)
Unallocated corporate liabilities					**(1,445)**	(685)
Consolidated total liabilities					**(2,441,886)**	(2,425,896)

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable and operating segments other than investment in associates.

– all liabilities are allocated to reportable and operating segments other than creditors and accruals of investment holding companies.

Geographical Segments

In geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Overseas segments mainly include China, Thailand and Malaysia.

For the six months ended 30 September 2018 (30 September 2017)

	Segment revenue	
	September 2018 HK$'000	September 2017 HK$'000
Hong Kong	**142,950**	127,244
Overseas	**3,103**	3,008
	146,053	130,252

As at 30 September 2018 (31 March 2018)

	Segment assets	
	September 2018 HK$'000	March 2018 HK$'000
Hong Kong	**7,822,241**	7,506,987
Overseas	**336,498**	411,332
	8,158,739	7,918,319

4. TURNOVER

	2018 HK$'000	2017 HK$'000
Rental income from property leasing	**114,132**	105,801
Property expenses recovery from tenants	**21,059**	16,404
Dividend income	**6,585**	5,570
Interest income	**4,277**	2,477
	146,053	130,252

5. PROFIT BEFORE TAXATION

	2018 **HK$'000**	2017 HK$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	**31,226**	20,480
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**7,147**	6,577
Pension scheme contributions	**111**	113
Auditors' remuneration	**269**	269
Depreciation	**498**	1,082
Exchange loss	**10**	276
and after crediting:		
Rental income from property leasing	**114,132**	105,801
Add: other income/less: (direct outgoings)	**1,494**	(4,383)
Listed investment income	**6,576**	5,561
Unlisted investment income	**9**	9
Interest income	**4,277**	2,477

6. TAXATION

		2018			2017	
	Current taxation HK$'000	**Deferred taxation HK$'000**	**Total HK$'000**	Current taxation HK$'000	Deferred taxation HK$'000	Total HK$'000
The Company and its subsidiaries						
Hong Kong	**8,227**	**4,197**	**12,424**	8,632	4,501	13,133
Overseas	**–**	**500**	**500**	–	575	575
	8,227	**4,697**	**12,924**	8,632	5,076	13,708

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated Hong Kong source assessable profits for the period. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

7. INTERIM DIVIDEND

The Board of Directors declares an interim dividend of HK1.50 cents (2017: HK1.50 cents) per ordinary share, totaling HK$17,311,000 for the six months ended 30 September 2018 (2017: HK$17,311,000) to shareholders whose names appear on the register of members of the Company at the close of business on 21 December 2018. This amount is not included as a liability in these interim financial statements.

8. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK$279,643,000 (2017: HK$277,812,000) and on 1,154,038,656 shares (2017: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2018 and 30 September 2017 as the Company had no dilutive potential ordinary shares during both periods.

9. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	30 September 2018 HK$'000	31 March 2018 HK$'000
Deferred rental receivables	**13,501**	13,146
Other deposits and prepayments	**8,146**	6,796
Trade and rental debtors	**8,628**	5,522
	30,275	25,464

Trade and rental debtors mainly comprise rental receivables. Rent from leasing of investment properties are normally received in advance.

At the reporting date, the aging analysis of the trade and rental debtors based on the date of invoices, which is past due but not impaired, was as follows:

	30 September 2018 HK$'000	31 March 2018 HK$'000
0 - 30 days	**8,392**	5,239
31 - 60 days	**168**	269
61 - 90 days	**64**	6
> 90 days	**4**	8
	8,628	5,522

10. CREDITORS & ACCRUALS

	30 September 2018 HK$'000	31 March 2018 HK$'000
Creditors and accruals (due within one year)		
Rental deposits received	**22,979**	25,719
Accruals	**12,381**	11,122
Trade payable	**4,784**	5,359
	40,144	42,200
Creditors and accruals (due more than one year)		
Rental deposits received	**51,704**	47,073
	91,848	89,273

At the reporting date, the aging analysis of the trade payables based on the date of the invoices was as follows:

	30 September 2018 HK$'000	31 March 2018 HK$'000
0 - 30 days	**3,370**	3,885
31 - 60 days	**483**	1,008
61 - 90 days	**329**	380
> 90 days	**602**	86
	4,784	5,359

BUSINESS REVIEW

After a very buoyant 2017 and first half of 2018, global financial markets suffered major corrections during the third quarter, wiping out much of the gains from the first half of 2018. The global trade wars started by the US, interest rate increases by the US Fed, and continued uncertainties in Europe driven by BREXIT, Italy's budget crisis, and a potential change of government in Germany, are all putting tremendous stress on the markets. More importantly, the world's attention is now dominated by the rapidly escalating US-China trade war and strategic rivalry.

For much of the past 18 months, the Chinese government was committed to control an overheating property market and over-leveraged economy. Many market cooling measures and deleveraging policies were introduced and the government was prepared to sacrifice short term growth for a more balanced economy in the medium to long term. However, with the onset of the trade war targeted at China, the government has started to reverse course and may loosen the monetary purse again. Also, with the trade war hurting export industries, it is clear that the government will be even more committed to continue to boost domestic consumption, which has already been a focus for some time.

With liquidity in short supply in China and the weakness of the RMB, the flood of liquidity in Hong Kong's banking system that has kept interest rates low has finally shown signs of drying up. As a result, Hong Kong interbank rates has started to catch up to the US rates, and together with tight liquidity from China, there has been a noticeable cooling in residential property prices since the third quarter, with developers accelerating sales and becoming more conservative on launch prices. On the other hand, office rental rates in prime areas and hotel occupancy and room rates continue to be strong, which have been positive for our core holdings of investment properties and hotel in Hong Kong.

After a strong first quarter, tourism in Thailand has been challenging, especially after the July boat tragedy in Phuket where a large number of Chinese tourists died. Since the boat accident, Chinese tourist arrivals to Thai beach resorts decreased sharply. Our Pattaya resort suffered from this, although we have generally weathered this downturn better than the competitors. For Bangkok, the market has been generally flat in terms of occupancy due to new hotel inventory in the city as well as the lower Chinese arrivals.

For the six months period ended 30 September 2018, total turnover for the Group including share of associates totaled HK$341.3 million, increasing by 17.8% from HK$289.7 million in 2017. The rise in turnover was a result of higher income from our investment properties and InterContinental Hotel in Hong Kong, in spite of lower revenues from the hotels in Thailand. Operating profit also increased by 18.3% to HK$116.2 million (2017: HK$98.2 million). Share of profits of associates increased to HK$65.6 million (2017: HK$50.7 million), while fair value increase in investment properties amounted to HK$203.8 million (2017: HK$199.3 million). During the reporting period, the Group's net profit was HK$340.4 million (2017: HK$309.0 million), while net profit attributable to shareholders was HK$279.6 million (2017: HK$277.8 million).

Property Investments (Hong Kong and China)

As of 30 September 2018, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong is fully let at 100% occupancy, compared to 82% in March 2018. For the interim period ended 30 September 2018, Pioneer Place contributed rental and related revenues of HK$32.7 million and a fair value increase of HK$50.0 million.

The Group owns 60% in the 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong. This investment property has continued to perform well, with an occupancy rate of 100% as at 30 September 2018. For the six months reporting period, the property contributed rental and related revenues of HK$65.6 million and a fair value increase of HK$119.8 million.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also continued to perform strongly, with an occupancy rate of 98% and strongly rising rental rates. For the six months period, the property contributed HK$30.5 million in rental and related revenues and HK$30.0 million in fair value increase to the Group.

Currently, the 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong is being re-positioned and the lower and upper ground floor portions of the property are vacant, pending various negotiations with new tenants. As a result, the property currently has a lower occupancy of 54%. For the six months period, the property contributed HK$5.4 million in rental and related revenues and no fair value increase to the Group.

The Group has investments in K. Wah Centre (7.7%) and Ciro's Plaza (4.0%), both of which are located in Shanghai, China. During the interim period, the properties had occupancies of 96% and 84% respectively in September 2018.

Hotel Investments (Hong Kong and Thailand)

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

Currently, the Group owns 30% in InterContinental Hong Kong and accounts for it as an associate company. The 503 rooms InterContinental Hong Kong is one of the leading 5 star hotels in the territory and world renowned for its commanding harbor view and Michelin star restaurants. As reported previously, the joint venture is currently working on plans to completely upgrade the hotel's guest rooms and facilities, with renovation works expected to commence in 2020. Upon completion of the renovations, the hotel will be relaunched under the "Regent Hotel" brand and continued to be under the management of InterContinental Hotel Group. For the six months ended 30 September 2018, the hotel generated revenues of HK$484.7 million (2017: HK$476.9 million) and operating profit of HK$127.9 million (2017: HK$124.4 million). During the period, InterContinental Hong Kong enjoyed an average occupancy rate of 86%.

For the six months ended 30 September 2018, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 258.2 million (HK$61.5 million equivalent) (2017: Baht 263.6 million, HK$60.2 million equivalent) and operating profit of Baht 78.9 million (HK$18.8 million equivalent) (2017: Baht 86.2 million, HK$19.7 million equivalent), with an average occupancy of 77%.

During the same period, the Pullman Pattaya Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Bangkok Hotel G) had revenues of Baht 164.6 million (HK$39.2 million equivalent) (2017: Baht 178.3 million, HK$40.7 million equivalent) and operating profit of Baht 50.9 million (HK$12.1 million equivalent) (2017: Baht 63.0 million, HK$14.4 million equivalent), with an average occupancy rate of 70%.

On 9 May 2018, the Group sold its shares in Dusit Thani Public Company Limited (listed in Thailand) for a total consideration (net of expenses) of Baht 430.2 million (equivalent to HK$104.3 million). This disposal generated a gain of HK$70.0 million to the Group and a 3.6x profit multiple from the original investment cost. By the adoption of HKFRS 9 "Financial Instruments", the Group has classified the investment in Dusit Thani Public Company Limited as equity instruments at fair value through other comprehensive income (formerly accounted for as available for sale investments under HKAS 39). Upon disposal of the investment in May 2018, the gain on disposal has been recognized directly into retained earnings without recycling to profit and loss account.

PROSPECTS

At present, most of the Group's major investment properties (with the exception of Kiu Fat Building which is undergoing repositioning) and hotels are enjoying high occupancy as well as stable or growing income. In addition, the Group enjoys a healthy liquidity position with a low debt gearing ratio (total debts/total assets: 22.1%), putting us in a strong position to take advantage of good investment opportunities. Given the high property prices in Hong Kong and the rising interest rate environment, we will be cautious about our home market in the short term while we explore other potential new markets.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. As at 30 September 2018, the Group had cash and bank balances amounting to HK$361.1 million (31 March 2018: HK$198.1 million) together with an undrawn standby banking facility of HK$50.0 million.

As at 30 September 2018, the total bank borrowings of the Group were HK$2,280.3 million (31 March 2018: HK$2,279.3 million), including a bank loan of 68 Yee Wo Street of HK$1,016.8 million due on 26 February 2019 to be refinanced. The Group's total debts to total assets ratio was 22.1% (31 March 2018: 22.7%) and net debt to total assets ratio was 18.6% (31 March 2018: 20.8%).

There is no foreign currency risk to the Group's financial liabilities as they are all denominated in Hong Kong dollars. The Group has investments in associates operating in Thailand and PRC with carrying amounts of HK$368.8 million and HK$231.3 million equivalents respectively. Their foreign currency exposures are closely monitored and appropriate measures will be employed when deemed necessary.

Pledge of Assets

As at 30 September 2018, investment properties with a carrying value of HK$7,290.0 million (31 March 2018: HK$7,090.0 million) were pledged to secure bank loan facilities to the extent of HK$2,280.3 million (31 March 2018: HK$2,279.3 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 30 September 2018, the Group had guarantees HK$1,879.8 million (31 March 2018: HK$1,878.2 million) given to bank in respect of banking facilities utilized by subsidiaries.

EMPLOYEES

As at 30 September 2018, the number of salaried staff at the holding company level was 18 (31 March 2018: 17). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

INTERIM DIVIDEND

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2018 at the rate of HK1.50 cents per share (2017: HK1.50 cents), payable on 23 January 2019 to all persons registered as shareholders on 21 December 2018. The transfer books and register of members of the Company will be closed from 19 December 2018 to 21 December 2018, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 18 December 2018.

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

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

CORPORATE GOVERNANCE

During the six months ended 30 September 2018, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. The Committee has reviewed and recommended for board approval of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2018.

By Order of the Board
Pioneer Global Group Limited
Kenneth Gaw
Managing Director

Hong Kong, 29 November 2018

As at the date of this announcement, 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.