Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Directors of Pioneer Global Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2019, together with the comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 March	
		2019	2018
	Notes	**HK$'000**	HK$'000
Revenue			
Company and subsidiaries		**290,933**	264,576
Share of associates *(Note)*		**452,183**	411,190
		743,116	675,766
Revenue of Company and subsidiaries	*4*	**290,933**	264,576
Properties operating expenses		**(42,593)**	(42,406)
Staff costs		**(22,643)**	(24,150)
Depreciation		**(998)**	(1,814)
Other expenses		**(4,186)**	(4,320)
		(70,420)	(72,690)

	Notes	For the year ended 31 March 2019 HK$'000	2018 HK$'000
Operating profit	*3*	**220,513**	191,886
Share of profits of associates		**167,309**	133,469
Change in fair value of investment properties		**366,503**	475,497
Change in fair value of investments in equity instruments at fair value through profit or loss ("FVTPL")		**(9,721)**	–
Other gains and losses	*5*	**394**	2,295
Finance costs	*6*	**(69,087)**	(50,411)
Profit before taxation	*7*	**675,911**	752,736
Taxation			
Current	*8*	**(15,222)**	(16,684)
Deferred	*8*	**(8,640)**	(7,667)
Profit for the year		**652,049**	728,385
Profit attributable to:			
Shareholders of the Company		**539,701**	623,498
Non-controlling interests		**112,348**	104,887
		652,049	728,385
		HK cents	*HK cents*
Earnings per share	*10*	**46.77**	54.03

(Note): The amounts represent revenue generated by associates at the percentage of the Group's equity interest in associates.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 March	
	2019	2018
	HK$'000	HK$'000
Profit for the year	**652,049**	728,385
Other comprehensive (expense)/income:		
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	**(6,229)**	–
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments	**–**	121,379
Change in fair value of investments in debt instruments at FVTOCI	**431**	–
Exchange difference on translation of associates	**(7,301)**	36,820
Other comprehensive (expense)/income for the year, net of tax	**(13,099)**	158,199
Total comprehensive income for the year	**638,950**	886,584
Total comprehensive income attributable to:		
Shareholders of the Company	**526,602**	762,625
Non-controlling interests	**112,348**	123,959
	638,950	886,584

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
ASSETS			
Non-current assets			
Investment properties		**7,525,000**	7,158,000
Associates		**2,337,377**	2,111,862
Available for sale investments		**–**	530,141
Debt instruments at FVTOCI		**1,907**	–
Equity instruments designated at FVTOCI		**273,267**	–
Equity instruments at FVTPL		**81,301**	–
Property, plant & equipment		**4,004**	4,979
Other assets		**300**	300
		10,223,156	9,805,282
Current assets			
Debtors, advances & prepayments	*11*	**20,507**	25,464
Debt instruments at FVTOCI		**71,134**	–
Tax assets		**1,893**	–
Financial assets at fair value		**–**	1,326
Cash & bank balances		**287,453**	198,109
		380,987	224,899
Total assets		**10,604,143**	10,030,181
EQUITY			
Share capital		**115,404**	115,404
Reserves		**6,980,013**	6,506,497
Shareholders' funds		**7,095,417**	6,621,901
Non-controlling interests		**1,066,732**	982,384
Total equity		**8,162,149**	7,604,285

	Notes	At 31 March 2019 HK$'000	At 31 March 2018 HK$'000
LIABILITIES			
Non-current liabilities			
Creditors & accruals	*12*	**49,066**	47,073
Secured bank loans		**1,881,000**	1,263,500
Obligations under finance lease		**664**	1,008
Deferred taxation		**63,810**	55,170
		1,994,540	1,366,751
Current liabilities			
Creditors & accruals	*12*	**44,518**	42,200
Secured bank loans		**400,000**	1,015,804
Obligations under finance lease		**343**	320
Tax liabilities		**2,593**	821
		447,454	1,059,145
Total liabilities		**2,441,994**	2,425,896
Total equity and liabilities		**10,604,143**	10,030,181

Notes:

1. **BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. **APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND PRINCIPAL ACCOUNTING POLICIES**

The accounting policies and methods of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2018, except for the changes as set out below.

During the current year, the Group has applied the following new HKFRSs and amendments to HKFRSs issued by the HKICPA for the first time:

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	As 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 HKFRSs and amendments to HKFRSs in the current year 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 consolidated financial statements.

HKFRS 9 "Financial Instruments"

In the current year, 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 under ECL model) retrospectively to instruments that have not been derecognized as at 1 April 2018 (date of initial application of HKFRS 9) 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 which was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement" may not be comparable to the information presented for the year ended 31 March 2018.

Summary of effects arising from initial application of HKFRS 9

In general, HKFRS 9 categories financial assets into the following three classification categories:

- measured at amortized cost;
- at fair value through other comprehensive income ("FVTOCI"); and
- at fair value through profit or loss ("FVTPL").

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 as at 1 April 2018 (date of initial application).

	Available for sale investments	**Financial assets at fair value**	**Debt instruments at FVTOCI**	**Equity instruments designated at FVTOCI**	**Equity instruments at FVTPL**	**Investment revaluation reserve**	**Retained earnings**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(a), (b), (d)	*(c)*	*(b)*	*(a), (c)*	*(d)*	*(a), (b), (d)*	*(d)*
Closing balance as at 31 March 2018 – HKAS 39	530,141	1,326	–	–	–	204,722	5,512,368
Effect arising from initial application of HKFRS 9: Reclassification	(530,141)	(1,326)	72,609	367,836	91,022	(29,794)	29,794
Opening balance as at 1 April 2018 – HKFRS 9	–	–	72,609	367,836	91,022	174,928	5,542,162

(a) Equity instruments with the aggregate carrying amount of HK$366,510,000 were classified as available for sale investments under HKAS 39 and measured at fair value. As 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. The fair value gains of HK$174,700,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve as at 1 April 2018.

(b) Listed debt securities with the aggregate carrying amount of HK$72,609,000 were classified as available for sale investments under HKAS 39 and measured at fair value. 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. The fair value gains of HK$228,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve as at 1 April 2018.

(c) The Group has reassessed its investments in equity securities classified as financial assets at fair value under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$1,326,000 of the Group's investments were reclassified and designated to be measured at FVTOCI (non-recycling).

(d) Equity instrument with the aggregate carrying amount of HK$91,022,000 were classified as available for sale investments under HKAS 39 and measured at fair value. As at 1 April 2018, this investment was classified to equity instruments at FVTPL. Related fair value gains of HK$29,794,000 were transferred from the investment revaluation reserve to retained earnings as at 1 April 2018.

Impairment under ECL model

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore generally recognizes ECL earlier than under the "incurred loss" accounting model in HKAS 39.

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. Assessments 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, in which case, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the credit risk of the assets 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 (including receivables & advances and cash & bank balances) for impairment based on a forward-looking approach. All of the Group's debt instruments at FVTOCI are fixed rate bonds issued by listed companies that are graded by the rating agencies in good credit rating. Therefore, these investments are considered to be low credit risk investments and the loss allowance is assessed on 12m ECL basis. 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 year. 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 continues to be accounted for in accordance with HKAS 17 "Leases", whereas revenue from the provision of property management services is 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.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 1 and HKFRS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases"

The application of HKFRS 16 will result in almost all leases being recognized on a lessees' statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are to be recognized by a lessee. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases as a lessee. The Group does not expect any significant impact on the financial statement as a lessor. However, some additional disclosures will be required from next year.

Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognized in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortized cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term. Based on the preliminary assessment, it is estimated that the impact to the Group's profit and total equity upon the adoption of HKFRS 16 is insignificant.

HKFRS 16 is mandatory for financial years commencing on or after 1 April 2019. The Group intends to apply the transitional provision and will not restate comparative amounts for the year prior to first adoption.

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's primary business segments. 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 and operating segments are (i) property and hotels and (ii) investments and others.

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

Segment Result
For the year ended 31 March 2019 (31 March 2018)

	Property and hotels		**Investments and others**		**Consolidated**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue						
Company and subsidiaries	**272,107**	251,691	**18,826**	12,885	**290,933**	264,576
Segment result	**202,977**	180,417	**17,720**	11,799	**220,697**	192,216
Unallocated corporate expenses					**(184)**	(330)
Operating profit					**220,513**	191,886
Share of profits of associates	**167,309**	133,469	**–**	–	**167,309**	133,469
Change in fair value of investment properties	**366,503**	475,497	**–**	–	**366,503**	475,497
Change in fair value of investments in equity instruments at FVTPL	**(9,721)**	–	**–**	–	**(9,721)**	–
Other gains and losses	**–**	1,465	**394**	830	**394**	2,295
Finance costs					**(69,087)**	(50,411)
Profit before taxation					**675,911**	752,736

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, change in fair value of investments in equity instruments at FVTPL, other gains and losses and finance costs. 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 31 March 2019 (31 March 2018)

	Property and hotels		**Investments and others**		**Consolidated**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**7,806,109**	7,448,068	**460,657**	470,251	**8,266,766**	7,918,319
Investment in associates	**2,337,377**	2,111,862	**–**	–	**2,337,377**	2,111,862
Consolidated total assets					**10,604,143**	10,030,181
Segment liabilities	**(2,439,791)**	(2,424,565)	**(920)**	(646)	**(2,440,711)**	(2,425,211)
Unallocated corporate liabilities					**(1,283)**	(685)
Consolidated total liabilities					**(2,441,994)**	(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 year ended 31 March 2019 (31 March 2018)

	Segment revenue	
	2019	2018
	HK$'000	HK$'000
Hong Kong	**285,882**	259,777
Overseas	**5,051**	4,799
	290,933	264,576

As at 31 March 2019 (31 March 2018)

	Segment assets	
	2019	2018
	HK$'000	HK$'000
Hong Kong	**7,945,911**	7,506,987
Overseas	**320,855**	411,332
	8,266,766	7,918,319

4. REVENUE

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2019	2018
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property expenses recovery from tenants	**41,743**	35,447
Revenue from other sources		
Rental income from property leasing	**230,364**	216,244
Dividend income		
– equity instruments designated at FVTOCI	**8,911**	–
– available for sale investments	**–**	7,678
Interest income		
– financial assets at amortized cost	**7,496**	1,996
– debt instruments at FVTOCI	**2,047**	–
– available for sale investments	**–**	3,211
Others	**372**	–
	290,933	264,576

5. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	HK$'000
Net gain on disposal of available for sale investments	**–**	1,044
Decrease in fair value of financial assets	**–**	(21)
Other gains	**394**	1,272
	394	2,295

6. FINANCE COSTS

	2019	2018
	HK$'000	HK$'000
Interest on bank loans	**64,009**	44,342
Interest on finance lease	**53**	57
Other finance cost	**5,025**	6,012
	69,087	50,411

7. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**19,290**	21,075
Minimum lease payment for Directors' quarters	**3,120**	2,850
Pension scheme contributions	**233**	225
Auditor's remuneration	**589**	560
Depreciation	**998**	1,814
Net exchange loss/(gain)	**14**	(422)
and after crediting:		
Rental income from property leasing	**230,364**	216,244
Add: other income/less: (direct outgoings)	**147**	(5,069)
Listed investment income	**8,391**	7,485
Unlisted investment income	**520**	193
Interest income	**9,543**	5,207

8. TAXATION

		2019			2018	
	Current taxation	**Deferred taxation**	**Total**	Current taxation	Deferred taxation	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Provision for the year						
Hong Kong	**14,962**	**7,390**	**22,352**	16,724	6,817	23,541
Overseas	**–**	**1,250**	**1,250**	–	850	850
Under/(over)-provision in prior years	**260**	**–**	**260**	(40)	–	(40)
	15,222	**8,640**	**23,862**	16,684	7,667	24,351

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated Hong Kong source assessable profits for the year. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

9. DIVIDENDS

	2019	2018
	HK$'000	HK$'000
Interim dividend of HK1.5 cents (2018: HK1.5 cents) per ordinary share	**17,311**	17,311
Proposed final cash dividend of HK3.1 cents (2018: HK3.1 cents) per ordinary share	**35,775**	35,775
	53,086	53,086
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2019 (2018)	**17,311**	17,311
Final for the year ended 31 March 2018 (2017)	**35,775**	34,621
	53,086	51,932

The 2019 final cash dividend of HK3.1 cents (2018: HK3.1 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting ("AGM").

10. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK$539,701,000 (2018: HK$623,498,000) and on 1,154,038,656 shares (2018: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2019 and 31 March 2018 as the Company had no dilutive potential ordinary shares during both years.

11. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2019	2018
	HK$'000	HK$'000
Deferred rental receivables	**9,928**	13,146
Other deposits and prepayments	**5,940**	6,796
Trade and rental debtors	**4,639**	5,522
	20,507	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 and which are past due but not impaired was as follows:

	2019	2018
	HK$'000	HK$'000
0 – 30 days	**4,367**	5,239
31 – 60 days	**111**	269
61 – 90 days	**60**	6
>90 days	**101**	8
	4,639	5,522

12. CREDITORS & ACCRUALS

	2019	2018
	HK$'000	HK$'000
Creditors and accruals (due within one year)		
Rental deposits received	**24,657**	25,719
Accruals	**13,846**	11,122
Trade payables	**6,015**	5,359
	44,518	42,200
Creditors and accruals (due more than one year)		
Rental deposits received	**49,066**	47,073
	93,584	89,273

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

	2019	2018
	HK$'000	HK$'000
0 – 30 days	**5,364**	3,885
31 – 60 days	**319**	1,008
61 – 90 days	**153**	380
>90 days	**179**	86
	6,015	5,359

13. EVENTS AFTER THE REPORTING PERIOD

The Group has the following subsequent events after the end of the reporting period:

(i) On 8 May 2019, Treasure Spot Investments Limited ("Treasure Spot"), a non-wholly owned subsidiary of the Company, as the landlord, entered into the lease agreements with Gaw Capital Advisors Limited ("GCAL") and Gaw Capital Asset Management (HK) Ltd ("GCAM"), as the tenants, pursuant to which Treasure Spot agreed to lease the partial of 18th and 19th Floors and unit 1001, 10th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong to GCAL and GCAM respectively as office premises for a term of 3 years commencing from 1 July 2019 to 30 June 2022. The transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Details of the transactions were set out in the Company's announcement dated 8 May 2019.

(ii) On 24 May 2019, Pine International Limited, a wholly owned subsidiary of the Company, entered into a subscription agreement to invest in Gateway VI Co-Investment (Panorama), L.P. for a capital commitment of HK$55.0 million. Gateway VI Co-Investment (Panorama), L.P. is one of the investors to participate in the consortium to purchase 65% of Henglilong Investments Limited, which holds the properties of Cityplaza Three (half block) and Cityplaza Four, Nos. 12-14 Taikoo Wan Road, Taikoo, Hong Kong ("Cityplaza Properties"). Upon completion of the transaction, the Group will hold 0.9% indirect interest in the Cityplaza Properties. Partial payment amounted HK$49.5 million, being 90% of the abovementioned capital commitment was paid on 31 May 2019. Details of the transaction were set out in the Company's announcement dated 24 May 2019.

BUSINESS REVIEW

Following a roller coaster year in 2018, global markets have continued to be volatile in 2019. First buoyed by the US Fed's U-turn in interest rate expectations in February, the markets performed strongly and recovered much of the lost grounds from the second half of 2018. But then when the US-China trade talks surprisingly fell apart in early May this year, markets promptly went south again.

Before US President Donald Trump turned up the heat with the trade war against China in the second half of 2018, 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 and the threat of a slowing economy, the government has started to reverse course and loosen the monetary purse again. Regardless of whether China and US strike a trade deal in the near future, it is clear that the world's two largest economies are engaged in a longer term strategic rivalry. The competition between the two will not only be about trade, but about technological and geopolitical supremacy. This strategic rivalry will have profound effects for the global economy, especially the disruption to the integrated global tech supply chains that have been well established over past two decades. In order to sustain the continued advancement of its economy and technological developments, China will no doubt invest heavily to build up its own technology supply chains and continue to boost domestic consumption.

In the second half of 2018, liquidity shortage in China and rising US interest rate caused a short term decline in Hong Kong housing prices, even though office rental rates in prime areas and hotels performance have continued to be strong. But when US Fed reversed its interest rate guidance earlier in 2019, Hong Kong housing prices also resumed its rising trend. And with the opening of major infrastructure projects such as the Hong Kong-Zhuhai-Macau bridge and the Hong Kong-Shenzhen leg that connects to the national high speed rail network, Hong Kong is poised to enjoy the fruits of the integration of the Greater Bay Area. However, the recent extradition law debacle that brought massive public protests will no doubt cast a negative sentiment on all sectors of the market, at least for the immediate future.

Thailand enjoyed another record year of tourist arrivals in 2018 with 38.27 million visitors, up 7.5% from the year before. However, most of that gain came from a very strong first quarter in 2018, which incidentally falls outside of our fiscal year ended 31 March 2019. After that strong first quarter, tourism in Thailand has been challenging in the second half of 2018, 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 declined sharply. Our Pattaya resort suffered from this, although we have generally weathered this downturn better than most of our competitors. For Bangkok, the market has been generally flat in terms of occupancy due to new hotels openings in the city. While arrivals returned to normal in December, the market has been soft again in the first quarter 2019 due to the combined effect of the Election, which created some short term political uncertainties, as well as additional supply of new hotels in Bangkok.

For the year ended 31 March 2019, total revenue for the Group including share of associates totaled HK$743.1 million, rising by 10.0% from HK$675.8 million in 2018. The increase in revenue was a result of higher income from our investment properties and InterContinental Hotel in Hong Kong, in spite of lower revenues from our hotels in Thailand, particularly the Pullman Pattaya Hotel G. Operating profit also increased to HK$220.5 million (2018: HK$191.9 million). Share of profits of associates increased to HK$167.3 million (2018: HK$133.5 million), while fair value increase in investment properties was HK$366.5 million, lower than the HK$475.5 million gain in 2018. Finance costs during the year amounted to HK$69.1 million, compared to HK$50.4 million in 2018. The Group's net profit was HK$652.0 million (2018: HK$728.4 million), while net profit attributable to shareholders was HK$539.7 million (2018: HK$623.5 million). The decrease in net profit was the result of lower fair value increase in investment properties and higher finance costs during the year, despite higher performances from our investment properties and hotels.

Property Investments (Hong Kong and China)

As of 31 March 2019, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong has a high occupancy rate of 93%, compared to 82% in March 2018. For the fiscal year, Pioneer Place contributed rental and related revenues of HK$67.4 million and a fair value increase of HK$70.0 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 be fully let at 100% occupancy as at 31 March 2019. For the year ended 31 March 2019, the property contributed rental and related revenues of HK$132.6 million and a fair value increase of HK$219.8 million.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also continued to perform strongly, with an occupancy rate of 94% and increasing rental rates. For the fiscal year ended 31 March 2019, the property contributed HK$59.9 million in rental and related revenues and HK$49.7 million in fair value increase to the Group.

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 as a result, the lower and upper ground floor portions of the property are vacant, pending various negotiations with new tenants, leading to a lower occupancy of 54%. For the reporting period, the property contributed HK$10.3 million in rental and related revenues and HK$20.0 million 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. The properties had occupancies of 98% and 93% respectively in March 2019.

On 26 February 2019, a joint venture company in which the Group holds 19.4% invested 26.3% (amounting to an effective stake of 5.1% for the Group) in three adjacent buildings in Tokyo, Japan. The three commercial buildings are the Aoyama Building (400,594 sq. ft.), Mihashi Building (5,419 sq. ft.), and Clover Aoyama Building (9,250 sq. ft.) on Aoyama Dori next to the Akasaka Palace grounds and with a prime location on top of three subway lines. The three buildings have occupancy rates of 99%, 91%, and 90% respectively. Capital injection of US$11.86 million (equivalent to HK$92.5 million) was made on 13 March 2019, and the joint venture will be treated as an associate of the Group.

Hotel Investments (Hong Kong and Thailand)

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 fiscal year ended 31 March 2019, the hotel generated revenues of HK$1,135.7 million (2018: HK$1,110.1 million) and operating profit of HK$415.0 million (2018: HK$409.4 million). During the year, InterContinental Hong Kong enjoyed an average occupancy rate of 88%.

For the fiscal year ended 31 March 2019, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 566.5 million (HK$135.6 million equivalent) (2018: Baht 571.6 million, HK$134.0 million equivalent) and operating profit of Baht 221.7 million (HK$53.1 million equivalent) (2018: Baht 222.9 million, HK$52.2 million equivalent), with an average occupancy of 83%.

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 374.5 million (HK$89.6 million equivalent) (2018: Baht 390.5 million, HK$91.5 million equivalent) and operating profit of Baht 139.6 million (HK$33.4 million equivalent) (2018: Baht 157.2 million, HK$36.8 million equivalent), with an average occupancy rate of 77%.

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

On 24 May 2019, the Group invested HK$49.5 million (with a commitment of up to HK$55.0 million including future capital requirements) in a consortium to acquire the Cityplaza Three (half block) and Cityplaza Four in Tai Koo Shing, Hong Kong. The two adjacent buildings have a total GFA of 792,780 sq. ft. and the acquisition price of HK$15.0 billion represents a unit price of HK$18,921 per sq. ft. The Group's investment constituted a 0.9% effective stake in the properties. The buildings enjoy full seaview from the Island East area of Hong Kong Island, and we believe the unit price of the acquisition is attractive. In addition, we believe that the newly opened Central-Wan Chai Bypass link to the Island Eastern Corridor has substantially improved the connectivity of Island East district to Central CBD, hence the Island East district is poised to enjoy strong upward reversion in rental rates going forward.

Most of the Group's major investment properties (with the exception of Kiu Fat Building which is undergoing repositioning) and hotels have been enjoying high occupancy as well as stable or growing income. However, the recent extradition law debacle that brought massive public protests in Hong Kong will weigh heavily for sentiments in our home market. While the longer term effects are difficult to predict, these protests will no doubt affect tourism and business sentiments in Hong Kong in the short term. Likewise, international situations such as US-China trade war and BREXIT also create uncertainties. In light of the volatile political situation in Hong Kong as well as uncertainties globally, the Group will continue to invest cautiously.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. As at 31 March 2019, the Group's had cash and bank balances amounting to HK$287.5 million (31 March 2018: HK$198.1 million) together with an undrawn standby banking facility of HK$50.0 million.

As at 31 March 2019, the total bank borrowings of the Group were HK$2,281.0 million (31 March 2018: HK$2,279.3 million), including a bank loan of Kiu Fat Building Podium of HK$400.0 million due on 27 February 2020 to be refinanced. The Group's total debts to total assets ratio was 21.5% (31 March 2018: 22.7%) and net debt to total assets ratio was 18.8% (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. However, the Group has investments in associates operating in Thailand, PRC and Japan with carrying amounts of HK$389.6 million, HK$212.7 million and HK$92.5 million equivalents respectively as at 31 March 2019 (31 March 2018: HK$377.3 million, HK$223.7 million and Nil). However, the management will closely monitor the currency market and take any necessary measures to reduce the exposure.

Pledge of Assets

At the year-end date, investment properties with a carrying value of HK$7,450.0 million (31 March 2018: HK$7,090.0 million) were pledged to secure bank loan facilities to the extent of HK$2,281.0 million (2018: HK$2,279.3 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 31 March 2019, the Group had guarantees of 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 31 March 2019, the number of salaried staff at the holding company level was 17 (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.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK3.1 cents (2018: HK3.1 cents) per share for the year ended 31 March 2019. The proposed dividend is subject to the approval of shareholders at the forthcoming AGM and payable on 17 October 2019 to all persons registered as shareholders on 30 September 2019.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Monday, 16 September 2019. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 11 September 2019 to 16 September 2019, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the AGM, 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 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, 10 September 2019.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The record date for entitlement to the proposed final dividend is Monday, 30 September 2019. For determining the entitlement to the proposed final dividend for the year ended 31 March 2019, the register of members of the Company will be closed from 25 September 2019 to 30 September 2019, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final dividend, 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 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, 24 September 2019.

CORPORATE GOVERNANCE

During the year ended 31 March 2019, 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.

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

During the year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management and external auditor the accounting principles and practices adopted by the Group, the risk management and internal control system, the internal audit function and the consolidated financial statements of the Group for the year ended 31 March 2019. The Committee is satisfied with the review and has no disagreement regarding the financial results for the year ended 31 March 2019. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2019 have also been agreed with the Company's external auditor to the amounts set out in the Group's consolidated financial statements for the financial year.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 24 June 2019

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.